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## News release

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### **Gen X revenge on health draft**

The Government plan for healthy young Australians to subsidise more expensive older health fund members has backfired badly according to The Australia Institute.

“Rather than providing a new source of revenue, young people have turned out to be a drain on the health funds as they exploit their policies to the hilt,” Institute Director Dr Clive Hamilton said today.

“Claims for fitness and lifestyle benefits – including running shoes and gym club memberships – are doubling every year and now total \$24 million. Natural therapies are another big growth area.

“The whole idea of insuring against unexpected illness has been turned on its head to the serious detriment of our health system, and the funds themselves are now getting into financial difficulty, with Medibank Private recently announcing a loss.”

The Australia Institute has just released an analysis based on unpublished ABS data showing that high-income earners are avoiding at least \$100 million a year in tax by taking out ‘Clayton’s’ health insurance policies designed to get around the Medicare Levy Surcharge.

“On top of this, Gen Xers dragooned into private health insurance have adopted an entitlement mentality”, said Dr Hamilton.

“Conscription into private health insurance by the Government’s Lifetime Health Cover rules has forced them to shell out hundreds of dollars and they are determined to get their money back by maximising claims against their health funds.

“The result is a debilitating distortion of the whole system.”

Dr Hamilton said the problems were compounded by the suppliers of health services getting in on the act as well.

“OPSM is sending marketing material to privately insured customers urging them to ‘use it or lose it’,” he said. “The brochure says: ‘If you haven’t claimed your health fund optical rebate this year, you could be about to lose a benefit you’ve paid for.’”

“The whole idea of insuring against unexpected ill health has been corrupted. When everyone tries to ‘get their money back’ from the health funds, the cost of premiums can only rise.

“The system is open to exploitation. The health insurers know it, the customers know it, the health suppliers know it. Only the Government seems oblivious.”