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MEDIA RELEASE – FOR IMMEDIATE USE

## **Time to reconsider health insurance rebate for over-65s: HFANZ**

The Health Funds Association of New Zealand (HFANZ) wants the Government to revisit its proposal for a health insurance rebate for those aged over 65, in the wake of a better economic outlook for 2010.

The National Party had the rebate in its pre-election proposals in 2008, but dropped it in the aftermath of the global credit crunch.

HFANZ executive director Roger Styles said today that the Government had moved quickly to address a range of issues in the public health sector, and had done very well to date.

“However, there continues to be cost pressure across the health sector and this is really testing the affordability of health insurance for those over 65,” he said.

“The industry has responded over recent years with a range of policies and excess choices. Many people over 65 have ‘traded down’ to a more basic surgical cover in order to be able to continue health insurance coverage.”

Mr Styles said there were real benefits to the public sector from having a balance health system, not least that more than \$500 million of elective surgery was insurance-funded each year – more than a third of this for the over-65 age group.

“While nearly half of 55- to 59-year-olds have health insurance, this drops to just 25 percent of those over 65. With the population ageing, the Government has the opportunity to act now to ensure insurance plays a key role in funding health care for the over-65s in the future,” Mr Styles said.

“The Health Funds Association supported National’s proposal for a targeted rebate. There are ways to maximise the public benefits while containing costs. It needn’t be expensive – the important thing is to start looking at some of the options, how they might work and the costs and benefits.

“National’s 2008 rebate proposal was put on hold when the economy deteriorated. With Treasury’s half-yearly update now painting a better fiscal picture it is timely to give the rebate serious consideration,” Mr Styles said.

He estimated a targeted rebate would have an initial fiscal cost of \$45 million a year, but said it would represent good value in terms of additional elective surgery funded over the medium term.

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