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Minister for Health

MEDIA RELEASE

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Private health insurance simpler and cheaper for everyday Australians

New rules announced today will make private health insurance easier to understand and help Australians choose the cover that best suits them and their families from 1 April, 2019.

The rules establish easy to understand clinical categories and a Gold, Silver, Bronze and Basic classification system.

This is a no surprises approach that will, for the first time, provide clearer information to consumers and allow them to compare different health insurance policies and choose the cover that best suits their needs.

These reforms will have an overall neutral to -0.3% impact on premiums compared with current policy settings.

The Gold, Silver, Bronze and Basic classification system categorises existing policies into easy to understand tiers. Importantly consumers will not be forced to change their policy cover if they are happy with it.

This landmark change to health insurance is good news for all Australians, and builds on reforms already announced by the Australian Government:

- Young Australians aged 18 to 29 will benefit from premium discounts of up to 10 per cent – which they will be able to keep until they turn 40 – which could translate to saving \$200 each year on a \$2000 policy.
- We are providing greater access to mental health services by allowing people to upgrade their coverage and avoid a waiting period. Health insurers have reported that hundreds of customers have already taken up this option.
- Australians living in rural and remote areas will get more support, with insurers now able to offer travel and accommodation benefits as part of hospital treatment cover. This will help those who can't access treatment locally.

Now that the rules are in place, insurers can start implementing the new product tiers.

New insurance policies will be categorised under this system from 1 April 2019, and by April 2020 all products must fully comply with the new arrangements.

Private health insurance is a fundamental part of our health system. Half the population has private health cover and the Australian Government is committed to ensuring that no matter what level of cover a person needs or wants, they can easily find the product that best suits their situation.

The new product tiers have minimum and standard clinical categories, which mean consumers can easily identify the services covered, or excluded, by their policies.

The Basic and Bronze cover levels are affordable options supporting choice for millions of Australians accessing key health services. Basic policies are especially valued by regional and rural patients.

Silver and Gold policies provide more comprehensive cover – providing peace of mind for services that are needed at different stages of life.

For Silver, Bronze and Basic, insurers can also offer additional cover to those listed as the minimum requirements, in which case the products may be named [Silver, Bronze, Basic] Plus (+).

Importantly, women will benefit from improved coverage including guaranteed cover for gynaecological services, ovarian and breast cancer treatment and breast reconstruction in Bronze tiers and above.

Insurers must also improve the information they provide to consumers. A new Private Health Information Statement will include mandatory information about what each policy covers.

All products will be included on the enhanced www.privatehealth.gov.au website.

Australians have asked for more choice in the way they pay for private health insurance. They will now be able to choose lower premium prices for higher excesses. This is the first time maximum excesses have been increased since 2001.

Early this year I announced the lowest increase to premiums in 17 years, and we are continuing to work hard to take pressure off private health insurance premiums.

This compares with Labor's plan that will drive up the price of premiums by 16 per cent by ripping the rebate off lower cost policies.

Modelling by Deloitte shows Labor's plan to scrap the rebate for lower-cost policies would result in a 16 per cent increase in private health insurance premiums for millions of Australians.

Furthermore, a collapse in the private health insurance sector would see public hospital waiting times blow out.

Full details on the Gold, Silver, Bronze, Basic and Clinical Categories and PHI reforms are available on the [Department of Health Website](#)

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