

MEDIA RELEASE

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AMA calls for action to prevent abuse of market power by insurers

Australia's current regulatory system allows private health insurers to abuse their market power through deceptive and unfair tactics in contracting with individual doctors, resulting in limited patient choice, increased out-of-pocket costs and compromised quality of care.

In a [new position statement](#) out today, the Australian Medical Association says regulation of private health insurers to limit the massive power differential between private health insurers and doctors has been put in the "too hard basket" by successive governments.

Federal AMA President Dr Danielle McMullen said the AMA had been increasingly concerned about the lack of regulation of contracts between insurers and medical practitioners.

"This lack of regulation impacts patient choice and quality of care, the clinical autonomy of doctors in private practice, private hospital case mix and other professionals involved in the patient's care," she said.

"The reality is that there is nothing in the *Private Health Insurance Act 2007* or the *Competition and Consumer Act 2010* to prevent the top five health insurers, which collectively control more than 80 per cent of the Australian private health insurance market, from abusing their market power in contracting with individual medical practitioners."

Dr McMullen said that currently "no-gap" and "known-gap" contracts are effectively "take-it or leave-it" propositions.

"If a doctor does not sign because the insurer's remuneration is too low or charges just \$1 more than the insurer is willing to pay, the insurer will then slash the medical benefits they would pay to patients and blame it on doctors' fees," she said. "Yet for most insurers, medical benefits haven't been indexed and the 'known gap' contract limit of \$500 hasn't changed for years, meaning that doctors are being asked to sign contracts that do not reflect the current costs of providing care.

"This is deceptive and unfair and leads to higher out-of-pocket costs for patients. Like MBS rebates, the value of insurer rebates has fallen considerably in real terms over the years and well behind the increasing cost of providing care.

"Most insurers require doctors to keep the terms of contracts confidential to prevent government or other scrutiny and may require contracted doctors to only provide treatment at hospitals with which the insurer also has a contract or else they will reduce the benefits the insurer will pay the patient."

The AMA is calling for an independent Private Health System Authority to develop a standard set of terms and conditions for private health insurers' "no-gap" and "known-gap" contracts with doctors to ensure contracts are transparent and fair to all parties and appropriately indexed to the increasing cost of medical care.

"We need an independent body to oversee regulation of private health insurance to ensure both a level playing field in private health and the sustainability of the system, which is hurtling towards an existential crisis," she said.

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"The private health system is incredibly important in Australia's healthcare system. We need to act to ensure it remains sustainable and fair to everyone involved."

[Read the position statement](#)

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