

**STATE LIBRARY
VICTORIA**

What's your story?

GRATTAN
Institute

Private health insurance and private healthcare under challenge

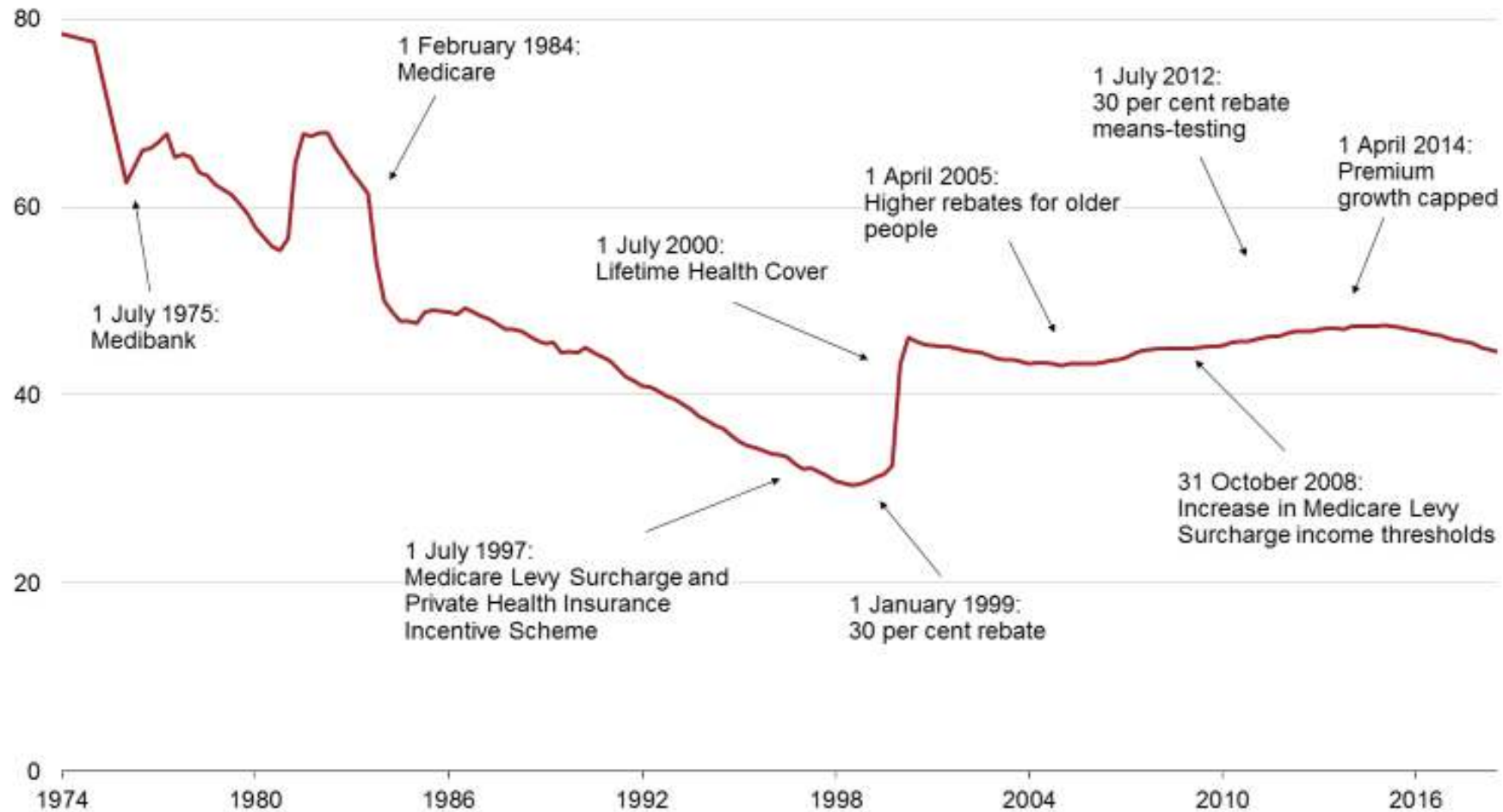
Stephen Duckett
 @stephenjduckett

(with Matt Cowgill and Kristina Nemet)

