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News release

Contact Richard Denniss 0419 222 511 02 6249 6221 (bh)

Generation X priced out of private health insurance

A new analysis of Government private health insurance data shows that young people, particularly those aged 30 to 40, are abandoning private health insurance in the face of higher premiums. The analysis shows, however, that baby boomers and the elderly are continuing to take out private health insurance in a trend that will drive premiums for young people even higher.

“In the last three years the number of people aged 35-39 with private hospital cover has fallen by more than 13 per cent. For those aged 30-34 the fall has been more than nine per cent,” said Richard Denniss, Senior Research Fellow at the Australia Institute.

“Over the same period there has been an increase of more than 18 per cent among people aged 55-59.

Data recently published by the Federal Government’s Private Health Insurance Administration Council formed the basis for this analysis.

“The Governor of the Reserve Bank has highlighted the intergenerational problems that the housing market is going to cause; however, the Government is ignoring the intergenerational problems that its private health insurance rebate is already causing.

“The average age of people with private health insurance cover has risen steadily for the past three years as young people have decided to vote with their feet and abandon increasingly expensive private health insurance.

In addition to the decline in young people with private health insurance, the latest PHIAC data show that the proportion of Australians with private health insurance cover has also continued to decline.

“In the September 2003 quarter the proportion of Australians covered by private health insurance fell to 43.3 per cent, down from 44.1 per cent in September 2002. There hasn’t been a rise in the proportion of Australians with private health insurance since Sydney hosted the Olympics in September 2000” concluded Mr Denniss.