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Transcript: AMA President Professor Brian Owler, 2UE, 9 November 2015

Subject: Private health insurance

STUART BOCKING: Yes, this story around, it's a suggestion, that's all it is. Part of an online survey launched by the Health Department which does raise the idea that, potentially, smokers could be paying more for things like private health cover. Professor Brian Owler is the President of the AMA and he's on the line. Professor Owler, good morning.

BRIAN OWLER: Good morning Stuart.

STUART BOCKING: It is a proposal at this stage, the Government canvassing some ideas. Have you had a look at this online survey they've put there?

BRIAN OWLER: No, look I haven't done the survey myself, but this question has been around for many years, and every now and again gets the run in the media, and the AMA has a long record of advocating against tobacco use in smoking. But this is not the way to tackle smoking, and it runs the risk of really interfering with our private health insurance sector, particularly when it comes to risk rating, because it won't stop at smoking. You know that obesity and all sorts of other issues are going to be brought into play in the future and, at the end of the day, the insurers are only going to want to insure those people that are fit and healthy and don't need anything done to them.

STUART BOCKING: And so, is the result then that it maybe becomes more and more difficult for those who might be a little marginal to get private health cover, while those who are unlikely to call on it are the ones who'll pay and they'll probably then decide well, you know what, the premiums are too high and I don't use it anyway.

BRIAN OWLER: That's right, and so you have more and more people shunted out into the public system, and we know that our public system depends on being supported by strong [a] private health insurance system. So these sorts of notions that the health funds are pushing, or proposals for the health funds are pushing, are really about reducing their cost and improving their bottom line. It has nothing to do with fairness.

STUART BOCKING: Yeah. I noticed we got in touch with one of the private health associations this morning. They say the push isn't really coming from them either, but there must have been a wink and a nod somewhere for this to be included as part of the survey. The question I would have to ask in this is how do we define a smoker and who isn't. Is it someone who's at some point put a lit cigarette to their lips? Is it someone who maybe with three beers on a Friday night might have one cigarette, or is it someone who might smoke a little more? How on earth do you decide who is the smoker and who isn't?

BRIAN OWLER: And how do you enforce it? I mean, it becomes very, very difficult that they're going to go around asking people, friends, if someone's a smoker. It's just...you know, these sorts of proposals get rolled out and sure, it's great to ask people their opinion in a survey, but we all know that non-smokers are going to say yes, I want to pay less for my premiums. The bigger policy question needs to be asked first, and that is, do we want to go down a US system where we have risk rating, where we push people out of the private health insurance because it becomes unaffordable. I mean, these sorts of issues we take for granted here in

Australia, but I can tell you that these are things that people are fighting very hard against in places like the United States to make sure that people do have universal access to health cover, and we don't want to go down that same path.

STUART BOCKING: Well, you also wonder then, I mean, do you talk about with obesity levels, with other lifestyle factors, do we end up a scenario, well, you're paying a higher Medicare levy. Now of course, the rate is as it is other than if you don't have private health cover by a certain age and then it's levy based on your income, rather than necessarily your lifestyle or pre-existing conditions or anything else. If we could do it for private cover there's no reason why, at some point, someone wouldn't look at a Medicare levy, for instance.

BRIAN OWLER: Exactly. And so, I mean the question is, where does it stop, because we also know that genetic testing is coming down the track, where you're going to be able to predict very accurately whether someone is going to, or likely to, develop a certain condition or disease in the future. So, are those people going to now have to have genetic testing, and if you're positive for a genetic test are you going to be denied cover? These are the sorts of bigger policy questions that we need to be asking, and I think we've always resisted going down this avenue for exactly these reasons, and we don't want to be singing from the hymn sheet of the private health insurers. I find it very concerning when the Health Minister makes statements like she's concerned that the health insurers are wrapped up in regulation or being restricted by regulation. Those regulations are there to protect the public, but also protect the public health system, and they're there for a good reason.

STUART BOCKING: Well also too, by definition, it has to be wrapped up in regulation when upwards of 30 per cent of their costs are being borne by the Federal Government. If they're not happy with the regulations, give away the rebate.

BRIAN OWLER: Well, that's right. The Federal Government here have got skin in the game, and so they need to make sure that the health insurers are doing the right thing by the public. Now, the Minister said on the weekend that she's very concerned because half a million people have downgraded their policies. But what she didn't mention was the fact that NIB and Medibank Private have actually actively downgraded people's policies. They've taken out the more expensive procedures, reduced the premiums by a bit and then just written to the members saying this is what they've done and asked them if they want to upgrade, they have to pay an extra premium. So, that is all about maintaining their bottom line and reducing, you know, improving their margins. So I think we need to make sure that we keep in check the behaviour [of] our private health insurers, particularly when we now have our biggest private health insurer as a publicly listed company whose first duty is to its shareholders.

STUART BOCKING: No, it's very true. I think this is one of those classic cases where at first brush strike people might look at this and [think] 'oh yeah, that makes sense, that's a good idea'. But you get down to the practicalities of it and what might follow, and you start to wonder from the very definition of what's a smoker to who could be next.

BRIAN OWLER: That's right. As I said, these sorts of things, they shouldn't be just thought bubbles. I mean, it's got to get back to going through and considering policy in depth and in detail with consulting people that do have knowledge and expertise in this field before it's just floated out in the public like a thought bubble from the Government. And we need to get back to proper policy in health care.

STUART BOCKING: Alright, well look, I appreciate your time this morning. I know you're busy with surgery, so I appreciate your time.

BRIAN OWLER: Always a pleasure Stuart.

STUART BOCKING: Thank you very much. The President of the Australian Medical Association, Professor Brian Owler. I think there are some significant practicalities that come into play with all of that.

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