

Transcript: AMA President, Professor Stephen Robson, Outlet: ABC Breakfast 666 Canberra, Tuesday, 20 December 2022

Subject: AMA Private Health Insurance Report Card 2022

GREG BAYLISS: Shortly, we're going to catch up with Professor Steve Robson, National President of the AMA. They have run the slide rule over the private health insurance industry and produced a report card. Not uncommon for organisations to produce a report card at this time of the year. Professor Robson joins us now to talk about what that revealed. Good morning to you, Steve.

STEVE ROBSON: Yeah, good morning.

GREG BAYLISS: How are you?

STEVE ROBSON: Not too bad [indistinct]...

GREG BAYLISS: [Talks over] That's good.

STEVE ROBSON: ...this time of year.

GREG BAYLISS: Well, I would have forgiven you for winding down at the end of the year. But producing this report about your view of the state of the private health insurance interesting, is quite a significant piece of work to deliver late in the year, Steve.

STEVE ROBSON: It's a very important issue for so many households around Australia. People pay a lot of money in private health insurance premiums and they want to understand what they're getting, that they're getting value and the policies they have will deliver for them if they need care. So it's an important thing.

GREG BAYLISS: Your report would suggest that not all of them are providing that value that people should rightfully expect, Steve.

STEVE ROBSON: It's very interesting. Over the pandemic and with the crisis in Australia's public hospitals, I think a lot of Australians have been very anxious about whether they'd be able to get surgery or not. So we've seen a quarter of a million new policies taken out for hospital cover in Australia.

It's a very confusing scene. But one thing people want is, if they're paying these premiums, they want to know that they're getting the option of good care and we've done our best to go through all the data and help guide Australians on these things.

GREG BAYLISS: What are some of the things that you've found which are, well, things that people could look at or perhaps where they're not getting value from their private health insurer?

STEVE ROBSON: I think one of the first things that we've discovered is that, over the pandemic, health funds have been taking premiums from customers. They've have a lot of new customers join up. But the amount of surgery that they're actually paying for has dropped off quite a lot. So, it's been boom time in terms of profits for a lot of private health insurers, in

fact, to the point where they're even starting to feel guilty and give a little bit of money back, like giving a tip to their customers. And some people will have got small cheques for rebates from their health funds.

So that tells us at the moment that they really are doing very well. And in that circumstance, we'd expect them to be able to provide absolutely top notch cover if people need operations. But we're seeing great variation between the different funds.

GREG BAYLISS: Can you expand on that? Because I'm looking at some information that you've released, and you're talking about the same people, or two people having a same procedure in a same hospital with the same service provider, and depending on what fund they're in, the variation can be as much as \$700 in terms of their coverage. How does that work?

STEVE ROBSON: Absolutely. So different health funds make a choice to rebate different amounts to patients, and a great example is the one that you just brought up. Somebody might have a hip replacement done and be in the bed next to another patient who's had a hip replacement done at the same hospital by the same surgeon, but one patient will get \$700 or so more back from their health fund.

It can be very opaque working out what health funds are going to pay. And we think that this sort of unfairness is just crazy in the Australian system and we're calling for the development of an independent regulator, like an umpire who can stand back, look at all of these things and say that's not right for Australian patients. Somebody who can, at arm's length, put patients' needs first and deal with all of these issues.

GREG BAYLISS: Where are you in that process of making representation or proposing that there needs to be further regulation in the industry? And I can imagine that the existing health funds are going, we're self-regulating, we're this and we're that, we don't need a regulator. How are you or how's the AMA driving or contributing to that process, Steve?

STEVE ROBSON: We don't think we need further regulation. We think you need better and simpler regulation. And a lot of the regulators looking at health funds at the moment are not focused on patient outcomes and what happens for patients.

They're focused on the financial responsibility of health insurers and so on. We think that's wrong. We think there should be a single regulator that puts patients at the heart of all of this and makes decisions about premium increases, what is fair, what patients should get back? Somebody to step back and put patient's interests first, and that's what's missing in the system at the moment.

GREG BAYLISS: It's 8:39. Our guest on *Christmas Breakfast* on ABC Radio Canberra is Professor Steve Robson, he's the Australian Medical Association National President. They have produced an end of year report card, fairly common for schools and all of that, but the AMA have produced an interview report card on the private health insurance situation here in Australia and it's not especially good reading.

