

Standing Committee on Finance and Public Administration
ANSWER TO QUESTION ON NOTICE
Budget Estimates Hearing – May 2008
Department of Finance and Deregulation
Finance and Deregulation Portfolio



Outcome: 2, Output: 2.1
Topic: Medibank

Question reference number: F24
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Date set by the committee for the return of answer: 11 July 2008

Number of Pages: 1
Senator Moore asked:

I do the PHIAC stuff to look at the wider impact, but I wonder about your own company - the impact in Medicare, in Medibank Private itself, to see what the impact was when Medicare Levy Surcharge came in - to see what your figures were, to see what your rate increases of members if there were any, and how long it took and who came in.

Mr Savvides: I can take that on notice and come back.

Senator Moore: I knew it was a notice question, but it is a wider kind of impact to build a full picture. Is that something I can leave with you?

Mr Savvides: Absolutely.

Answer:

Prior to the introduction of Medicare Levy Surcharge and Private Health Insurance Incentive Scheme on 1 July 1997, the number of Medibank's private hospital policy holders was 759,972. Subsequently the number grew to reach the highest point of 772,927 in September 1997. Following a premium increase of 11.2 per cent in October 1997, the total number of hospital policy holders started to decline to 739,509 until the introduction of a 30 per cent Private Health Insurance rebate on 1 January 1999. These changes occurred at the time of the introduction of the Medicare Levy Surcharge and were influenced by it. However, membership numbers and the following premium rate increase do reflect other factors that were in play in the market at the same time, so a precise causal relationship should not be inferred.