

Survey of attitudes towards the Australian health system

Menzies Centre *for*
HEALTH POLICY



Part 3: Private health insurance

The Menzies Centre for Health Policy and The Nous Group recently surveyed 1200 Australians to understand their attitudes towards the health system.

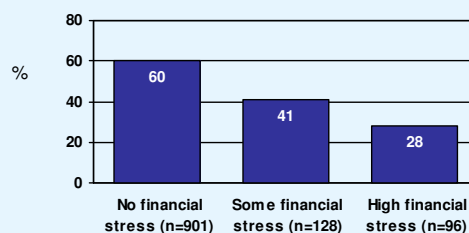
Private Health Insurance (PHI) has been a controversial part of the Australian policy mix. Its supporters argue it provides an important element of choice in our health system, helping to fund a healthy private sector. Its critics argue it is inequitable, giving those able to afford high premiums privileged access to services, and query the level of public subsidy.

The Menzies-Nous Group Survey found that most people – especially the ill – had little doubt that PHI was useful. Most complaints pointed to the high cost of PHI coverage. However, when given a choice, the uninsured thought that subsidies for PHI would be better spent on improving public hospitals.

1. Fund membership is strongly related to a household's level of financial stress and health status

Figure 1 – Private health insurance membership
(by level of financial stress)

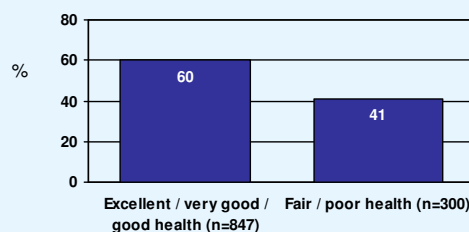
Q: Are you covered by private health insurance?



Those that reported 'fair' or 'poor' health were also less likely to have private health fund membership

Figure 2 – Private health insurance membership
(by level of own health)

Q: Are you covered by private health insurance?



Source: Menzies Centre for Health Policy / The Nous Group Survey of Attitudes Towards the Australian Health System, 2008 (N = 1146)

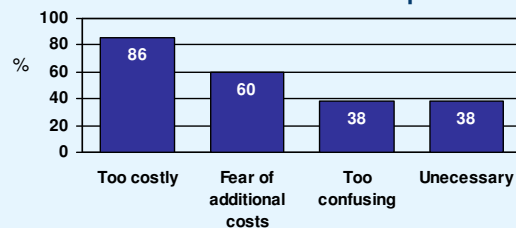
2. Those that did not have private health insurance respondents listed cost as the major reason against taking out membership

Almost all gave the cost of insurance premiums as the main barrier. 60% added fear of the additional 'gap' payments that holders of PHI often have to pay for medical services, especially as private patients in hospitals. Less than half were deterred by the confusing array of benefit plans offered by the health funds and a similar large minority refused to take out PHI because it is 'unnecessary'.

Q: Which of the following describes why you don't have private health insurance?

- It costs too much
- I worry that if I do use there will be additional costs
- It is too confusing
- You don't think it is necessary

Figure 3 – Reasons for not taking out private health insurance membership



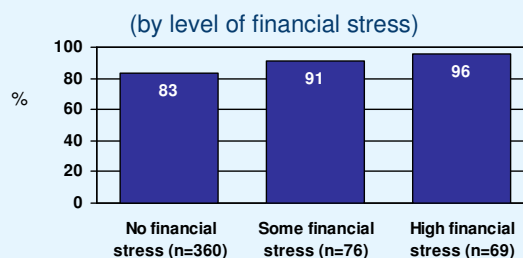
N = 510
Note: respondents could nominate more than one reason against taking out private health insurance

2a. Cost was a common concern for the vast majority (86%) of uninsured respondents. It was the main reason for not taking out PHI – even for the financially better-off

Q: Which of the following describes why you don't have private health insurance?

- responses to 'it costs too much'

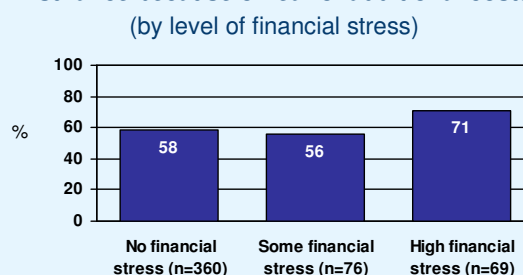
Figure 4 – Percentage of uninsured avoiding private health insurance because of cost



2b. A majority of the uninsured respondents also saw 'fear of additional costs' as a reason for avoiding private health insurance

Concerns about cost can be exacerbated by the prevalence of gap payments for private hospital treatment (i.e. additional, unforeseen charges above Medicare and insurance rebates). Those who reported 'high' financial stress were most likely to list this as a reason against taking out private health insurance.

