



## **PRIVATE HEALTH INSURANCE BILL 2006**

### **Second Reading**

### **14 February 2007**

**Ms GRIERSON** (Newcastle) (11.04 am)—The Private Health Insurance Bill 2006 has been described by the minister as groundbreaking. Apparently this is the most significant change to private health insurance policy since the introduction of the government's rebate and lifetime cover scheme in 2001. Let us have a close look and see if it lives up to those expectations. This is a package of seven bills in total but the Private Health Insurance Bill 2006 is the main bill and very central to the package. The key focus of this package is to allow private health funds to provide what the government has called 'broader health cover'—that is, medical services outside the hospital gate.

More specifically, these bills implement a series of changes to current private health insurance policy. These include the expansion of private health insurance to cover medical services provided outside hospital which either substitute for in-hospital services, such as chemotherapy and dialysis in home or community settings, or are designed to prevent hospitalisation in the first place, such as health promotion and chronic disease management. Broader health cover and the expansion of private health insurance to medical services that come under this umbrella is the most significant policy change in the package.

The package also includes changes to lifetime health cover, the scheme introduced by the government to make private health insurance more expensive as you get older if you fail to take out private health insurance by the time you turn 30. In this new legislation, people who have retained private health insurance for over 10 years will, when they get to the 10-year mark, no longer be subject to lifetime health cover loadings on their health insurance premiums. So there is incentive for people over 30 to join again. It also introduces requirements for private health insurance funds to provide standard product information to consumers. That sounds quite reasonable.

This bill also implements changes to existing administrative and regulatory arrangements for the sector and will therefore, it is assumed, streamline the legislative framework for private health insurance by bringing the main

components of the existing legislative framework—currently in three acts—all under one act. That sounds like a sensible thing to do.

It also includes changes to existing reinsurance arrangements where companies offset their risk, but, interestingly and quite curiously, the government has chosen to adopt the private health insurance industry's preferred model for reinsurance rather than its own recommended capitation model. In the explanatory memorandum to this bill it is made clear that the government's preferred model would have been 'the best strategic option for the long term'. So the question remains: why didn't the government have the nerve to pursue its own advice and go for that better long-term option? The other bills in the package are to provide for transitional arrangements and consequential amendments—quite technical matters—to existing legislation.

If this legislation is so good, as the minister claims, what is Labor's position? We are supporting the package, but I can tell you why. It is because this is the only deal on the table. This is the only legislation put forward that we can even consider. There is no legislation to address chronic medical workforce shortages. There is no legislation to address the inequities in health funding between metropolitan and regional areas. There is no legislation for the expansion of Medicare funding to cover these new innovative services and treatments or any bold reforms to the Commonwealth-state health divide. No, this is the only deal we have on offer.

But, that said, there are aspects of this package that Labor welcomes. The move to standardise private health insurance product information for consumers is a good thing—a bit of consumer comparison shopping is essential when you are taking out insurance. The changes to lifetime health cover are worth noting as well. We would hope that the requirement to provide standard information to consumers and therefore allow them to compare different private health insurance products and to understand their entitlements will give consumers more security and certainty about what they are signing up for. We are told that information would include things like the costs of premiums, waiting periods, exclusions, gaps and excesses—because every day we have conversations in our electorates with people who say, 'I love private insurance and I've just been sick,' or, 'My wife's just been in hospital—I had no idea what costs I would be up for. I thought would be covered for everything.' So they have been crying out for that sort of information for some time.

In conjunction with this provision, the Private Health Insurance Ombudsman has also been funded to develop a website to enable consumers to easily compare product information. We support these initiatives and we hope they will assist all consumers. The removal of the loading on premiums for people who have retained lifetime health cover or had long-term membership is a bonus, which hopefully will assist them with the costs included in private health insurance.

Those are the best aspects of the bill, but Labor has many concerns about the package, which are outlined in the seconding reading amendment moved by the member for Gellibrand. We hope the government will support those amendments. Labor is particularly concerned about the likely consequences of this legislation. We fear that inequities will now exist for the majority of Australians who do not have private health insurance, such the entrenchment of a two-tiered healthcare system, where access to services is based on ability to pay and not on need. We are concerned that this further undermines Medicare and the universality of our health system. Labor's amendments highlight these concerns, and we should look more closely at them.

Firstly, there is inequitable access, which we think this bill just about guarantees. If, as the minister suggests, these measures will enable the private health sector to:

*... adapt to the realities of early 21st century health care: a way of care that does not always centre on admission to hospital—*

but instead focuses on—

*day procedures, outpatient services, hospital in the home, wellness and prevention—*

then the question remains: if that is so good why is the minister is happy to allow this just for private patients but not for public patients? Clearly not all Australians are equally deserving in this minister's eyes.

