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.