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## News release

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### **Christmas dash for health fund cash**

The health insurance system is being undermined and premiums pushed up by aggressive marketing by health service companies who are urging customers to “get their money’s worth” by making unnecessary claims.

Some optical chains are sending ‘reminder notices’ to their customers to encourage them to make extra purchases. Thirty per cent of the cost is funded by the tax-payer.

“People are being encouraged to spend up big before they lose their yearly health insurance ‘entitlements’. Health insurance is meant to cover people for misfortune not to subsidise people’s Christmas shopping. Over-servicing drives up premiums and drains health dollars from public hospitals”, said Dr Clive Hamilton, Executive Director of The Australia Institute.

OPSM is currently circulating advertising material to customers entitled ‘It’s your rebate’. The brochure says:

“If you haven’t yet claimed your health fund optical rebate for this year, you could be about to lose a benefit you’ve paid for. ... Don’t delay, as you might be able to claim for a new or spare pair of glasses, contact lenses, or even prescription sunglasses.”

“OPSM’s marketing campaign is the equivalent of a panel beater encouraging you to have a crash in order to get ‘value’ from your car insurance”, said Dr Hamilton.

“Thanks to the advertising campaigns of companies such as OPSM we are now seeing an annual rebate run. The rebate already costs the tax-payer \$3 billion a year, funds that could be directed to public hospitals that are struggling to cope.”

The 30 per cent private health insurance rebate was introduced in 1999 to increase the affordability of private health insurance and reduce pressure on the public hospital system. Since its introduction, however, the cost of premiums has continued to rise and young people continue to desert private cover.

The justification for the 30 per cent private health insurance rebate was that it would take the pressure off the public hospital system. But expenditure on ancillaries, including prescription sunglasses, acupuncture and hypnotherapy, continues to rise and now accounts for 29 per cent of total benefits paid out by private health insurers.