



## 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.