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AMA REPORT CARD HIGHLIGHTS BIG DIFFERENCES IN INSURER BENEFITS, AS FUNDS' PROFITS SOAR

The Australian Medical Association (AMA) [Private Health Insurance Report Card 2021](#) highlights significant differences paid by insurers for the same medical procedure resulting in higher out-of-pocket costs and that further reform is still needed to deliver better value for money for consumers.

The AMA's Report Card finds insurer benefits paid for one specific medical procedure examined in the Report Card can vary by as much as 46 per cent or \$432.60 between the top insurer and the one paying the least benefit.

AMA President Dr Omar Khorshid said the Report Card aims to help Australians understand their private health insurance options as the system is difficult for most people to navigate at the best of times, let alone while the nation tackles the pent-up demand for important surgeries delayed by COVID-19.

"Our Report Card shows how confusing it is for most people, but particularly so when they are stressed and unwell.

"We also highlight the frustrating fact that what different insurers pay varies significantly for the same procedure in the same hospital. Our selection shows that the smallest variation across a handful of insurers was 8 per cent but goes as high as 46 per cent for one item.

"These differences contribute to out-of-pocket expenses patients incur and they are a good reason for consumers to look beyond just the price of the annual premium levels, to ensure they get value for their insurance policy.

"If the insurer's rebate is low, the out-of-pocket cost to their customer can be high. And these out-of-pocket costs can vary by thousands of dollars.

"The Report Card reveals that the same doctor performing the same procedure can be paid significantly different rates by each fund. This is often the untold story behind patient out-of-pocket costs, despite there being high levels of no gap and known gap billing statistics."

The AMA's latest report comes on the heels of data released by the Australian Prudential Regulation Authority (APRA), which showed an after-tax profit of \$1.8 billion for private health insurers in the year to September 2021.

"Insurers should be returning money to policy holders from their windfall profits due to lockdowns in 2021, when many Australians couldn't access the healthcare they'd bought insurance to cover," said Dr Khorshid.

"Cashed-up funds should not be profiting from the hardship suffered by many Australians.

"With such strong profits, there can be no better time to improve the overall value proposition of private health insurance for consumers - especially for young people - and to ensure the longer-term viability of a sector threatened by the ageing of its insured population."

Among a suite of reforms set out in its [Prescription for Private Health](#), the AMA is calling for a minimum amount to be returned to the health of the consumer for every premium dollar paid.

“There needs to be a standardised return that is higher than the current private health insurance industry average, to address the extreme variability of benefits paid by insurers so consumers can see the value for money from their premiums,” said Dr Khorshid.

The Report Card also finds that insurers can have big differences in no gap medical services for hospitals depending on where patients live. For example, a major insurer offers 82.5 per cent of hospital-related charges at no-out-of-pocket costs in the ACT compared to 93.3 per cent in Tasmania.

Dr Khorshid said ensuring the viability of the private health system, which provided almost 60 per cent of elective surgery admissions, was critical as Australia charted its way out the COVID-19 pandemic and tackled the growing waiting lists for elective (but essential) surgery.

“Private health insurance is critical in this equation providing patients with affordable access to a private hospital, choice of practitioner and often shorter treatment waiting times.

“The AMA believes that the Government, providers, consumers, and health practitioners need to work together on improvement and embrace innovation and change.

“The time is right for an independent authority to be introduced to bring together industry and pursue agreed reforms whilst ensuring the protection of independent decision-making by patients and doctors.” Dr Khorshid said, renewing the AMA’s calls for a Private Health System Authority (PHSA), also set out in its [Prescription for Private Health](#).

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