

PM supports removal of FBT from workplace health schemes

Prime Minister John Key has come out in support of removing fringe benefit tax (FBT) from health insurance, according to the Hutt News.

Mr Key was asked to comment on the Affordable Healthcare Bill at a meeting of the Hutt Valley Chamber of Commerce, and said he supported the part of the NZ First member's bill regarding the removal of FBT, the newspaper reported.

HFANZ acting chief executive Chris Pentecost said that high level of support was encouraging, and he hoped other politicians would also back the bill when it received its first reading in the House next month.

Mr Pentecost said removing FBT from health insurance would greatly improve wellness in the workplace, and bring it into line with the tax treatment for ACC.

"Why should there be a difference with ACC? It shouldn't be more important to get a person back to work quickly if they break a hip due to a fall than if the hip is damaged due to wear and tear. But at present, employers who contribute to a healthier workforce by providing insurance for their employees are penalised with additional tax payments."

Southern Cross Health Society and Business NZ released a joint nationwide study of 113 employers this month which found New Zealand lost 6.7 million working days to absence in 2014. The Wellness in the Workplace Survey found the average number of annual absentee days per employee last year was 4.7, amounting to a national cost of \$1.4 billion. The most common causes of absence were illness or injury unrelated to the workplace, caring for a family member or dependant, and attending or waiting for a medical appointment.

Currently only about a third of New Zealand businesses offered health insurance to their employees as part of salary packages.

"The Wellness survey found that if FBT on employer-subsidised health insurance was removed, 56 percent of New Zealand businesses not currently providing it would look to do so. That would mean sick employees could be seen more promptly and be treated and back to work much sooner," Mr Pentecost said.

"We estimate employers already provide some kind of support for about 600,000 insured people — some 300,000 employees and a similar number of family members. If FBT was removed, as many as a further 250,000 people – employees plus immediate family members – could be covered by private health insurance. Those employers will reap the benefits of having a much healthier workforce."

Mr Pentecost said the estimated annual cost of the proposal was around \$50 million, but that would be offset by productivity gains, savings and improved access in the public health sector.

Inside this issue:

Wellness Survey a comprehensive look at workplaces	2
HFANZ supports Affordable Healthcare Bill	2
New chairman for HFANZ	3
NZ health spending declined in 2013: OECD	3
HFANZ contacts	3
More young adults taking out health insurance	4



Cover Stories

Health Insurance News



Wellness Survey a comprehensive look at workplaces

The second Wellness in the Workplace Survey conducted by Southern Cross Health Society and Business NZ is a comprehensive report covering a wide range of topics from absenteeism and the cost of this to New Zealand through to stress, policies for older workers, and the impact the removal of FBT would have on businesses deciding to provide employees health insurance.

It found:

- New Zealand lost 6.7 million working days to absence in 2014 - up from 6.1 million in 2012
- The average number of annual absentee days per employee was 4.7, amounting to a national cost of \$1.4 billion in 2014
- Average absenteeism has risen from 4.5 days since 2013, at an additional cost of \$200 million
- Public sector workers absentee rates were 45.7 percent higher (6.7 days) than that of the private sector (4.6 days)
- Manual employees took more sick leave with 5.1 days compared to non-manual employees at 3.9
- Larger organisations are more likely to have high rates of absenteeism, compared to SMEs where the absence of a staff member is more acute
- The two most common causes of absence across both non-manual and manual workers were: illness/injury unrelated to the workplace and caring for a family member or dependant. Attending or waiting for medical appointments was the third most common cause of absence
- Nine out of ten businesses believe wellness has an impact on productivity
- 35 percent of New Zealanders continue to head into work unwell, despite a push by businesses for unwell workers to stay away
- Over 40 percent of businesses expect to see an increase in the proportion of workers in their enterprise above 65 in the near future. Four out of five businesses do not have any current policies or arrangements in place for older workers and don't think it's required. For those that have plans in place, changes to the hours of work was the most common plan, followed by reduced hours of work, lighter duties and discussions around retirement options
- Only one third of businesses provide health insurance for their staff
- If fringe benefit tax (FBT) on employer-subsidised health insurance were removed, 56 percent of New Zealand businesses not currently providing it would look to do so
- Most enterprises take a family-friendly approach to their workplace with larger enterprises more likely to offer policies, particularly around location and fluidity of hours worked.

The full Wellness in the Workplace 2015 survey can be found at: http://www.businessnz.org.nz/data/assets/pdf_file/0013/108400/Wellness-in-the-Workplace-Survey-Report-2015.pdf

HFANZ supports Affordable Healthcare Bill

The NZ First-sponsored Affordable Healthcare Bill, being championed by leader Winston Peters, was drawn from the member's bill ballot in August and is expected to receive its first reading in the House in mid-October.

It proposes a 25 percent health insurance rebate for people aged over 65, the removal of fringe benefit tax from health insurance to incentivise employers to include it in salary packages, and a requirement that parent category migrants have health insurance on arrival and maintain it in New Zealand for 10 years.