Figure 5 – Percentage of uninsured avoiding private health insurance because of fear of additional costs



Q: Which of the following describes why you don't have private health insurance?

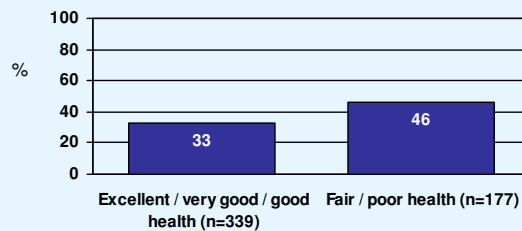
- responses to 'I worry that if I do use private health insurance there will be additional costs'

2c. Those reporting poorer health were more likely to avoid PHI because they find it ‘confusing’

Q: Which of the following describes why you don't have private health insurance?
- responses to 'it is too confusing'

Figure 6 – Percentage of uninsured avoiding private health insurance because of confusion

(by level of own health)

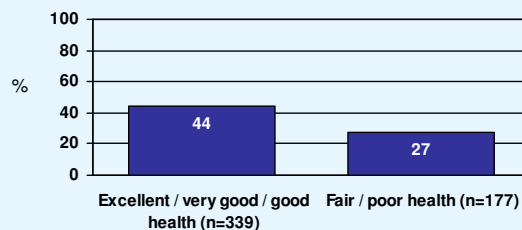


2d. But those in poorer health were far less likely to cite PHI as being ‘unnecessary’

Q: Which of the following describes why you don't have private health insurance?
- responses to 'you don't think it is necessary'

Figure 7 – Percentage of uninsured avoiding private health insurance because it is ‘unnecessary’

(by own health status)



3. Most respondents believed that the Commonwealth Government's 30% rebate should be increased or should remain at its current level

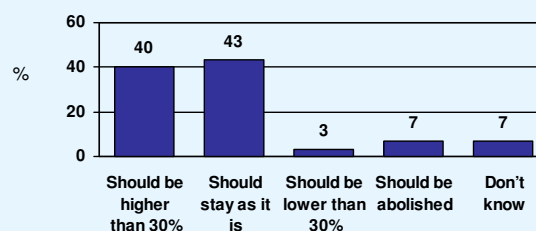
Since 1998 the Commonwealth Government has paid a 30% rebate to subsidise contributions to private health insurance membership premiums (this subsidy rises to 35% for those aged 65 to 70 and to 40% for those over 70 years old.)

Half the survey were asked for their views on the level of the rebate. Very few wanted it lowered or abolished

Figure 8 – Opinion on the Commonwealth Government's 30% private health insurance rebate

Q: Families and individuals that pay private health insurance premiums are eligible for a Federal Government 30% rebate on private health insurance. Do you think the rebate should

- Be higher than 30%?
- Stay as it is?
- Be less than 30%, or
- Be abolished altogether?



Source: Menzies Centre for Health Policy / The Nous Group Survey of Attitudes Towards the Australian Health System, 2008 (N = 589)

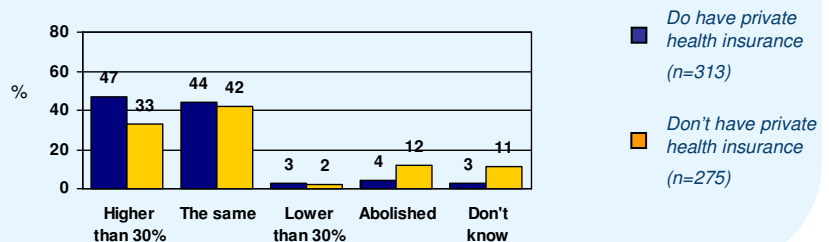
Looking at these results in more detail, private health insurance members were more likely to want the rebate increased. A similar level of insured and non-insured wanted the rebate kept the same.

Half the sample were asked their views on the level of government subsidy of private health insurance premiums. At present, the Commonwealth government pays a 30% rebate, which rises to 35% for those aged 65-70 and to 40% for those over 70. There was very high support for the continuance of this subsidy. Those currently paying insurance premiums were keener on an increase in subsidy. However, very few wanted the rebate abolished.

