



Private health insurance reforms: Out-of-pocket costs

On 2 January 2018, the Minister for Health announced the establishment of a Ministerial Advisory Committee on Out-of-Pocket Costs to advise the government on best practice models to ensure consumers are properly informed about potential out of pocket costs for hospital treatment

- The Committee was tasked with developing the best way to make information about out-of-pocket costs more transparent to help consumers better understand these costs.
- The Committee was chaired by the Australian Government Chief Medical Officer, Professor Brendan Murphy, and membership includes consumers, medical craft groups, insurers and hospitals.
- The Government will consider advice provided by the Committee to the Minister for Health around transparency of medical specialist out-of-pocket costs to help consumers to make better choices for their health care.

Why is this important?

- The Government's private health insurance consultations revealed that out-of-pocket costs have been a long-standing concern for private health insurance policy holders. Patients should know up front the financial impact of a course of treatment.
- Patients often incur multiple out-of-pocket costs. For example, the medical procedure may require a surgeon, assistant surgeon and anaesthetist who each bill the patient separately.
- While the majority of private health insurance hospital episodes involve no or minimal unexpected out of pocket costs, complaints to the Private Health Insurance Ombudsman highlights that there are instances where consumers are not clearly informed up front of the costs and their options to seek lower cost medical treatment.
- Further information on the Committee's work is available at:
<http://www.health.gov.au/internet/main/publishing.nsf/Content/min-advisory-comm-out-of-pocket>

Who will benefit?

Making out-of-pocket costs more transparent will allow consumers to compare doctors' fees more easily and make an informed choice.

What impact will this change have on private health insurance?

This change will improve consumer understanding of private health insurance and its value.