

## Australian Medical Association Limited

ABN 37 008 426 793

42 Macquarie Street, Barton ACT 2600: PO Box 6090, Kingston ACT 2604  
Telephone: (02) 6270 5400 Facsimile (02) 6270 5499  
Website : <http://www.ama.com.au/>



### **AMA redoubles efforts to stop Honeysuckle and nib introducing US-style managed care**

The Australian Medical Association (AMA) has redoubled its call for the Australian Competition and Consumer Commission (ACCC) to block a proposal to allow a major buying group, which threatens to introduce costly and inefficient United States-style managed health care in Australia.

The AMA President Dr Omar Khorshid said the AMA had made a further submission recently to the ACCC calling on it to abandon its draft authorisation to allow Honeysuckle Health and nib to form a buying group to collectively negotiate and manage contracts with healthcare providers on behalf of private health insurers and other health care payers.

Dr Khorshid said the ACCC should not ignore widespread concerns from the AMA and key medical groups about the potential authorisation, which could lead to less choice for patients, inferior care, no premium relief for fund members and a less competitive market.

“The proposed buying group could have significant market power, putting it in a position to unilaterally impose contracts on providers. This would allow participating funds to exercise more control over the care that patients receive,” he said.

“This is a recipe for cost cutting and less choice.”

Dr Khorshid said Honeysuckle Health had said it was committed to clinical autonomy, however, in the real world insurers were increasingly intruding on decisions best left with doctors and their patients.

“It’s hard to take them at their word when, as the ACCC concedes in its draft decision, there is a lack of regulation that could prevent this from becoming a feature of contracting arrangements,” he said.

“There is no doubt that Honeysuckle Health and nib could use this buying group to drive out competition and smaller funds may exit as a result.”

Dr Khorshid said nib had scored poorly in past AMA Private Health Insurance Report Cards for the level of benefits it funds for selected medical services and patients would be disadvantaged if the proposed buying group adopted the same approach.

He said the ACCC had justified its draft determination claiming the public would benefit from greater competition between buying groups and lower transaction costs.

Dr Khorshid said: “These are of little interest to patients, who want to see lower premiums and better value from their health insurance. This draft authorisation fails to deliver on any of these fronts.

“The ACCC draft determination acknowledges the absence of regulation that could stop this buying group and other insurers from pursuing a managed care agenda, highlighting the need for the Commonwealth to step in and regulate the private health system and put an end to insurer efforts to take control of patient care.

"It is now also clear the need for a private health system regulator is pressing - one that is focused on maintaining value for patients, clinical autonomy for doctors but has the capacity to drive the right kind of reforms in with all the players."

---

24 June 2021

CONTACT:

AMA Media: +61 2 6270 5478

+ 61 427 209 753

[media@ama.com.au](mailto:media@ama.com.au)

Follow the AMA Media on Twitter: [http://twitter.com/ama\\_media](http://twitter.com/ama_media)

Follow the AMA President on Twitter: <http://twitter.com/amapresident>

Like the AMA on Facebook <https://www.facebook.com/AustralianMedicalAssociation>