Presentation to
State Library of Victoria Policy Pitch
July 2019

After relative stability in last two decades, health insurance coverage has started to decline

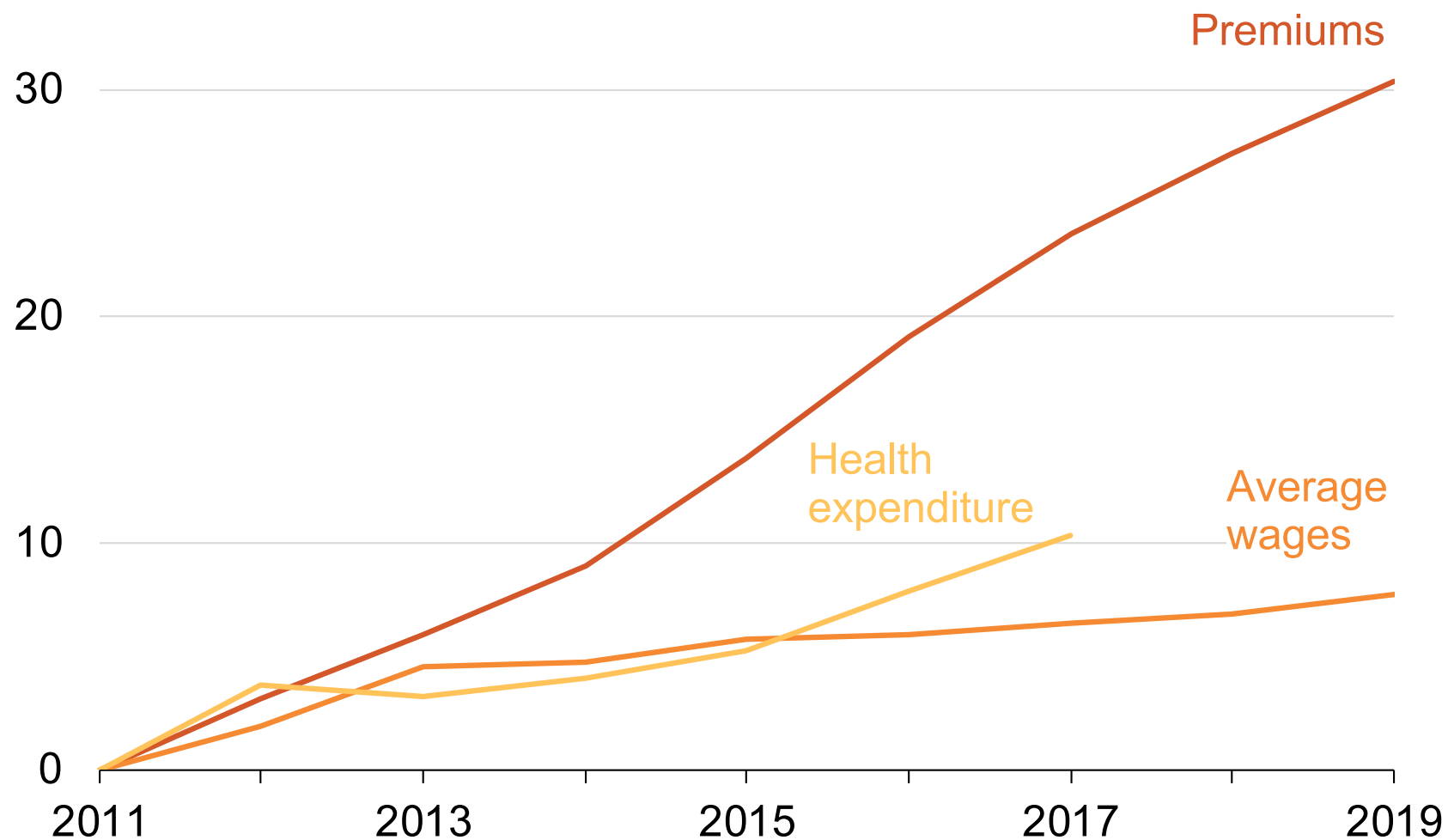
Proportion of the population with hospital treatment cover (per cent)



Source: APRA. Note series discontinuity, prior to 1996 series is for private insurance for public hospital care