Indeed, if the minister were seriously interested in delivering quality innovative health care for all Australians, regardless of wealth or location, we would today be debating an expansion of services to be provided under Medicare and the inclusion of out-of-hospital treatments and new forms of service delivery in the Australian health care agreements, under which the federal government pays for public hospitals throughout the country. To date, these agreements have completely ignored out-of-hospital services. The Commonwealth funds only those people who are admitted patients.

So what will happen to those who are not insured and therefore not covered by these changes? If the minister's track record is anything to go by, those without private health insurance will simply go without. There will be no access to new innovative medical treatments or to service delivery beyond the hospital for the majority of Australians who do not have private health insurance.

These changes will entrench a two-tiered system of health care, which, again, threatens the universality of our health system. Most people out there in the community say governments are there to deliver services for all of us. The most important one, they will tell you, is health. If the broader healthcare

provisions give people with private health insurance access to services and treatment options which people without private health insurance will not have access to, then the package just further entrenches the division in the delivery of health services in Australia. If the government were genuine about ensuring the best possible health care, regardless of wealth and location, we would be debating very different legislation today. Where is the legislation to provide funds to expand the range of treatments and services available under Medicare?

Unfortunately, there is also no legislation to deal with some of the major health catastrophes that are occurring in this country, but obviously some people will benefit—and who are they? The private health insurance sector. This is one way for them to increase their membership. They can development a membership drive; you can see the advertising coming now. The providers will make themselves more financially viable with these expanded services.

But I think it should be noted that there are some very interesting electorates that also stand to benefit. It is worth noting these electorates, where they are located and who holds these seats, to demonstrate the skewed nature of private health insurance coverage in Australia and the very limited demographic reach of the benefits of this legislation. Just 35 out of 150 electorates across the nation have constituencies with rates of private health insurance coverage at 50 per cent or more. That means just 23 per cent of the electorates represented in this chamber have a majority of constituents with private health insurance of 50 per cent or more. So 77 per cent of all the representatives of this House do not have more than 50 per cent of their constituents covered by private health insurance.

According to the latest figures, coverage in the Hunter ranges from 38.6 per cent in Paterson to 45.3 per cent in Charlton. In my electorate of Newcastle the coverage of private health insurance has been stagnant for two years at 44.2 per cent, which is close to the national average.

Let us look at the electorates at the top of the pops—the ones that are going to do very well. Leading the list of the top 10 electorates for private health insurance coverage is the electorate of Bradfield, held by the Minister for Defence, with a staggering 79.8 per cent of constituents with private health insurance. Bradfield is followed by the electorates of Berowra, held by Attorney-General Phillip Ruddock; Kooyong; Tangney; Menzies, held by the Minister for Immigration and Citizenship; Goldstein, held by the Minister for Vocational and Further Education; North Sydney, held by the Minister for Employment and Workplace Relations; Warringah, held by the Minister for Health and Ageing; Cook; and Wentworth, held by the Minister for the Environment and Water Resources, Malcolm Turnbull. They are the top 10, they are all blue-ribbon Liberal seats and they will all do very well, thank you very much.

The electorate of Bradfield not only has the highest rate of private health insurance coverage but also has one of the highest Medicare spends in Australia, so it is reaping benefits from both the private health dollar and the public health dollar. So much for the government's argument that an invigorated private health sector takes the pressure off the public health system and the public purse!

Rural and regional Australians are the big losers here. With no genuinely national private health insurance fund and a scarcity of private health facilities in rural areas, the Howard government simply cannot ensure that all Australians will have choices in accessing these new programs and services. If living in isolated regional Australia, just try to get a chemotherapy service to your home. We are not treating the people of this country fairly. That National Party members come into this chamber and tolerate second-rate treatment by their coalition partners of the people who elect them I think is quite unforgivable. Where are they on this legislation? Where are they in defending their constituents and their access to services?

When determining the range and location of services to be provided, private health insurance funds are under no obligation to ensure that they remain focused on health outcomes and health needs instead of costs. There are no guarantees that patient groups with the greatest need will ever be able to access these services. I am sure that Aboriginal people living in rural and remote communities, who are up to 50 per cent more likely to need dialysis than the national average, would love to have access to dialysis treatments at home instead of travelling 500 kilometres or more to their nearest renal clinic. But I do not see anything in this package to suggest that people in rural or remote communities will ever have access to such programs, despite a clearly demonstrated need.

