

Question on Notice

Health and Environment Committee

Oral Briefing – 29 November 2021

QUESTION asked by the Member for Lytton (Ms Joan Pease MP) –

Impact on the public health system from people who have left private health insurance.

ANSWER

Many factors contribute to the pressures faced by the public health system, including a growing and ageing population, increasing burden of disease, and changes in the public-private hospital market sectors.

There are now more Queenslanders without some form of hospital insurance than at any other period, with 3.1 million Queenslanders uninsured. The most recent Australian Prudential Regulation Authority figures indicated 40.8 per cent of Queenslanders were covered by some form of private health insurance in June 2021, which reflects a drop of 4.4 per cent from the June 2015 reported figures.

This means that since June 2015, an additional 470,000 people in Queensland rely on the public sector for their health care. This does not take into account the impact of exclusionary health insurance policies, which may also result in Queenslanders accessing the public health system.

The public hospital market share in Queensland is now the highest ever at 64.5 per cent. In the last six years the public hospital market share has increased from 58.6 per cent in 2013-14 to 64.5 per cent in 2019-20, an increase of 5.9 per cent.

Reductions in private health insurance coverage and increasing levels of exclusionary cover are expected to continue to have an impact on increasing demand for public services; and reducing the capability of consumers to access private care.

BACKGROUND

Australia has a mixed public-private hospital market and a strong and viable private market is important to a sustainable public hospital system. Some previous analyses into private health insurance affordability, sustainability and attractiveness are outlined below:

- *Saving Private Health* (2019) and *Stopping the Death Spiral* (2021) by the Grattan Institute outlines the drivers and potential solutions of private health cover unaffordability and industry sustainability.

<https://grattan.edu.au/report/saving-private-health-1/>

<https://grattan.edu.au/report/saving-private-health-2/>

<https://grattan.edu.au/report/stopping-the-death-spiral/>

- *Value and affordability of private health insurance and out-of-pocket medical costs* (2017) by The Senate Community Affairs References Committee explores the role of private health, coverage trends, attractiveness and affordability of policies.

<https://www.health.gov.au/resources/publications/value-and-affordability-of-private-health-insurance-and-out-of-pocket-costs>

- *Efficiency in Health* Research Paper (2015) by the Productivity Commission considers the regulatory limits on private health and the impact on consumer behaviour.

<https://www.pc.gov.au/research/completed/efficiency-health/efficiency-health.pdf>