



Actuaries
Institute.

23 May 2025

The Hon. Mark Butler MP
Minister for Health and Ageing
Minister for Disability and the National Disability Insurance Scheme
PO Box 6022
Parliament House
CANBERRA ACT 2600

Email: [REDACTED]

Dear Minister,

Policy considerations for the Government

The Actuaries Institute (Institute) wishes you and the Government continued success as you lead Australia's health system through a period of significant change and increasing pressure on resources and funding.

The Institute, as the peak professional body for actuaries in Australia, has members who work across various areas of the health sector, including in private health insurance, disability support, mental health, health system financing, as well as other sectors of the economy related to your wide portfolio, such as retirement incomes. Our members' actuarial expertise in managing risk, uncertainty and long-term sustainability positions actuaries and the Institute to make valuable contributions to policy development.

As the Government continues to explore and implement health system reforms, the Institute encourages consideration of several key areas and extends our offer of ongoing assistance to you and the Department.

Improving access and sustainability of Australia's mixed public/private health system

The Institute encourages the Government to continue important reforms across the health system including improving access to Medicare funded health services and a review of health funding mechanisms.

In the midst of the current private hospital viability issue, Government is presented with a unique opportunity to reassess the pathways through which Australians access healthcare and challenge existing practices that limit patients getting the **right care** at the **right place** at the **right time**. We support the Government's efforts to seek greater cost transparency across the system and encourage continuation of this work. Healthcare affordability remains a key concern for many Australians and we support helping consumers understand costs of medical care using the *Medical Costs Finder* tool.

Affordability of private healthcare continues to be a critical challenge that directly impacts Australians' ability to maintain private health insurance coverage and access healthcare. Rising premiums, coupled

Actuaries Institute
Level 2, 50 Carrington Street, Sydney NSW 2000 P
+61 (0) 2 9239 6100 | actuaries.asn.au
ABN 69 000 423 656

with cost-of-living pressures and increasing out-of-pocket costs, are affecting Australians' decisions to seek treatment, resulting in significant risks to individual health outcomes and the sustainability of Australia's mixed public-private healthcare system.

We encourage the Government's reform agenda to continue to focus on:

- addressing health insurance premium affordability through systematic review of, and action on, cost drivers;
- understanding the challenges facing Gold Hospital cover in Australia's Private Health Insurance market. Without policy intervention, we believe these issues will worsen over time, impacting access, affordability and sustainability;
- improving transparency in health input and out-of-pocket costs;
- strengthening value propositions for younger and healthier members to ensure sustainable risk pools; and
- examining the relationship between private hospitals, health insurers, and healthcare providers to identify efficiency opportunities and better outcomes for health consumers.

We suggest serious consideration be given to risk equalisation reforms to incentivise long-term efficiencies as, although the immediate impact is low, significant benefits would emerge in future years through encouraging behaviours to drive systemic savings.

Any meaningful reform must ultimately serve the dual purpose of enhancing consumer access to affordable, quality care while ensuring the long-term sustainability of Australia's health system and its constituent parts.

Strengthening the mental health financial safety net

Supporting mental wellbeing is an important public policy objective where actuaries can contribute through independent expert advice, particularly regarding insurance. The Institute is currently undertaking research to explore ways to strengthen the financial safety net for mental health, examining:

- the evolving understanding and societal expectations around mental health;
- consumer access to mental health services and financial supports;
- how financial supports fit within the broader ecosystem of mental health services; and
- identifying gaps, overlaps and other issues with the various financial supports for mental health across different types of insurance and government disability support mechanisms.

To highlight an example, recent changes to some workers compensation schemes and their benefit designs to reduce mental health cover may help restore sustainability to one part of the safety net but shifts reliance to other parts because the community need for mental health care remains very real.

We anticipate releasing these findings in the second half of 2025 and will contact your Department to discuss.

Strengthening our wider health and disability systems

Australia's system of personal risk protection and social insurance arrangements continues to evolve significantly. The multi-pillar system includes different types of insurance and government disability support mechanisms such as life insurance, health insurance, workers compensation, compulsory third-party schemes, the National Disability Insurance Scheme (NDIS) and social welfare programs.

Many of these schemes are facing significant financial pressure, evidenced for example by recent Government and regulatory interventions in individual disability income insurance and the NDIS. We support the reforms underway in private health insurance and the NDIS, and support consideration being given to the wider ecosystem of schemes and systems to ensure these meet community expectations, and are sustainable and fit for future generations.

We look forward to continuing to work with you

We welcome the consolidation of health, ageing and disability portfolios. These interconnected areas require coordinated, evidence-based policies balancing fiscal responsibility with improved outcomes for Australians.

We would be delighted to meet with you to discuss these important policy considerations in greater detail, or wider areas in which we can help you and your Ministerial colleagues progress reforms. Our full suite of Thought Leadership spanning the wide range of areas in which our members work is available [here](#).

I can be contacted via executive@actuaries.asn.au, and the Public Policy Team can be contacted via public_policy@actuaries.asn.au, or (02) 9239 6100.

Yours faithfully,

Elayne Grace
CEO

Copy: Senator The Hon. Jenny McAllister, Minister for the National Disability Insurance Scheme

The Hon. Sam Rae MP, Minister for Aged Care and Seniors

The Hon. Emma McBride MP, Assistant Minister for Mental Health and Suicide Prevention;
Assistant Minister for Rural and Regional Health

The Hon. Rebecca White MP, Assistant Minister for Health and Aged Care; Assistant Minister
for Indigenous Health

Mr Blair Comley PSM, Secretary of the Department of Health and Aged Care