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MEDIA RELEASE – FOR IMMEDIATE USE

Affordable Healthcare Bill important for New Zealanders: HFANZ

The drawing today of the Affordable Healthcare Bill from the member's bill ballot is an important one for New Zealanders, according to the Health Funds Association (HFANZ).

The industry group is urging Parliament to support the NZ First bill, which proposes a 25 percent health insurance rebate for people aged over 65, and the removal of fringe benefit tax from health insurance to incentivise employers to include it in salary packages. The member's bill, sponsored by MP Barbara Stewart, also requires parent category migrants to have health insurance on arrival and to maintain it in New Zealand for 10 years.

HFANZ acting chief executive Chris Pentecost said the bill would encourage people to contribute to their elective (non-urgent) healthcare costs in a way that was consistent with supporting the public health system in the face of increasing costs, overstretched resources and an ageing population.

"The initiatives in this bill are hugely important. They have the potential to save hundreds of millions of dollars in public sector health costs over the next decade and increase workplace productivity. Any measures which help more people access or maintain health insurance are very welcome," he said.

The bill states that if more people aged 65 and over maintained their health insurance, they could have shorter waiting times. It proposes a 25 percent rebate on premiums, up to a maximum of \$500 a year, to be paid by the Ministry of Social Development direct to SuperGold cardholders.

For those of working age, the bill encourages more employer-funded health insurance by scrapping FBT on workplace health plans. This also aligns FBT treatment of health insurance with insurance under the ACC scheme.

Mr Pentecost encouraged all MPs to support the bill. Retaining health insurance into old age would ease the pressure on public hospital resources and help address the unsustainable growth of public sector spending for elective procedures.

He said employers who chose to subsidise health insurance for their staff reaped the benefits of having a healthier workforce, who could access prompt medical and surgical treatment when they needed it, and could get back to work sooner.

NZIER found earlier this year that increasing the number of workers covered by health insurance by 20 percent could save around \$60-\$110 million in lost output, because having their health issues dealt with privately meant they bypassed the public waiting lists which on average stretched beyond seven months.

It said an estimated 42,300 New Zealanders were prevented from participating in the workforce due to ill health in 2010, a loss of 88 million hours of labour force productivity amounting to \$1.754 billion, or around 1.2 percent of GDP.

“Having large numbers of people on waiting lists for elective surgery imposes costs on society that could be avoided with private health insurance, without imposing further costs on the public health system,” the NZIER report said.

Mr Pentecost said estimates suggested any fiscal costs of the member’s bill would be substantially offset by savings in the public health sector over the medium term.

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A full copy of the member’s bill is available here: http://www.parliament.nz/resource/en-nz/51HOH_MEMBILL064_1/ff354e178f4f6c9dd4234c8a30766d121255a391

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