

Mr Ian Holland, Secretary
Community Affairs Legislation Committee
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Dear Mr Holland

Submission to the Senate Committee inquiry into the Private Health Insurance Legislation Amendment

Optometrists Association Australia, the peak professional body for optometrists in Australia, thank you for the opportunity to contribute to the Senate Committee inquiry into the *Private Health Insurance Legislation Amendment (Base Premium) Bill 2013*.

We understand that the Bill amends the *Private Health Insurance Act 2007* so that the Government rebate to the consumer for private health insurance purchased will be linked to the private health insurance premium as it stood on 1 April 2013, and indexed annually at the lesser of the Consumer Price Index (CPI) or the percent increase in the premium charged by the insurer. This change is intended to reduce the level and rate of Government expenditure on the private health insurance rebate.

The Association has concerns about the changes the Bill will introduce and its possible impact on patient choice to access comprehensive eye health and vision care from Australian optometrists.

We note that historically, private health insurer premiums have tended to increase at a rate higher than CPI; in the last decade, insurer premium increases have been consistently above CPI. This trend can be expected to continue. The proposed amendments to the Federal Government's private health insurance premium is thus reasonably likely to see the Government rebate indexed each year to CPI, and the value of the rebate as a percent of the premium decrease each year.

This may impact on consumer capacity to continue to invest in private health insurance, leading to reduced uptake of private health insurance cover or, potentially seeing consumers take out only hospital cover or down grade their private health insurance cover to remove or reduce their ancillary cover. The Association is concerned that this could adversely impact eye health across the population if modifications to the rebate influence the likelihood of patients accessing preventative and corrective eye care. This impact may be greatest on those of lower socioeconomic status who are likely to be most sensitive to an increase in 'out-of-pocket' expenses.

According to the 2007-08 National Health Survey, the most commonly reported long term conditions amongst participants were problems with eye sight, with 52% reporting either long or short sightedness. In most cases these vision problems would be able to be corrected with prescription



spectacle or contact lenses, emphasising that access to prescription spectacles and contact lenses is an important element in maintaining population health. Given the well-established correlation between vision, and age, this proportion will increase as our population continues to age.

The Association is concerned that changes to private health insurance rebates that may negatively impact the uptake of comprehensive health insurance cover, could negatively affect consumer choice to access prescription spectacles, that is, the support they need to correct vision loss and, in many cases, avoid further deterioration of sight. Currently, private health insurance ancillary cover is an important mechanism supporting access to prescription spectacles for many Australians through provision of a rebate.

The Association urges the Government to undertake an analysis of the myriad of impacts that may flow on from the proposed changes to the Government's private health insurance rebate scheme, before further progressing legislative change to enable it. Given that 75% of vision loss and blindness is preventable or treatable if detected early, the impact on patient access to eye care should be considered. The Association strongly opposes measures which may reduce the affordability of private health insurance ancillary cover for consumers if they have the likelihood of influencing patient access to important eye health and vision care.

Yours sincerely,

Genevieve Quilty
Chief Executive Officer