# Private health insurance reforms:Increasing voluntary maximum excess levels

Consumers will be able to choose higher excesses to lower the premiums they pay for private health insurance

* The Government will increase permitted voluntary excess levels, allowing consumers to choose products with higher excesses in return for lower premiums.
* Consumer feedback has highlighted that many consumers are concerned about premium increases. Savings for consumers taking up higher excesses could be up to $200 for singles and $350 for families.
* Maximum permitted excesses for private hospital insurance will be increased from $500 to $750 for singles and from $1,000 to $1,500 for couples/families.
* Private health insurers will be permitted to offer products with the new higher excesses from 1 April 2019.
* There is no requirement for consumers to move to products with higher excesses.

## Why is this important?

* About 80 per cent of people with hospital cover already choose products with excesses.
* Excesses have been set at a maximum of $500 or $1,000 for almost 20 years.
* Insurers will be permitted to offer products with higher excesses, providing consumers with greater choice.
* Increasing excess levels will place downward pressure on premium price increases.

## Who will benefit?

* Consumers will have the opportunity to purchase a higher excess product in exchange for lower premiums.
* It is expected that more affordable private health insurance will encourage more people to take out cover.

## What impact will this change have on private health insurance?

This change will contribute to reducing private health insurance premium price increases.