

ANSWERS TO ESTIMATES QUESTIONS ON NOTICE

HEALTH AND AGEING PORTFOLIO

Budget Estimates 2011-2012, 30/31 May 2011

Question: E11-449

OUTCOME 9: Private Health Insurance

Topic: PRIVATE HEALTH

Written Question on Notice

Senator Boyce asked:

Will the department provide a comparison of the expenditure saved from means testing the rebate and the cost to the public health system -

- a) over one year
- b) over two years
- c) over three years

Answer:

a), b) and c)

The latest estimated private health insurance rebate expenditure indicate that the rebate tiers reforms will result in savings to Government expenditure of around \$2.8 billion over four years (2011-15).

Any second round impacts of the proposal, such as the impact on public hospitals, were not modelled in the Budget context, as per the Charter of Budget Honesty. However, it is estimated that only around 8,500 additional public hospital separations are likely to occur over two years, which would not have a measurable effect on public hospital costs.

In October 2008, the Medicare Levy Surcharge thresholds increased for single people from \$50,000 to \$70,000 per year and from \$100,000 to \$140,000 per year for couples or families.

The second-year independent *Review of the Impact of the New Medicare Levy Surcharge Thresholds on Public Hospitals* report—carried out by KPMG—covered the period to June 2009 for hospital separations and to March 2010 for elective surgery waiting lists. It found no significant impact on public hospital activity, operating costs or elective surgery waiting lists that could be attributed to changes in the thresholds.