



**PRIME MINISTER**

FOR PRESS

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MEDIBANK REVIEW

The Federal Government will conduct an investigation into the operation of Medibank. The investigation will be undertaken by a team to be chaired by Mr Austin Holmes the Director of the Priorities Review Staff of the Department of Prime Minister and Cabinet. Other members of the team will be Dr Sidney Sax who is being seconded specifically from his position as Chairman of the Hospitals and Health Services Commission for this purpose, and Mr Neil Hyden, an Assistant Secretary from the Treasury.

It is the Government's policy to maintain Medibank,

The investigation team, which will be serviced by the Department of Health, will report in the first instance on opportunities for improved efficiency in the running of Medibank.

Medibank will involve expenditure approaching \$1,500 million this year which would make it one of the largest single cost items for the Government, approaching closely the nation's defence budget. The Department of Health estimate for 1976-77 is over \$2,000 million.

It is a new and expensive program and it is appropriate that its operation should be reviewed at this stage so the taxpayers can be assured they are getting good value for money from it.

The Government is becoming increasingly concerned, as are members of the public and the medical and allied professions, at repeated reports of abuse of Medibank.

It is important that these reports be examined as soon as possible.

The Government is not alone in suggesting the importance of an investigation of Medibank.

The Health Insurance Commission, which closely monitors the scheme, is concerned about certain aspects of its operation.

The investigation of Medibank will be in addition to the review of Government expenditure being undertaken by the Administrative Review Committee, under the Chairmanship of Sir Henry Bland, which the Prime Minister announced on December 21. That Committee's area of enquiry did not extend to Medibank.

There will be a close involvement of the States in the investigation since they have a primary responsibility in the provision of health services.

See attachment overleaf

## MEDIBANK REVIEW

### TERMS OF REFERENCE

1. To examine the operations of the Health Insurance Program (Medibank) and to report to Cabinet through the Minister for Health on
  - (a) policy options available for controlling the cost of the Program;
  - (b) opportunities for administrative savings in the operations of the Program.
2. To identify, in each case, the consequences of implementing the various options and the economies likely to result therefrom.
3. To have regard to the Government's desire to provide the most effective and efficient system of high quality health services delivery.