Premiums are becoming increasingly unaffordable

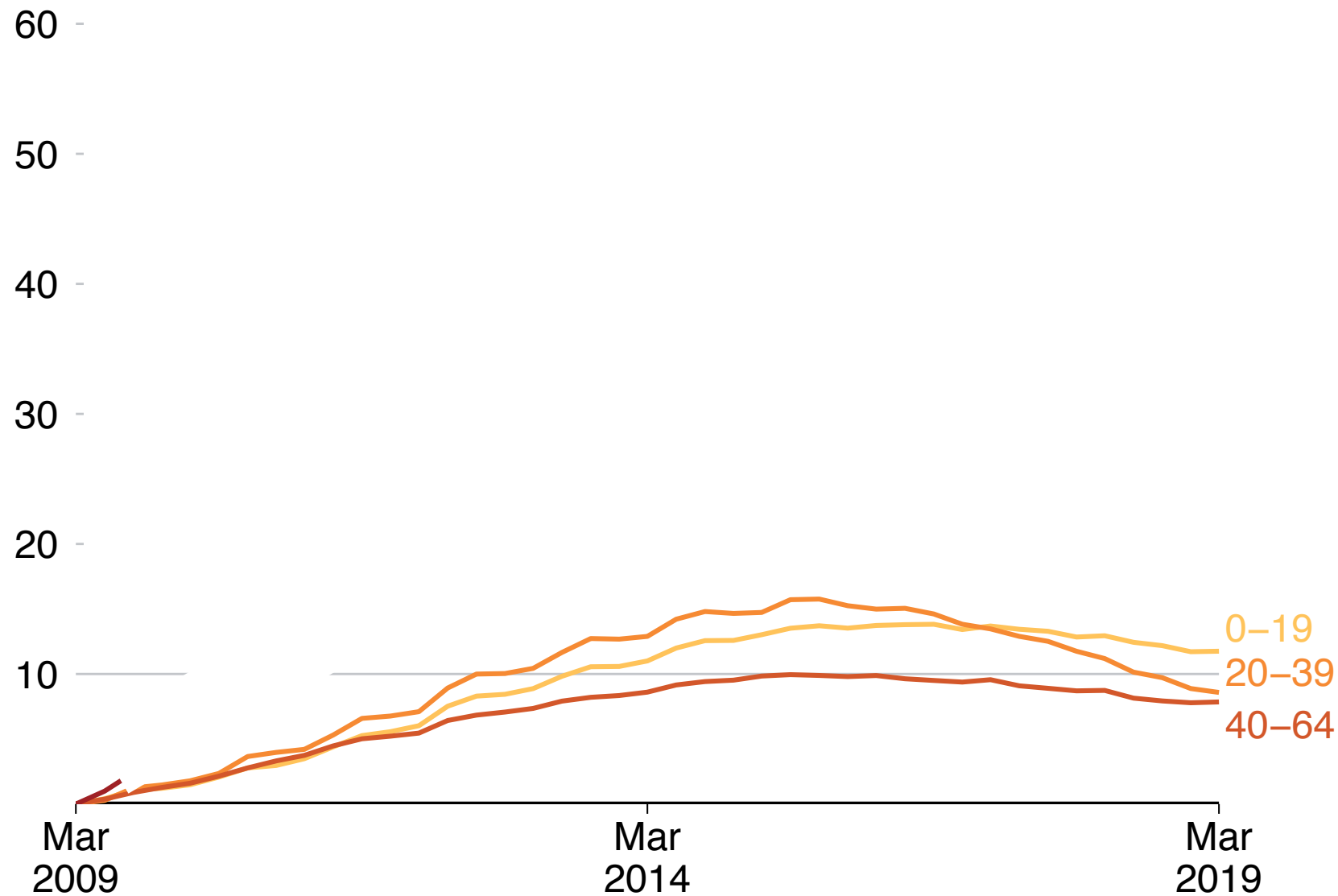
Cumulative real growth in average PHI premiums and weekly wages, since 2010-11, per cent



All series deflated using the Consumer Price Index. PHI increase is the industry weighted average per year. Wages series is the average weekly ordinary time earnings of full-time adults in the year to the November quarter

