



Health Savings Accounts Position Statement

Preamble

Although Australians enjoy a generally high quality health system at a relatively modest overall cost to the community, the public and private health insurance systems face significant challenges in responding to the rising expectations of Australians for access to new health technologies and the ageing of the population. Rationing of health care (by both queues and prices) is a daily fact of life, along with out-of-pocket costs.

The AMA believes that a framework to encourage savings for future health out-of-pocket costs would complement the health insurance system. Health Savings Accounts are not an insurance product and could not replace health insurance. Correctly designed, they have the potential to:

- Help ensure that the health insurance system is sustainable in the longer term;
- Help patients surmount the financial barriers to health care;
- Improve equity by freeing up government financial resources to better meet the health needs of disadvantaged patients; and
- Assist health care providers to maintain a consistently high quality system.

The rationale for Government support of Health Savings Accounts is essentially the same as that for support for superannuation savings — helping to achieve intergenerational equity while helping people to provide for their needs in old age. Government intervention is justified where there is “market failure” (the lack of foresight of individuals in relation to their needs).

AMA Position

The AMA holds that Health Savings Accounts would be a useful adjunct to the Australian health financing system and to that end:

- Encourages the Commonwealth Government to create a sympathetic health policy framework and a supportive tax policy environment;
- Notes that Health Savings Accounts are not an insurance (risk sharing) product and should be designed to complement and supplement public and private health insurance;

- ❑ Advocates a system with the prime objective of helping patients meet the out-of-pocket costs that are not otherwise covered by public and private health insurance;
- ❑ Foresees that Health Savings Accounts could operate in a very similar fashion to contributory superannuation accounts with a strong prudential framework to protect balances but with preservation for genuine health purposes as opposed to age-based preservation;
- ❑ Notes that a wide range of financial institutions — ranging over banks and non-bank financial intermediaries, for-profit and industry superannuation funds, general and private health insurers — could have the capacity to offer Health Savings Accounts;
- ❑ Favours the application of key features of the existing framework for contributory superannuation (including a strong prudential framework to protect balances, portability, a system of co-contributions for low-income earners), but considers that the holding of Health Savings Accounts should be voluntary;
- ❑ Sees potential for a highly efficient “clearing house” system for the processing and payment from Health Savings Accounts; and
- ❑ Believes that in the event of catastrophic health events, contributors should have some flexibility to move savings between their contributory superannuation accounts and their health savings account.