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MEDIA RELEASE – FOR IMMEDIATE USE

Private health funding stimulus needed, says HFANZ

New Zealand lags behind the OECD in private health funding, and we need policy reform to address this, a health funding conference in Wellington has been told today.

Health Funds Association (HFANZ) executive director Roger Styles told the Funding in the Health Sector Conference that care needed to be taken to preserve a balanced health system in New Zealand – a system that makes the best use of public and private sectors.

His call echoed the OECD’s recommendation last year for New Zealand to do more to encourage health insurance.

“We are currently 5 percent behind the OECD average and 10 percent behind Australia in terms of the private sector’s contribution to total health costs,” Mr Styles said.

“Policymakers need to be looking at what works well internationally and adapt that for New Zealand.”

Mr Styles said health insurance currently accounted for 4.7 percent of total health spending, down from 6.8 percent a decade ago. He warned that the private contribution to healthcare could not be taken for granted.

“A falling private contribution puts added pressure on the public system, driving costs up and forcing rationing decisions,” he said.

“One of the best ways of ensuring a balanced health system is through encouraging higher levels of voluntary health insurance cover.”

Mr Styles told the audience that policy measures needn't be expensive and could be targeted. He pointed to two potential measures which would help lift insurance cover and relieve pressure on the public system.

“A rebate for those aged 65 and over would go a long way to addressing affordability concerns among older New Zealanders and encouraging retention of health insurance in retirement.”

The removal of fringe benefit tax on employers who chose to subsidise group health cover for their staff would also see an increase in New Zealanders covered by workplace-based health plans, Mr Styles said.

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