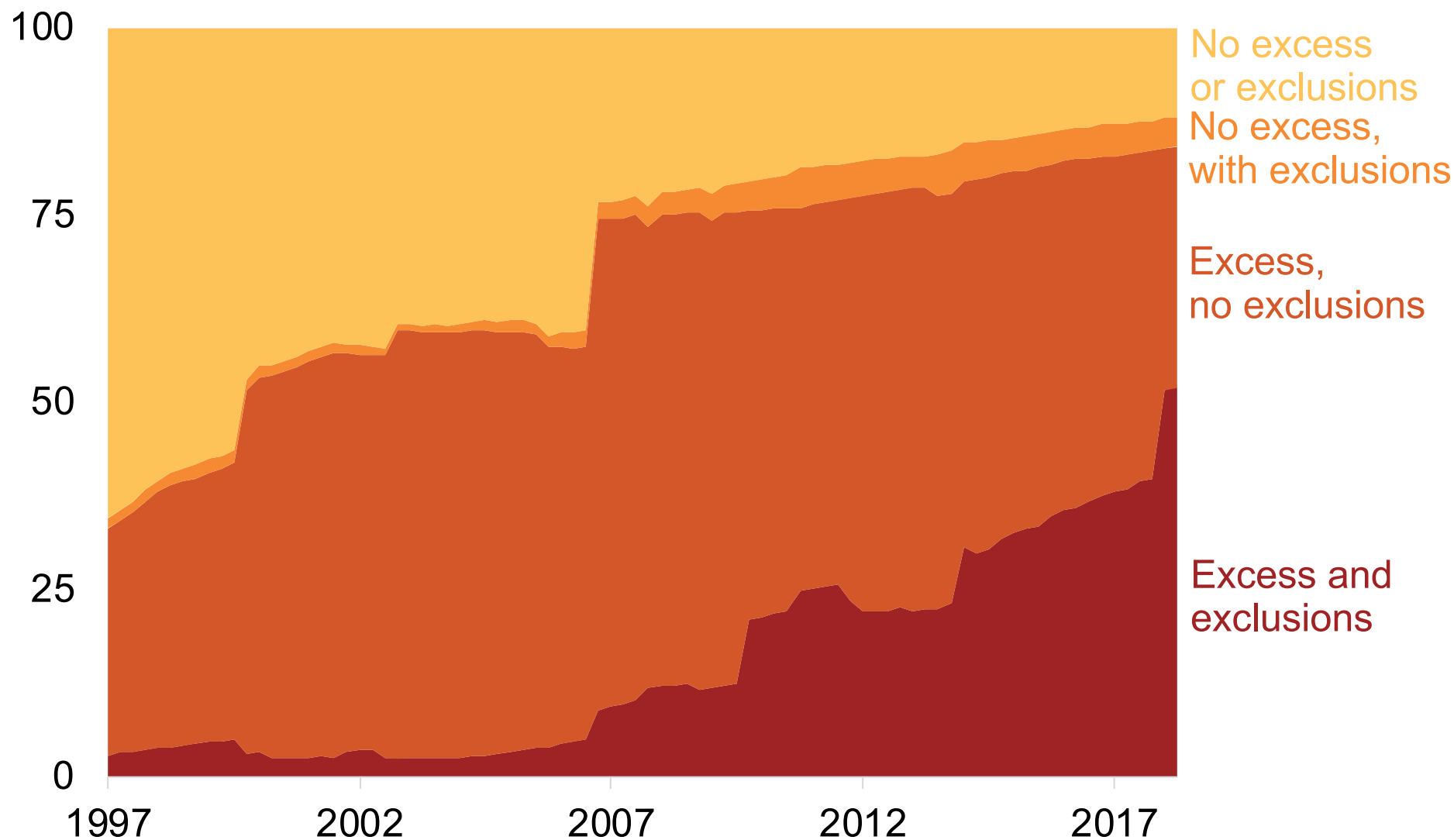
... and so people are dropping out

Cumulative change in the number of people with private hospital cover, per cent



... and dropping their level of cover

Proportion of hospital treatment policies, per cent

