



Bonus due from health funds

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ABOUT 11,000 private health insurance members will receive an unexpected bonus on July 1 when health funds are forced to reduce their premium payments by an average of \$32 a month.

Under a little known clause in Howard government legislative reforms, anyone who pays a Lifetime Health Cover loading on their premiums will have it removed once they rack up 10 years continuous cover.

Lifetime Health Cover, which started in July 2000, penalises anyone with a 2 per cent premium surcharge for each year they delay taking out insurance after 30.

Originally criticised as a form of age discrimination, the scheme helps health funds,

which need the premiums of the young and healthy to cover the treatment costs of the old and infirm, to attract and retain younger members, and penalise older people who hold off until they

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HEALTH DEPARTMENT SPOKESMAN

are more likely to need treatment.

A Department of Health and Ageing spokeswoman confirmed the first people affected by Lifetime Health Cover would

soon benefit from their decision to retain hospital cover.

"Approximately 11,000 people will no longer have to pay a loading from July 1, with those people saving an average of \$385 in annual premium payments," the spokeswoman said.

This comes after Health Minister Nicola Roxon last week announced premiums would increase by an average of 5.78 per cent from April, which is lower than last year's 6.02 per cent average rise.

While the proportion of Australians with hospital cover has increased in recent years — 44.7 per cent at the end of December — the government and funds still struggle to convince people to join when they are young and

to keep their cover for life.

The average member's age is still 40, as it was when Lifetime Health Cover was introduced, so the financial benefits of the scheme seem to be realised more by funds than young people.

While the number of people who join a health fund before turning 31 (to keep the base rate premiums) is increasing, so too is the number of older people having to pay loadings.

In the past three years, the number of people who waited until they were 65 or older to join a health fund, and were then hit with the maximum 70 per cent loading, rose from 11,084 to 25,012.