

MEDIA RELEASE

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Alarm bells ring over Bupa's aggressive vertical integration plans

Bupa's reported aggressive plans to expand its own network of medical centres by a further 130 and create 60 of its own mental health clinics is a major red flag for Australia's private health system, which is now at risk of being plunged into a US-style model.

Australian Medical Association President Dr Danielle McMullen said the health insurer's reported agenda to funnel 25 to 30 per cent of the cases that it manages through its own "ecosystem" of Bupa-controlled facilities raises serious questions about conflicts of interest.

"We are concerned Australia is hurtling towards a US-style system of vertically integrated managed care, where health funds have too much say over the clinical care that patients receive," Dr McMullen said.

"It is crucial that we avoid a scenario where profits are put before patients, like we have seen happen in the US with disastrous results. Clinical decisions must remain in the hands of doctors and their patients — not influenced by insurers or corporate ownership — so that care is guided by need, not by financial incentives."

Bupa already owns 180 dental clinics, 50 optical stores and 22 medical centres in Australia and it is not the only insurer pursuing this type of aggressive agenda.

Medibank has been moving to own or have a share in more and more health services and there is little that can be done to stop this march by insurers in the current regulatory environment. Current health legislation allows private health insurers to set up, take-over and own health service delivery businesses.

"The conflict of interest in an insurer both funding and delivering care is incredibly obvious — and while these insurers will use spin to explain away these concerns, it is vital the new government moves quickly to address this, including through the establishment of a private health system authority to oversee the sector," Dr McMullen said.

"Patients should be very worried when private health insurers are setting up an environment where they are potentially able to access more information than ever before about a patient's health and interfere with decisions that should be made by a patient after talking with their doctor in the safety of a private consultation."

The AMA is also deeply concerned about Bupa's plans to roll out whole genome sequencing for selected customers in Australia.

"Patient gene information is not to be taken lightly, and it is too risky to give this to insurers, who could use it to quietly bypass existing community-rating legislation that requires private health insurers to charge Australians the same price for any given private health insurance product, irrespective of their medical risk," Dr McMullen said.

"While the federal government has promised to pass legislation that would ban the use of adverse genetic test results in life insurance underwriting, this has yet to happen."

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