

6 June 2013

Committee Secretary  
Senate Standing Committees on Community Affairs  
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Dear Committee Secretary

### **Response to the Private Health Insurance Legislation Amendment (Base Premium) Bill 2013**

National Seniors Australia welcomes the opportunity to provide a response to the Private Health Insurance Legislation Amendment (Base Premium) Bill 2013. We would also welcome an invitation to present the views of older Australians to a Hearing in the event that one may be conducted by the Senate Committee.

National Seniors is the largest organisation representing Australians aged 50 and older, with around 200,000 members nationally. We provide a well-informed and representative voice on behalf of older Australians and contribute to public education, debate and community consultation on issues of direct relevance to them.

Older Australians living on fixed incomes are facing significant increases to the cost of their basic amenities. Pensioners and self-funded retirees struggle to cover the costs of their medical care, especially if they have chronic health conditions.

Recent research commissioned by National Seniors revealed that 570,000 people aged 55 years and older spend more than 10% of their income on health and about 250,000 spend over 20%. On average, older Australians spend \$353 per quarter on out-of-pocket health care costs.

Worryingly, those with five or more chronic conditions spend 16.3% of their incomes on health care (\$882 per quarter) which is almost 6 times more than those with no chronic conditions. For those with several chronic conditions this burden is magnified as they tend to have lower incomes.<sup>1</sup>

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<sup>1</sup> National Seniors Productive Ageing Centre, 2012. *The Health of Senior Australians and the Out-of-Pocket Healthcare Costs They Face*. Productive Ageing Centre, Canberra.

Older Australians are committed to maintaining their private health insurance for as long as possible. However, their ability to contribute to the cost of their own health care and decrease the burden on the public health system is under attack due to rising health costs, capping of Medicare rebates, the phasing out of the Net Medical Expenses Tax Offset and the recently announced changes to the private health insurance rebate.

The removal of the rebate on the lifetime health cover component, to commence July 2013 and changes from July 2014 to link the rebate to a base premium established at April 2013 have been condemned by seniors. The decision to increase the rebate each year in line with the lower of the CPI or the Government-approved increase to premiums is discouraging to older Australians who have attempted to provide for their own health care.

The changes announced in October 2012 will also have unintended consequences for the health system. Seniors have little capacity to increase their earnings to cover increased health care costs at a time when they are likely to require higher levels of care. They have planned their budgets based on rules in place at the time and are now faced with higher out of pocket costs before they can begin to access health services.

The commitment of the Government to assist Australians with the cost of their private health cover is valued. However, as premium costs rise and the out-of-pocket fees increase for primary health, hospital and specialist health care, older Australians are foregoing important health care. This can only result in poorer health outcomes for seniors and cost shifting from the community to hospital settings.

National Seniors calls on the Government to protect older Australians who are no longer working from these reductions to the rebate on their private health insurance premiums.

Yours faithfully,

**Michael O'Neill**  
**Chief Executive Officer**