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News release

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Young People Desert Health Funds

More than half of the people aged under 40 who were conscripted by the Government into taking out private health insurance have since dropped out, according to new analysis by The Australia Institute.

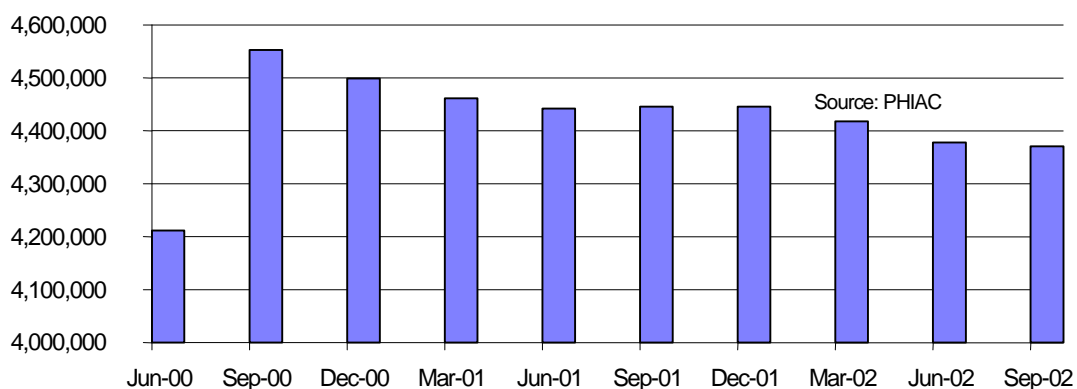
According to the Institute's analysis of data released yesterday by the Private Health Insurance Administration Council, between September 2000 and September 2002 more than 180,000 people aged under 40 abandoned their private health insurance.

"These figures make a mockery of claims that the Government's policies have revitalised the private health system and taken pressure off the public system", said Dr Clive Hamilton, Executive Director of the Australia Institute.

"Health insurance boomed in 2000 as a result of the Lifetime Health Cover rules that penalise people for failing to take out private insurance, but after being spooked into the system younger people are now taking a hard look at it and deciding its not worthwhile, especially as the funds keep raising their premiums.

"If this trend continues, in two years we will be back to where we started, yet billions of dollars of public subsidies through the 30% rebate will have been wasted."

Number of People Aged 40 and under Covered by Hospital Insurance



Last week a report by the Australia Institute showed that hundreds of thousands of high-income earners are taking out Clayton's health insurance products just to avoid tax, costing the Treasury at least \$100 million each year.

"As the system crumbles, the silence from the private health insurance lobby has been deafening", said Dr Hamilton.