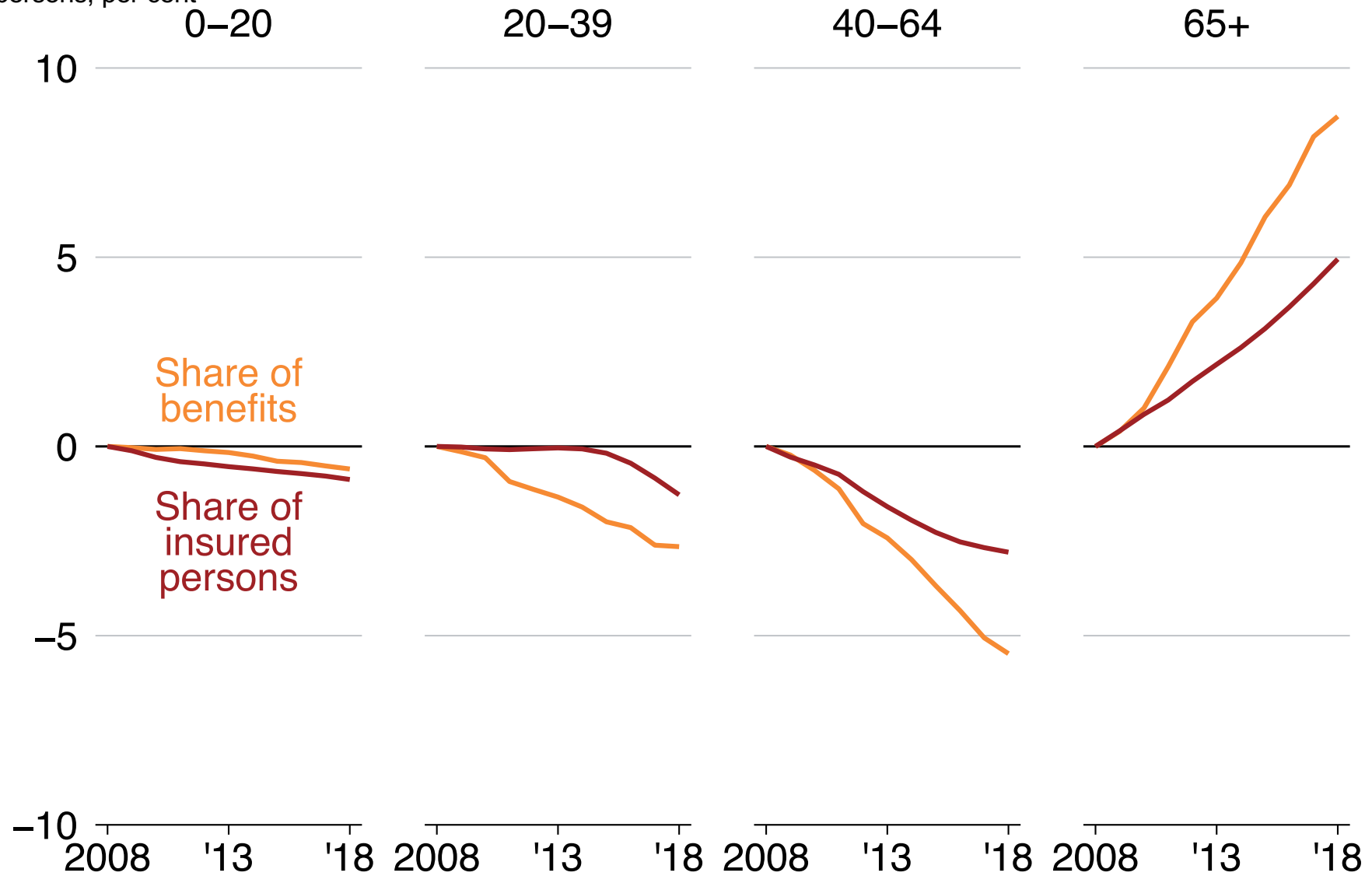


Notes: Policies with an excess require a payment by the contributor towards their hospital admission. A policy with exclusions designates certain treatments or procedures which are not covered by the policy.

