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**AMA WELCOMES ACCC ACTION AGAINST MEDIBANK PRIVATE**

The AMA welcomes the Australian Competition and Consumer Commission’s decision to launch legal action against Medibank Private over alleged misleading and deceptive conduct.

AMA President Dr Michael Gannon said the AMA has long been highly critical of the actions of insurers making changes to their health cover without informing policy holders, and it was pleasing to see that at least one was now being held to account.

“It has become a distressingly common experience for patients to think they are covered for the cost of medical treatment, only to find that they are lumbered with unexpected out-of-pocket costs,” Dr Gannon said.

“It is completely unacceptable for insurers to make changes to the cover they provide without informing policyholders, and it is very important that this type of behaviour is now being called out.”

The ACCC has launched action in the Federal Court alleging that Medibank Private, the nation’s largest private health insurer, deliberately set out to mislead its policyholders by failing to notify them of a decision to cut benefits for in-hospital radiology and pathology services.

As a result of the change, Medibank members were hit with an average out-of-pocket cost of \$151 for pathology services and \$83 for radiology services.

In its statement of claim, the consumer watchdog alleges that Medibank calculated that disclosing the downgrade in benefit could have caused some members to quit the fund, and may have dragged on the company’s share price when it was publicly floated.

Medibank has said it will contest the ACCC’s claims.

Dr Gannon said it was high time insurers were held accountable for their actions.

He said the AMA Private Health Insurance Report Card released in March showed that many policies offered by health insurers were no better than junk, while others did not provide the cover expected.

“Our Report Card showed that there are a lot of policies on offer that provide public hospital only cover,” Dr Gannon said.

“These are better known as ‘junk’ policies because they do not support patient choice of doctor or timing for health services or procedures.

“There are also a lot of policies on the market that will not provide the cover that consumers expect when they need it.

“Policyholders need to know exactly what they are covered for and are entitled to, rather than being hit with shock bills when they are ill or at their most vulnerable.”

The AMA Private Health Insurance Report Card 2016 is at <https://ama.com.au/ama-private-health-insurance-report-card-2016>

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