In my region—and this is appalling—the Hunter's alarming death rate is worsening relative to the rest of the state and has risen to second place behind the most remote and rural areas of New South Wales. These are some of our statistics: we have the highest rate of colorectal cancer in men and women in New South Wales; we have the second highest rate of melanomas in the state; Hunter women experience an above average number of asthma deaths; the Hunter also has a higher rate of death by injury or poisoning; the region's biggest killers are coronary heart disease and stroke, followed by cancer; the region has the highest prostate cancer death rate in the state of New South Wales; community mental health teams have been cut by half, preventing home visits after 5 pm. I have heard it before. What will the government say about this? Blame it on the states. Let us not blame it on the states; let us have an evidence based healthcare system based on need, and perhaps we will be able to hold our heads up high for a change.

Medical workforce shortages are most acute in rural and regional Australia, and there is nothing in these bills to redress that crisis. Nor is there any reason to believe that private providers will be rushing to set up health

services in areas of need in regional Australia. These bills manifestly fail to deliver equal access for the 43 per cent of Australians with private health insurance let alone for the majority of Australians who are not insured.

There is also no evidence to support the government's argument that the package will not increase premiums, and premiums keep going up. The last time the government said it would reduce pressure on private health insurance premiums was in 2000-01, when it introduced the 30 per cent rebate and Lifetime Health Cover. Since then, there has been a 40 per cent increase in premium costs. Between 1998 and 2006, the cost of private health insurance increased twice as fast as general inflation.

The government cannot be trusted; we know that. We learnt long ago that the 'ironclad guarantees' of the health minister count for nothing after polling day. Where is the logic in the argument that expanding services offered will reduce premiums? Where are the assurances in these bills that any savings made by the private health insurance industry will be passed on to consumers? Do not bother to look; you will not find them; they are not here.

If the government were genuine about wanting to protect consumers, why does this legislation strip the Private Health Insurance Administration Council of its current role to minimise premium levels? Why remove those kinds of consumer protections if they are serious about keeping premiums down?

I guess there is one solution. Remember that private health insurance premiums are also predicted to rise once Medibank Private is sold. When will that be sold? The legislation is there. As soon as the election is over, if the government wins Medibank Private will be sold. What is the solution to that? Do not elect them. Let us do something serious about health in this country and have a Labor government for once and all.

These bills also fail to provide safety and quality assurances. There is no quality assurance mechanism for Broader Health Cover services until July 2008—15 months hence. Some services, such as telephone advice lines, do not have any quality standards in the bills. Who is going to be giving advice when you pick up the phone? Is it going to be a scripted text that someone reads? Is it going to be a doctor, a nurse or a paramedic? Who knows! That is a risk to consumers that no-one should have to bear.

Recent disturbing reports that one of the country's largest private health insurance funds, HCF, has been passing on medical records of patients discharged from mental health facilities to a contractor, McKesson Asia-Pacific, which then pushed patients to accept follow up services, show the importance of having some quality assurance in this sort of legislation. I urge the government to ensure that this legislation will protect patients' privacy and rights. We have to get everyone to lift their game.

The AMA has also expressed concerns about the lack of sufficient safeguards in the bill for doctors to expressly continue to be making clinical decisions about the best interests of their patients. Others have raised concerns about the package for moving towards managed care. That is a system whereby the private health insurer assumes responsibility for the health costs of its members and therefore, for example, directs contract arrangements with doctors and other providers. They become bidding wars. They become all about the costs of service delivery rather than the benefit of that service or the quality of that service. I have so many concerns about this bill, as a matter of fact, and we will be moving an amendment during the consideration in detail stage to strengthen this bill's protections as to doctors' clinical freedoms.

The \$50 million worth of advertising to sell this type of measure is free advertising for private health insurers and comes straight from the taxpayer's dollar. That is there for the next four years, and I guess mates rates apply. I think everyone would agree it is pretty outrageous that this government collects taxes from all Australian families to fund a marketing campaign for the private health insurance sector. It is a shameful waste of taxpayers' money and scarce health resources.

That \$50 million would actually provide an additional 1.5 million GP consultations for the country. I know what we would do with that \$50 million in my electorate of Newcastle. It would fund the Medicare licence we desperately need for a PET scanner, the refurbishment of the Hunter dementia resource centre, a GP after-hours access service and its long-term funding and a Commonwealth dental scheme—the sorts of things that my electorate calls out for over and over again. I think the private health insurance sector is already generously subsidised.

This bill fails to address the real issue of the sustainability of the private health sector and it certainly fails to address the real health needs of this country. There is really no choice in this bill. I think it is about time that members of the National Party stood up to its big brother in government and demanded a fairer deal for the health and wellbeing of rural and regional Australia. It is about time that the government removed its ideological blinkers and did something about our health system. It should restore some equity, fairness and quality to our national health system in Australia.