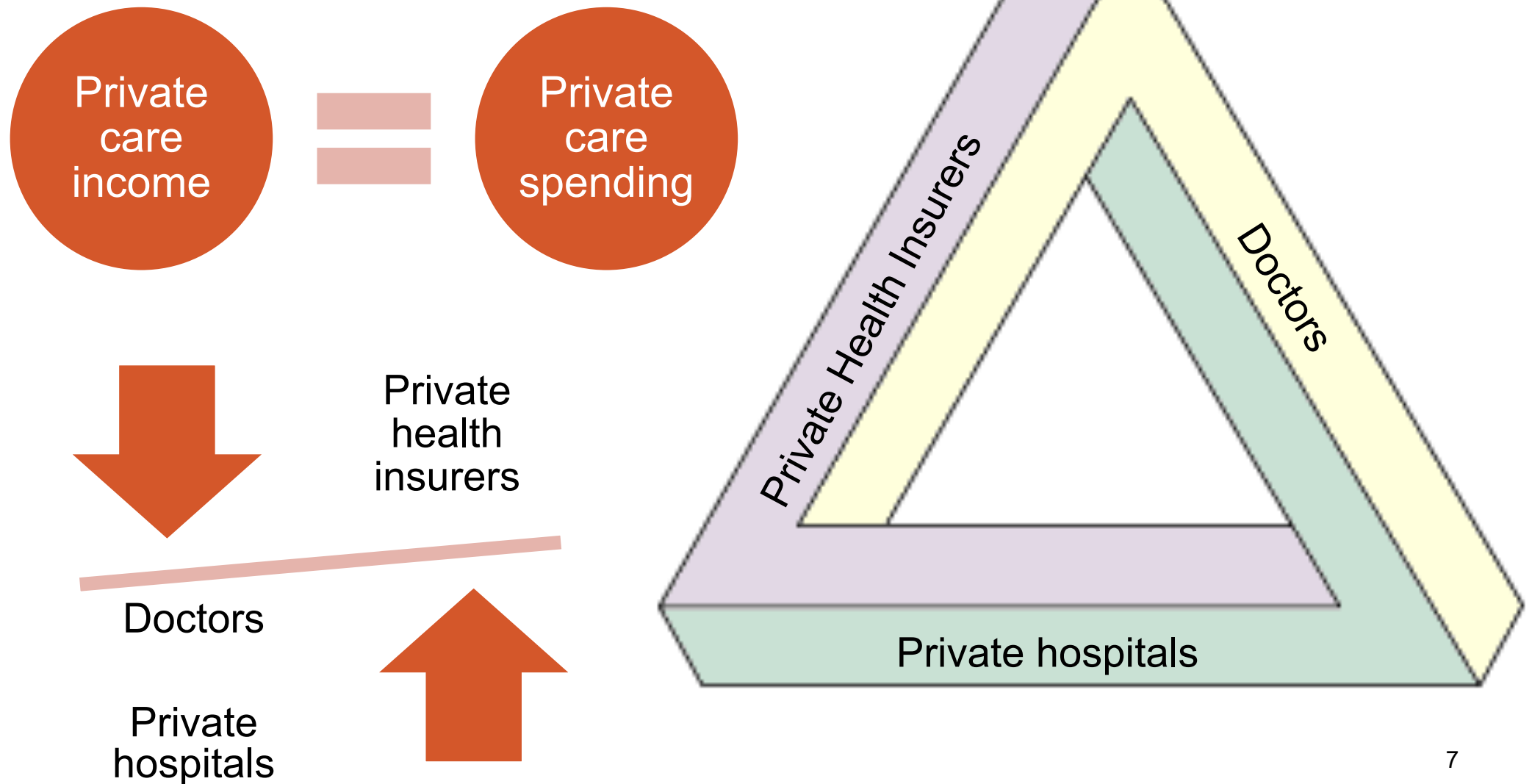
Source: APRA Data and Grattan Analysis.

