



28 July 2017

Committee Secretary  
Senate Standing Committees on Community Affairs  
PO Box 6100  
Parliament House  
Canberra ACT 2600

Via website: [http://www.aph.gov.au/Parliamentary\\_Business/Committees/OnlineSubmission](http://www.aph.gov.au/Parliamentary_Business/Committees/OnlineSubmission)

Dear Secretary,

**Re: Value and affordability of private health insurance and out-of-pocket medical costs**

Thank you for this opportunity to contribute to the Senate Inquiry on the value and affordability of private health insurance and out-of-pocket medical costs.

The NSW Council of Social Service (NCOSS) works with and for people experiencing poverty and disadvantage to see positive change in our communities. As the peak body for health and community services in NSW we support the sector to deliver innovative services that grow and evolve as needs and circumstances evolve.

Affordable, comprehensive and universal healthcare is key to supporting and enabling our communities to live well. We know that a strong and equitable healthcare system facilitates better population health, education, employment, development and economic growth,<sup>1</sup> and therefore plays a key role in alleviating poverty.

We also know that the high and growing cost of healthcare is having a very real impact on people and families experiencing or at risk of poverty. Recent figures show that over 10 per cent of Australia's population live below the poverty line.<sup>2</sup> As such, NCOSS would like to see a much greater recognition that a significant proportion of health consumers are on low incomes and are particularly affected by the growing costs of private health insurance and out-of-pocket medical expenses.

NCOSS recently produced a report on how people on low incomes in NSW are struggling to meet the costs of keeping themselves and their families in good health. The report was based on findings from a survey of over 400 people in NSW experiencing poverty or at risk of poverty. We have included this report as part of our submission.

The report demonstrates that while a quality health system is a top priority for people on low incomes, cost is the most significant barrier to improving health. Private health insurance is

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<sup>1</sup> World Health Organization (2014) *Making fair choices on the path to universal health coverage: Final report of the WHO Consultative Group on Equity and Universal Health Coverage*. Accessed 21 July 2017 from [http://apps.who.int/iris/bitstream/10665/112671/1/9789241507158\\_eng.pdf?ua=1](http://apps.who.int/iris/bitstream/10665/112671/1/9789241507158_eng.pdf?ua=1)

<sup>2</sup> In 2014, 2.99 million people (13.3% of the population) were living below the poverty line, after taking account of their housing costs. Source: ACOSS (2016) *Poverty in Australia 2016*. Accessed 21 July 2017 from <http://www.acoss.org.au/wp-content/uploads/2016/10/Poverty-in-Australia-2016.pdf>

also seen to be the least affordable item out of a list of services, supports and preventative activities such as diagnostic tests, transport and exercise.

### **Affordability of private health insurance**

Rapid increases in the cost of private health insurance premiums means this commodity has become increasingly out of reach for low-income earners. People who cannot afford private health insurance often have very little choice but to rely on public health and dental services. Here they are likely to experience long waits for assessment and treatment, and/or be unable to afford additional services and items that are not available in the public system.

This issue is particularly prevalent in the context of dental care, where almost one in five Australians delay or avoid seeing a dentist due to cost.<sup>3</sup> This is a real concern in NSW as one of the most expensive states for dental care,<sup>4</sup> where over 14,000 children and 105,000 adults are currently on NSW public dental waiting lists.<sup>5</sup>

In addition to cost barriers, our report also showed that limited private health insurance cover prevents people on low incomes from accessing the services or medicine they need to improve their health.

### **Increasing cost of out-of-pocket medical expenses**

We know that in Australia and overseas, out-of-pocket medical expenses are a key barrier to access to health services, particularly for people experiencing or at risk of poverty.<sup>6</sup>

Research also tells us that out-of-pocket expenses currently account for 20 per cent of expenditure on healthcare in Australia – considerably more than comparable OECD countries.<sup>7</sup> With costs increasing, it is unsurprising that our report showed one in five low-income earners could not afford medical treatment, while almost four in 10 could not afford to access allied health services.

Any consideration of out-of-pocket costs should also examine the cost of travel (and accommodation), which is often overlooked despite being a significant barrier to accessing timely healthcare. People who have no option but to use modes of transport such as hire cars or community transport – usually because they have limited mobility, do not have access to a car, or live in an area with limited or no public transport – can end up paying significantly more to access healthcare.

At the extreme end, our report showed one in 10 low-income earners could not afford transport to and from medical appointments at all. This suggests there is likely to be a large number of people on low incomes who aren't accessing services because, in addition to other barriers, they simply cannot afford to get there. NCSS would therefore hope the inquiry

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<sup>3</sup> ABS (2015) *Cat no. 4839.0 Patient Experiences in Australia: Summary of Findings, 2014-15*

<sup>4</sup> Private Health Insurance Ombudsman (2015) Average dental charges 2015. Accessed 21 September 2016 from <http://www.privatehealth.gov.au/healthinsurance/whatiscovered/averagedental.htm>

<sup>5</sup> NSW Health (2017) *NSW Public Dental Services – Waitlists and Activity*. Accessed 21 July 2017 from <http://www.health.nsw.gov.au/oralhealth/Pages/public-dental-care-waiting.aspx>

<sup>6</sup> World Health Organization (2014) *Making fair choices on the path to universal health coverage: Final report of the WHO Consultative Group on Equity and Universal Health Coverage*. Accessed 21 July 2017 from [http://apps.who.int/iris/bitstream/10665/112671/1/9789241507158\\_eng.pdf?ua=1](http://apps.who.int/iris/bitstream/10665/112671/1/9789241507158_eng.pdf?ua=1)

<sup>7</sup> AIHW (2015) *Health at a glance 2015: How does Australia compare?* Accessed 26 September 2016 from <https://www.oecd.org/australia/Health-at-a-Glance-2015-Key-Findings-AUSTRALIA.pdf>

considers this issue, including the role that transport initiatives and different methods of medical service delivery could play in addressing this barrier to access.

NCOSS welcomes this inquiry as an opportunity to look at the real impact of rising healthcare costs on our communities. We strongly recommend that particular focus be given to the impact on people with low incomes and other vulnerable groups as the most affected members of our communities.

If you would like to discuss any of the issues we raise in this submission in more detail, or require any further information or input, please do not hesitate to contact Elyse Cain, NCOSS Policy Lead,

Yours sincerely

Tracy Howe  
Chief Executive Officer

