

## Finder.com.au submission into Private Health Insurance Legislation Amendment Bill 2018 and related Bills

Thank you for the opportunity to provide a submission on the Private Health Insurance Legislation Amendment Bill 2018.

[finder.com.au](http://finder.com.au) (“Finder”, “we”), Australia’s most visited comparison site<sup>1</sup>, commends the Government for their continuing efforts to improve transparency and increase the appeal of private health insurance. In addition, increasing the powers of the Private Health Insurance Ombudsman should increase consumer confidence in the policies they purchase and the providers with whom they deal. In a sector frequently criticised for its cost, the decision to facilitate age-based premiums is a practical initiative that complements the Lifetime Health Cover Loading.

As Australia’s most visited comparison site, with more than 5 million visitors a month, Finder is well positioned to speak about health insurance reform and consumer preferences. As a credible source of education and analysis, we have a strong understanding of the practical issues faced by consumers seeking to obtain, or maintain, their private health insurance.

In our view, the sustainability and appeal of private health insurance is under threat. In our 2018 survey of over 2,085 Australians, almost two in five (39%) of Generation Y respondents confirmed that nothing<sup>2</sup> would entice them to take out private health insurance.

Our concern is that these proposed reforms do little to address this trend. Without substantively addressing consumers’ reluctance, we are concerned that the Private Health Insurers will be driven to implement risk-based pricing. In our view, risk-based pricing will only compel more consumers to ‘opt out’ of private health insurance, increasing the burdens on our public hospital system and increasing the premiums of those who choose to retain it.

Our 2018 survey also found that only 13.9% of health insurance policyholders took out health insurance to avoid the Medicare Levy Surcharge or Lifetime Health Cover Loading. Our analysis of APRA data indicates that almost one million Australians (965,045) aged between 31-65 are already paying the Lifetime Health Cover Loading. In addition, our 2018 research confirmed that

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<sup>1</sup> Experian Hitwise since November 2015

<sup>2</sup> Finder’s March Survey 2018 of 2,085 respondents asked “Which of the following would entice you to take out health insurance?”

1. **Nothing would entice me to take up health insurance (39%)**
2. Waiting periods waived (30%)
3. Gift cards or vouchers (29%)
4. First month free (23%)
5. Multi-policy discounts (22%)

the majority of Generation Y respondents had no idea what the Lifetime Health Cover Loading was, or what it means to them.

In reality, neither of these measures have delivered the desired public policy outcomes. Unfortunately, we believe that the proposed age-based discounts are similarly unlikely to change this behaviour.

Finder encourages the Government to continue to pursue strategies to encourage more Australians to obtain Private Health Insurance but we are concerned that the proposed discounts are inadequate and insufficient to achieve this purpose.

Given that consumers prioritise security, flexibility, convenience and choice<sup>3</sup>, we'd recommend that while increased transparency and accountability are desirable outcomes for these reforms, additional refinements are required to maintain the resilience of our health system and overcome Gen Y's disinterest in Private Health Insurance.

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<sup>3</sup> March Survey 2018 of 2,085 respondents