

From: Ken Harvey
Sent: Tuesday, 31 October 2006 11:06 AM
To: FPA, Committee (SEN)
Subject: Re: Medibank Private Sale Bill 2006

Attention: Alistair Sands,
Secretary, Senate Standing Committee on Finance and Public Administration.

Thank you for your letter about this matter dated Oct 19, 2006.

The proposed sale of Medibank Private has attracted considerable public debate. It has also renewed attention on the role of the private and public health sector (and government regulation) in providing equitable and efficient health care at affordable cost.

As an academic, my role in this debate has been to educate students and the public about the issues and stimulate debate (while acknowledging my own vested interests).

The attached lecture has been delivered to a number of audiences and may be of interest to your committee members. It outlines the pros and cons of the proposed sale (as I see them) and concludes that a case can be made either way.

However, my personal view (as a long standing member & contributor to Medibank Private) is that if Medibank Private is to be sold, it should be as a float in which existing members receive some benefit for past loyalty, for example by being offered shares and greater involvement preventative health programs.

In addition, given that Medicare provides all Australians with a basic level of health insurance, I believe that further regulatory changes are needed to encourage private health insurance funds to become more innovative and cost-effective, for example by removing the requirement for community rating and the need to contribute to a reinsurance pool.

Yours sincerely,

Dr. Ken Harvey
Adjunct Senior Research Fellow
School of Public Health, La Trobe University <http://www.medreach.com.au>
VOIP: +61 (03) 9029 0634; Mobile +61 (04) 1918 1910