

24<sup>th</sup> September 2003

## News release

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### **Health in the Bush: a \$100 million short-change**

The Australian bush is missing out on \$100 million in federal Government private health insurance funding because of distortions in the 30 per cent private health insurance rebate, according to previously undisclosed official government figures.

Health in regional Australia is being short-changed because the rebate is directing a disproportionate amount of money away from the bush and towards the cities, according to Richard Denniss, Senior Research Fellow at the Canberra based public interest think tank, the Australia Institute.

The findings were revealed in an Institute analysis of unpublished Australian Bureau of Statistics figures.

“What the new data show is that private health insurance membership in regional Australia is much lower than it is in the capital cities,” Mr Denniss said releasing the study today.

“The effect of this is a distortion in health funding away from the bush despite health services and outcomes in regional areas lagging behind those in capital cities.”

Figures from the study, *Going Bush? An analysis of the geographic distribution of the private health insurance rebate*, reveal the substantial differences in private health insurance membership which exist between capital cities and regional Australia. The difference is highest in Tasmania (13.7 per cent), followed by South Australia and Victoria. The figures refer to those with hospital cover.

“Because people living outside the capital cities have lower private health insurance coverage than those in the cities, proportionately more Government expenditure under the 30 per cent rebate scheme is directed to capital cities than to the bush, despite the greater health needs of the latter,” Mr Denniss said.

“Rural and regional areas receive \$100 million less of the private health insurance rebate than they would if funds were allocated on a per capita basis.

“Just like the banks most private hospitals prefer to locate in the big cities, so people in regional areas get fewer benefits from private health insurance. But if they opt out of the private system, they are then penalised with higher premiums when they get older or move to the cities.

“The 30 per cent private health insurance rebate is a blunt instrument for solving the wide range of problems experienced by the Australian health system and not least in the bush. Not only does the rebate fail to address shortfalls in health funding in the bush, it actively directs funding away from the bush,” Mr Denniss concluded.

**The full report can be found under ‘What’s New’ at [ww.tai.org.au](http://www.tai.org.au)**