

Senate Community Affairs Committee

ANSWERS TO ESTIMATES QUESTIONS ON NOTICE

HEALTH AND AGEING PORTFOLIO

Budget Estimates 2013-14, 5/6 & 7 June 2013

Question: E13-016

OUTCOME: 9 - Private Health

Topic: Out of Pocket Expenses

Type of Question: Written Question on Notice

Senator: Boyce

Question:

Australia has been recently listed as the fifth most expensive country in the world for out of pocket medical expenses – these costs for Australians are more than double what citizens of France or the UK have to pay. It's further claimed that 14,000 Australians have sought early access to their super funds in order to pay medical bills. 8.7 per cent of people won't even see a doctor because they can longer afford to.

- a) What's your response to this situation?
- b) Do these facts suggest we need better health insurance products?

Answer:

a) and b)

The methodology that is used to collect data on out-of-pocket (OOP) cost data in Australia is quite robust and reliable. The scope of information collected and included in OOP costs for Australia includes medical non-durables such as adhesive bandages and personal expenditure on vitamins and dietary aids. Similarly, Australia includes costs on complementary therapies such as homeopathy and Chinese medicine. This is not the case in a lot of other countries where there is variability in the methods of data collection and the types of OOP data collected. For example, Mexico is reported as having a lower average OOP per person (\$673); however OOP costs comprise 49 per cent of total health expenditure indicating that the scope of what is considered 'healthcare' affects the outcome of this type of analysis.

In 2010-11, more than 33 per cent of OOP expenditure in Australia was attributed to over-the-counter medication.

Private health insurers are free to determine the types of products that they offer. Data released by Private Health Insurance Administration Council shows that for the June 2013 quarter over 12.6 million people were covered by some form of private health insurance. This equates to 54.79 per cent of the Australian population. 46.9 per cent of people were covered by hospital policies. 89.0 per cent of privately insured in-hospital medical services were provided with no out-of-pocket expenses (no gap) and a further 3.5 per cent of in-hospital medical services were provided under a known gap arrangement.