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AMA urges HCF and Healthscope to get back to negotiating table

The Australian Medical Association is urging Healthscope and HCF to return to the negotiating table, for the sake of patients, following the failure of both parties to reach a new agreement for the provision of private hospital services to HCF members.

AMA President Professor Steve Robson said it was disappointing that private hospital group, Healthscope, and insurer HCF, could not reach a contract agreement, saying this ultimately spells higher out-of-pocket costs for patients.

“We urge both parties to get back to the negotiating table to work out a fair deal, one that delivers a reasonable return for all parties and recognises the rising costs of providing quality care.”

Professor Robson said the failure to reach agreement meant that although HCF members could still be admitted to a Healthscope hospital, as a general rule those booking from 1st February 2023 will face extra out-of-pocket hospital and medical costs.

“Not only will HCF members face higher out of pocket hospital costs at a Healthscope Facility, HCF’s decision also means that its members will not be able to access HCF’s Medcover Scheme offering no or known gap arrangements with participating doctors.

“Both parties in a negotiation have the right to get the best deal they can, however public disputes like this damage the whole sector. Patients must be the priority in these negotiations.”

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. Private hospitals continue to face increased costs, including strong increases in wages and other input costs.

“This dispute is another reminder of the importance of second-tier default benefits as an essential safety net for patients who access services from a hospital that does not have a contract with their private health insurer. These arrangements place an obligation on insurers to at least cover a mandated amount of hospital expenses, yet is currently under threat due to a review being conducted by the Department of Health and Aged Care.” Unfortunately, increasing out-of-pocket costs undermines the value of private health insurance policies and broader public confidence in our private health system.

“The hard-ball negotiation tactics we have seen in recent months between hospital providers and insurers is another strong demonstration of why we need an independent Private Health System Authority, which could oversee or intervene in such processes.

“It could also ensure a level playing field to keep our private health system working sustainably and retain patient choice and access high quality and affordable care,” Professor Robson said.

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