The share of PHI benefits that go to older people is rising rapidly

Cumulative change in age group's share of hospital benefits paid out by private insurers, and share of total insured persons, per cent

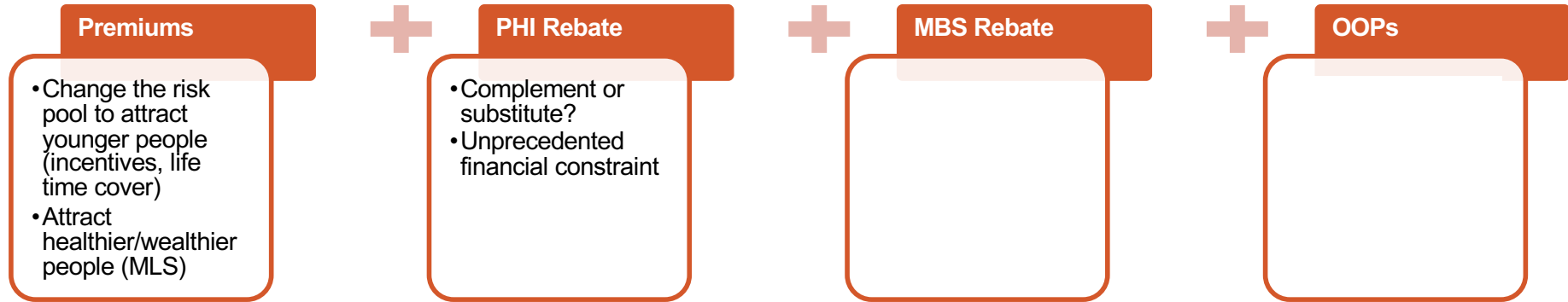


So what to do?

