



November 17, 2010

MEDIA RELEASE – FOR IMMEDIATE USE

Treasury report prompts call for removal of FBT on employer-subsidised health insurance

The Health Funds Association has welcomed Treasury's report on the costs of ill-health in New Zealand, saying it draws attention to the potential productivity gains from improving the health of our workforce.

HFANZ executive director Roger Styles said recent research by the association estimated the productivity benefit from around 630,000 employees being covered by health insurance at \$133 million per annum.

"These benefits arise due to quicker access to treatments and surgery for those covered by health insurance, meaning a faster return to work and fewer days off," he said.

"Our research only counted the benefits of reduced absenteeism. One of the most interesting findings in the Treasury paper is that absenteeism costs are dwarfed by 'presenteeism' costs – the costs from those individuals who are ill but go to work anyway.

"This means the benefits to New Zealand from workplace-based health insurance schemes are likely to be much greater than previously thought, and it warrants a fresh look at possible measures to lift the number of employees covered by employer-subsidised health plans."

Mr Styles said he believed scrapping the fringe benefit tax (FBT) on employers' health plan contributions would have a hugely positive effect on the provision of health cover, and work to lift overall employee health and productivity.

"The fiscal cost of this is small in comparison to the benefits to employees' health and productivity," he said.

ENDS.

Link to HFANZ paper on FBT:

<http://www.healthfunds.org.nz/pdf/Summary%20paper%20FBT.pdf>

For further information contact:

Executive director Roger Styles ph 04 499 0834 or 027 480 0072

Media advisor Andrea McKay ph 027 555 7783.