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AMA urges BUPA and Ramsay to get back to negotiating table

The Australian Medical Association (AMA) is disappointed that contract negotiations for Ramsay Health Care hospital services to BUPA members have ended in stalemate with Ramsay Health announcing that it has issued a notice to BUPA to terminate the agreement it has with BUPA..

AMA President Dr Omar Khorshid said the failure to reach agreement meant that although BUPA members could still be admitted to a Ramsay Health Care hospital, those booked from 2 August will face extra out-of-pocket hospital costs.

“This situation will be compounded under current BUPA rules that prevent patients being treated in a non-contracted hospital from accessing the BUPA Medical Gap Scheme, so they are also facing higher out-of-pocket medical costs,” he said.

Dr Khorshid urged both parties to get back to the negotiating table to work out a fair deal, one that delivered a reasonable return for all parties and recognised the rising costs of providing quality care.

He said both parties in a negotiation had the right to get the best deal they could, however, some larger private health insurers were increasingly trying to use their market power to squeeze private hospital operators in order to improve their own bottom line.

Private hospitals are facing increasing costs, including strong increases in wages and other input costs. While COVID-19 delivered significant windfall gains for private health insurers , private hospital operators faced the opposite with revenues being hit while costs have increased.

Dr Khorshid said attempts by some insurers to squeeze hospitals were not sustainable.

“While Ramsay Health Care appears ready to call out this behaviour, other small hospital operators are not in the same position to do so,” he said.

“Unfortunately, BUPA members are now caught in the middle and facing higher out-of-pocket costs, which undermines the value of their policies and broader public confidence in our private health system.

“More broadly, the next government needs to look at greater oversight of these types of contract negotiations to ensure that patients don’t face higher costs or find it more difficult to access private hospital services locally.

“That’s one of the reasons why the AMA is proposing a Private Health System Authority that can ensure a level playing field and ensure our private health system works to support patients to access high quality and affordable care.”

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