Steve, it's such a complex area. I would imagine that a lot of your members are not aware of the nuances and the premiums and returns or whatever from the various health funds that exist. It must be quite troublesome for your members to find out that, as that example we talked about - same patient, same procedure, same setting, same surgeon - that some of their patients are paying a whole lot more for it.

STEVE ROBSON: It's very upsetting for a lot of people. And we have a situation where patients pay premiums for a long time. They are very dutiful and deal with the health funds, pay their premiums. But when the time comes to have an operation that allows you to see, allows you to move, allows you to work, that relieves pain, they find that what they're getting is not what they expected at all.

Surgeons are doing their part. We know when we've looked at the data now that try to assist and help patients, but we're not seeing that sort of return from health funds. And we really want to see health funds, now that they're in the boom times when things are really going well for them, to say, look, okay, the time is ripe to put patients back at the centre of all of this, to have a simpler system, to have a simple umpire who can look after all of this.

And we know that with public hospitals in complete turmoil and hundreds of thousands of people waiting for operations to relieve pain, to allow them to see, to allow them to work, that we need a better system if you do take out private health insurance.

GREG BAYLISS: Unfortunately, health insurance is like a lot of those things that when you talk about it, my eyes start to glaze over and I go oooh, and I'll stick with. It tends to be a little bit set and forget, Steve, because it is complex and there's lots of different providers and each of them seem to offer a different proposition.

And I guess if people enter into health insurance at a certain point in their life and they do have the set and forget principle, of course your needs change as you get older. When you're 40 odd, you're not thinking that you're going to need a hip replacement when you're pushing your way through your sixties and beyond, that's probably more likely than anything else. It's something that, I guess, we need to look at what our needs are at a particular place in time and find- consider providers who can best meet those needs.

STEVE ROBSON: I think you're absolutely right and we all do the same thing. We will sign up for something we'll put on auto repeat for the payments and premiums and so on. And it's not until you actually need it that you go into the weeds of what you're covered for and what you'll get back from the health fund.

That's again, why we think it's time to replace or change the way that private health insurance is managed and take it away from a system where the regulators are worried about the cash reserves or the ability for a health insurer to meet various prudential obligations and say, actually, private health insurance is all about your health, about patients. And it's taken out like other forms of insurance, disaster insurance and so on, at a time when you really need it.

And we want it to be a strong product, we want Australians who take out health insurance to have confidence and feel that it's a great product for them. It is so complex, it's so difficult to navigate at the moment that it's really time for a change and we think that change should happen next year.

GREG BAYLISS: Well, we wish you every success with that, Steve. Before I let you go, someone's just texted in saying I had surgery recently. I ended up \$15,000 out of pocket and I'm fully insured. I was told by a friend I should have bargained with the doctor to get a cheaper price. Is that the conversation that patients can have with a surgeon or other provider?

STEVE ROBSON: Absolutely. So I guess what we saw in the data were only about two or 3 per cent of operations in the country are charged rates like that. That is extraordinary and we are all about financial disclosure.

If you are going to have an operation, not only should you know about your health fund, but you absolutely have to know what the surgeon is going to charge you. And if that's not right for you, then to look at other alternatives. So I think that's a terrible story and that's something that we absolutely want to get away from.

GREG BAYLISS: Alright, before I let you go, Steve - and again, you are another person who is fabulously available to the media and we thank you for that for the year - what does Christmas have in store for you?

STEVE ROBSON: Well, I'm working [laughs].

GREG BAYLISS: Oh, no.

STEVE ROBSON: I'm actually on it at a public hospital over Christmas. So I'll be working, but so are health care workers around the country, I'm not alone there. And we're all there to make sure that Australians have a healthy Christmas.

GREG BAYLISS: And we thank you for that very much. Also, Steve, just to finish our conversation, Helen in Fisher has SMS'd saying that Choice has a really good independent comparison tool for finding the best health insurance for you. So, if people have been listening to us and this topic has come onto their agenda for their thinking, maybe I have a little bit of a look at that and perhaps decide in 2023 where is the best place for you to have your health insurance.

Steve all the very best to you. Thank you for working through the break. Thanks for keeping us safe and healthy. Thanks for everything through the year and we wish you every-well. I'm sure I'm talking on behalf of a lot of people when I say, I hope you have some success with your movement to have this independent regulator put in place for private health insurance. Sounds like such a good idea. I don't know why it doesn't exist already.

STEVE ROBSON: Yeah, we agree. Have a safe, healthy, Christmas to yourself and all of your listeners.

GREG BAYLISS: All right. Professor Steve Robson, thank you again for your company this morning. He is the National President of the AMA.

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