A full copy of the member's bill is available here: <http://www.legislation.govt.nz/bill/member/2015/0056/latest/DLM6560109.html?src=qs>



New chairman for HFANZ

Accuro Health Insurance chief executive Geoff Annals is the new chairman of the Health Funds Association. He takes over from Unimed chief executive Dermot Martin, who decided to step down at this month's executive meeting after holding the position since December 2010. He also led the executive from 2000 to 2006. Christchurch-based Mr Martin will remain on the executive.

Mr Annals, of Wellington, has been a member of the HFANZ executive since becoming chief executive of Accuro in September 2013. He has been deputy chairman for the past year. He has more than 30 years' experience in the health sector. He began as a registered nurse at Waikato Hospital where he worked in a range of clinical and nursing and general management positions for 20 years. He was general manager of Waikato Hospital prior to his appointment as chief executive of the New Zealand Nurses Organisation in 2001, the position he held until his current appointment with Accuro. Mr Annals was a director of Accuro from 2002 to 2013 and also served as its board chair.

NZ health spending declined in 2013: OECD

The OECD Health Statistics 2015 show per capita health spending in New Zealand decreased by 1.3 percent in 2013 after three consecutive years of growth.

In contrast, average per capita health spending in OECD countries has increased slowly since 2010.

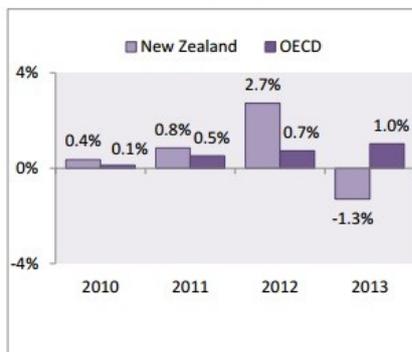
Health spending growth in New Zealand slowed after the global economic crisis, averaging only around 1 percent per year in real terms from 2011 to 2013, the OECD report said.

Public spending per capita grew strongly between 2001 and 2009, at an average of 5 percent a year. Since then, growth had been generally flat before the decline in 2013. The share of GDP allocated to health spending (excluding capital expenditure) in New Zealand was 9.5 percent in 2013, compared with an OECD average of 8.9 percent. This is a slight drop after the country reach 9.8 percent, the highest of all time, in 2012.

Public health spending accounted for 80 percent of overall health spending, well above the OECD average of 73 percent, the report said.

HFANZ has long claimed the Government is out of step with its reliance on public health financing. Health insurance currently funds \$1 billion worth of procedures and last year NZIER said it could feasibly fund 10-15 percent of total healthcare spending, up from the present 5 percent, freeing up public resources to focus on primary and chronic care.

Figure 1. Annual health spending growth*, 2010-2013



* Per capita spending in real terms
Source: OECD Health Statistics 2015

Read the OECD NZ summary [HERE](#).



**HEALTH FUNDS
ASSOCIATION OF
NEW ZEALAND**

Street address

Level 5
Deloitte House
10 Brandon Street
Wellington

Postal address

PO Box 25161
Wellington 6146

Telephone 04 499 0834

Facsimile 04 499 0813

Acting Chief Executive

Chris Pentecost

Chris.Pentecost@healthfunds.org.nz

Office Manager

Sharon Cossar

Sharon.Cossar@healthfunds.org.nz

Media Advisor

Andrea McKay

Andrea.McKay@healthfunds.org.nz

Mobile 027 555 7783

General Inquiries

admin@healthfunds.org.nz

Check out our website:

www.healthfunds.org.nz

Contact us

In issues to come, Cover Stories will be providing subscribers with international and national developments within the health and financing sectors.

If you have any specific information interests, questions or comments please contact us on ph (04) 499 0834 or through our website

www.healthfunds.org.nz



Cover Stories

Health Insurance News



More young adults taking out health insurance

More New Zealanders aged 25-35 are taking out health insurance policies, according to the latest statistics from the Health Funds Association of New Zealand (HFANZ). The number of lives covered by health insurance rose 1800 in the June quarter, bringing the total to 1.334 million New Zealanders, or about 29 percent of the population. In the 12 months to the end of June, there was an increase of more than 3300 people aged 25-35 who took out policies, which HFANZ acting chief executive Chris Pentecost said was possibly attributable to the popularity of new, low-cost health insurance products aimed at this age group.

The ageing population has again seen an increase in lives covered in the over-65 age group, which was up around 3600 to just over 150,000 New Zealanders at the end of June.

Mr Pentecost said total numbers had held reasonably steady over the year to the end of June, and he welcomed the growth in the most recent quarter.

“It’s pleasing to see so many people value the importance

of their wellness by having health insurance. Our research has shown that people with health insurance can be seen and treated without delay, while the average waiting time from GP referral to surgery in the public system can be upward of seven months,” he said. “New Zealanders with health insurance can return to work quicker, which is a good thing for workplace productivity and avoids placing greater stress and workload on colleagues and those family members who may have to stay at home to look after their sick loved one.”

Total claims paid amounted to \$1.013 billion for the year ending June 30, 2015 – up 4.8 percent on the previous June year. Claims paid for the June quarter were \$266 million, up 5.5 percent on the June 2014 quarter. Mr Pentecost said this underpinned the valuable contribution health insurance made to funding healthcare in New Zealand, with total claims paid having virtually doubled in the past decade.

