

ANSWERS TO ESTIMATES QUESTIONS ON NOTICE

HEALTH AND AGEING PORTFOLIO

Additional Estimates 2011-2012, 15 February 2012

Question: E12-333

OUTCOME 9: Private Health

Topic: PRIVATE HEALTH INSURANCE

Written Question on Notice

Senator Fierravanti-Wells asked:

- a) Has the Department conducted any modelling, or requested any modelling on the impact of changes to the Private Health Insurance Rebate.
- b) Has the Department conducted any modelling, or requested any modelling on whether Private Health Insurance customers will withdraw or downgrade their cover as a result of the changes to the Private Health Insurance Rebate? Provide details of that modelling.
- c) Has the Department done any modelling, or requested any modelling on what effect the changes to the Private Health Insurance Rebate will have on the cost of premiums? Provide details of that modelling.

Answer:

- a) Yes.
- b) The Department of Health and Ageing updated a Treasury model on how many people would withdraw from private health insurance due to the Incentives Tiers. The methodology is provided in the response to Question on Notice E12-242. This modelling estimates that 27,000 people may drop their private health insurance hospital cover in response to the Incentives Tiers. The Department has not attempted to model how many people may downgrade their cover in response to the Incentives Tiers.
- c) The modelling shows that the estimated drop outs were too low to impact on premiums.