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Media release

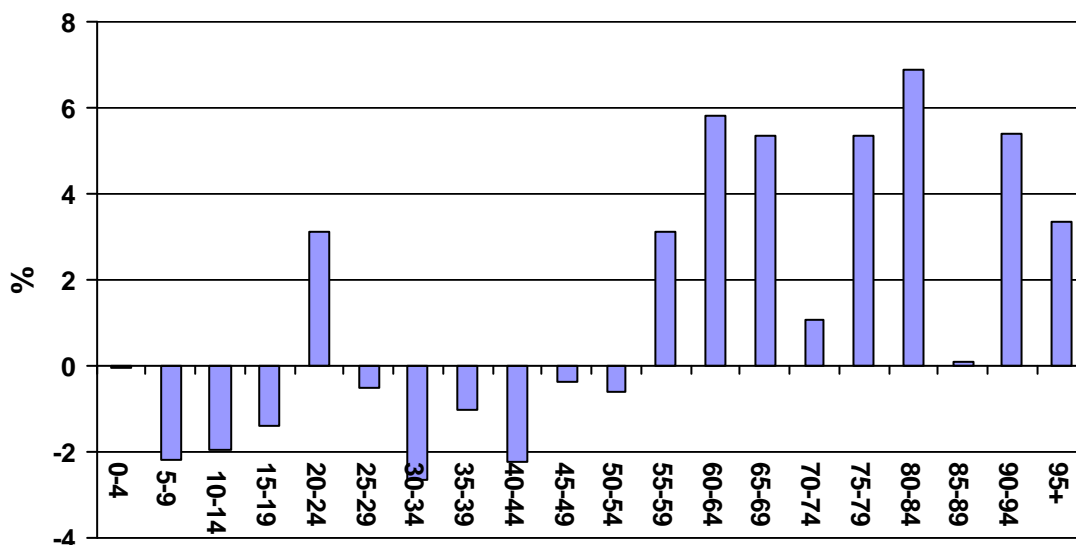
For comment, please contact Richard Denniss (02) 6125 1270 or 0419 222 511

Youth exodus to drive up health premiums

Further rises in private health insurance premiums are inevitable due to a substantial shift in the age structure of health insurance members, according to a new report by The Australia Institute. In the last 12 months over 66,000 people aged under 55 have abandoned their private health insurance, while over 90,000 Australians aged over 55 have joined.

These trends are revealed in an analysis of new Government health insurance data released this week. The analysis shows that in the last 12 months there has been a decline in the number of people with private health insurance in nearly every age group under 55, and an increase in membership in every age group above 55, continuing a trend that began in 2001.

“We are seeing a worrying shift in the demographic composition of people with private health insurance,” said Dr Richard Denniss, Deputy Director of The Australia Institute. “The Government is failing in its objective to encourage young people to keep their private health in order to cross subsidise older members. The average cost of hospital benefits paid to an 80 year old are more than eight times those for a 40 year old.”



Percentage change in the number of people covered by private health insurance by age, December 2003-December 2004

Read the whole report at www.tai.org.au under ‘whats new’

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