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New regulator needed to prevent rapacious behaviour of health insurers
The proposal to authorise a buying group puts choice and accessibility for patients at risk

The AMA is disappointed by the Australian Competition and Consumer Commission (ACCC) draft determination to authorise Honeysuckle Health and NIB to form and operate a buying group.

The proposed authorisation would allow the buying group to collectively negotiate and manage contracts with healthcare providers on behalf of health and medical insurance providers and other payers of healthcare services.

While the ACCC has partially responded to concerns raised by the AMA about the level of market power the buying group would have (by excluding major insurers from some aspects of the authorisation and setting limits on access to its clinical partners program based on market share in each state), the draft determination does not provide sufficient protection to the sector.

AMA President Dr Omar Khorshid said today, “The reality is that the proposed buying group will potentially wield significant market power in some areas – particularly in relation to services provided by medical specialists.

“This could lead to the demise of some smaller health funds,” he said.

The AMA is concerned that managed care is creeping into our health system.

Dr Khorshid said, “We are seeing increasing efforts by private health insurers to enter unregulated contracts with medical specialist with very clear aims.

“Insurers want to exercise greater control over the care that patients receive and this is a recipe for less choice and inferior care in the long term.

“A GP referring a patient privately under these circumstances may be frustrated and concerned that their patient’s choice and improved access to care - the very reasons for their cover - will be constrained by the ‘straitjacket’ created by these arrangements.”

“We need to be careful that Australia doesn’t sleepwalk into a managed care environment – and proposals such as the one made by ACCC seems a step in the wrong direction.

“This proposal could effectively grant Honeysuckle Health and NIB the ability to compete directly with existing buying groups that represent smaller funds – funds which are already struggling.

NIB has scored very poorly in past AMA Private Health Insurance Report cards for the level of benefits it funds for selected medical services.

“As a result, it is likely the new buying group could lead to increased out-of-pocket costs and less choice of services for patients,” Dr Khorshid said.

“Patients want choice and access to high quality services that are affordable.

“Private health insurance will not become more sustainable through the creation of large buying groups that can exert undue influence.

“The draft determination by the ACCC is another reminder of the need for a private health system regulator. A regulator that can oversee the operation of the system, drive necessary reform but keep the patient, protections, and the value of the system at its core.

“Without a regulator, we will continue to see more and more rapacious behaviour by insurers coming at the expense of patients and the health care providers, who are trying to deliver the best care they can for their patients.” Dr Khorshid said.

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