Figure 9 – Views on rebate by private health insurance membership

Q: Families and individuals that pay private health insurance premiums are eligible for a Federal Government 30% rebate on private health insurance. Do you think the rebate should be

- higher than 30%
- stay as it is
- be less than 30% or be
- abolished altogether?



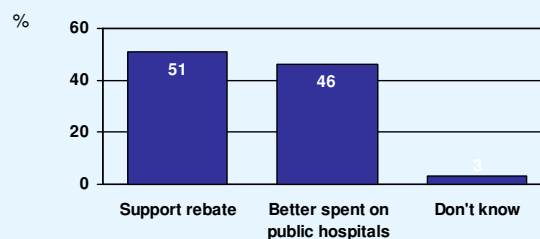
Critics of the rebate have argued that the money (\$3.5b in 2008) would be better spent on overstretched public hospitals.

When the second half of the survey group were given this option, support for the rebate remained above 50%. However, almost half (46%) indicated they would rather see the money spent on public hospitals (Figure 10). This compares with only 7% of respondents wanting to end the rebate when given no concrete alternative (Figure 8)

Figure 10 – Opinion on the Commonwealth Government's 30% private health insurance rebate vs. spending on hospitals

Q: Families and individuals that pay private health insurance premiums are eligible for a Federal Government 30% rebate on private health insurance. Do you think

- The rebate should be maintained, or
- Would you prefer to see the government spend the money on public hospitals?



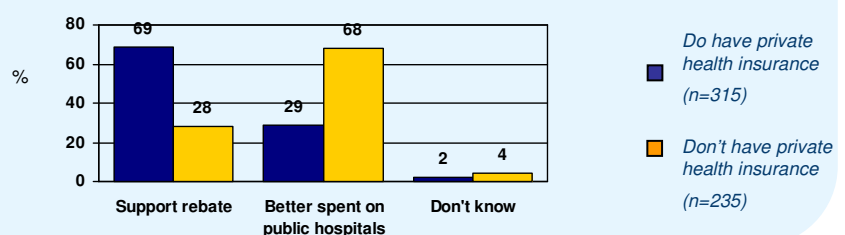
N = 577

When the option of spending the rebate on public hospitals was added, support for the rebate amongst the uninsured collapsed. Those that were insured still preferred to maintain or increase the rebate.

Figure 11 – Views on rebate by private health insurance membership

Q: Families and individuals that pay private health insurance premiums are eligible for a Federal Government 30% rebate on private health insurance. Do you think

- The rebate should be maintained, or
- Would you prefer to see the government spend the money on public hospitals?



Notes on variables

Over half the survey respondents reported holding membership of private health funds. Note that this is higher than the current levels in the general population (~46%)

1. Household health

Interviewees were asked the following: *In general, how would you describe your own health: Excellent; very good; good; fair; or poor?*

If there was another member in their household, the informant was asked: *And what about the health of the least healthy member of your household: would you describe it as excellent, very good, good, fair, or poor?*

Reporting on their own health or that of the least healthy member of their household, 74% reported good to excellent health, while 26% reported fair to poor health.

2. Financial stress

Interviewees were asked the following: *Since the beginning of this year did any of the following happen to you because of a shortage of money?*

- *Could not pay the electricity, gas or telephone bills on time*
- *Could not pay the mortgage or rent on time*
- *Asked for financial help from family, friends or a welfare or community organisation*

Answering 'no' to all three indicated 'no financial stress'; 'yes' to one indicated 'some financial stress'; 'yes' to two or more indicated 'high financial stress'

20% reported some financial stress, 8% reported high levels of stress.

Note that some chart columns do not sum to 100% due to omission of 'don't know' responses, or exceed 100% due to rounding

The Menzies Centre for Health Policy is a joint venture between The Australian National University and the University of Sydney.

www.menzieshealthpolicy.edu.au

The Nous Group is a management consultancy that assists individuals and organisations to maximise their performance. Nous works extensively across the public, private and not-for-profit health care sectors.

www.nousgroup.com.au

Survey methodology

The survey was conducted nationwide among Australian residents aged 18+, between July 21 and August 5, 2008. The number of respondents was 1200.

Interviews were conducted by telephone using random digit dialling CATI (Computer Assisted Telephone Interviewing).

The data were post-weighted by age, sex, state and education to reflect the population distribution. Weighting can result in total N below 1200 and in slight variations in total N between questions. Fieldwork and post-weighting were carried out by Q & A Market Research.