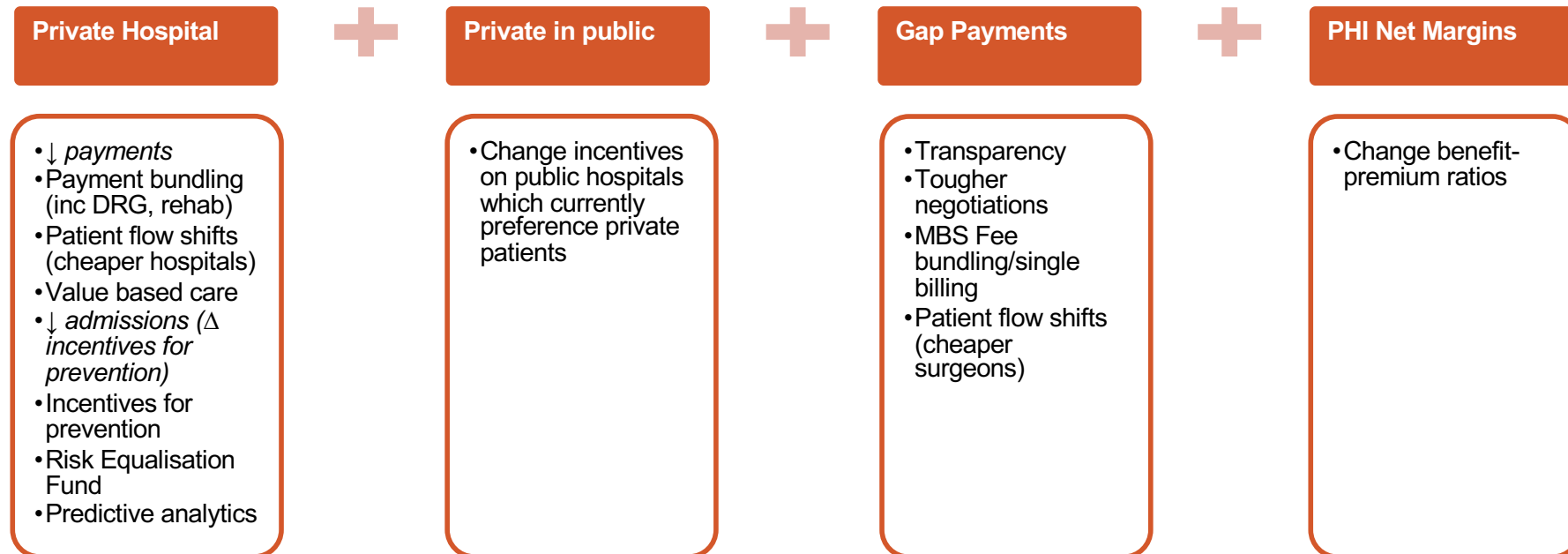


Range of potential solutions

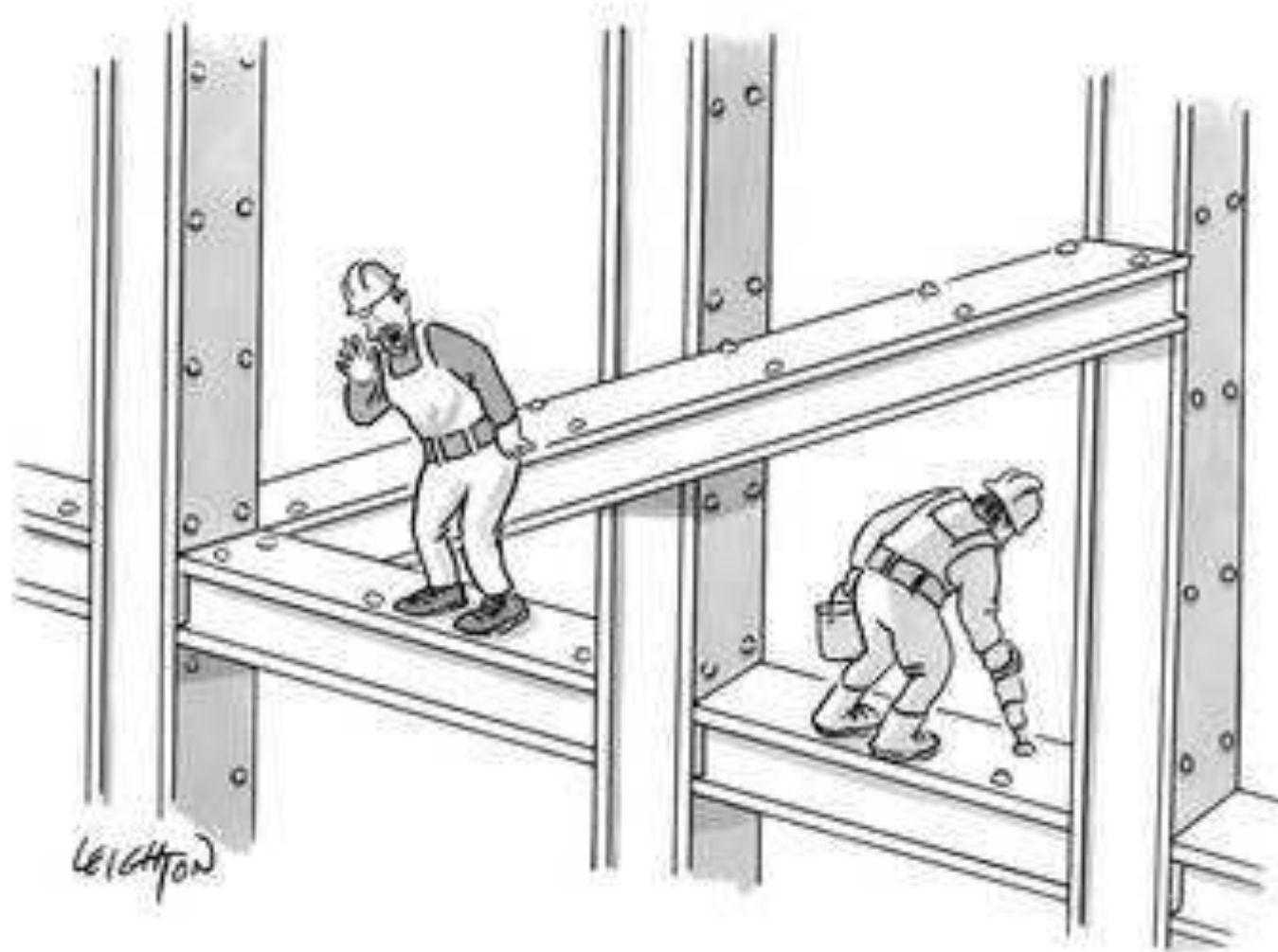
Income



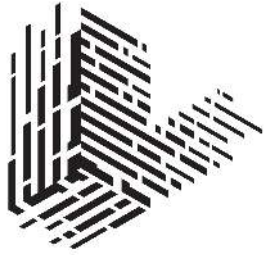
Spending



Need for a review



"Escher! Get your ass up here."



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