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GREATER TRANSPARENCY NEEDED WITH PRIVATE HEALTH INSURANCE PRODUCTS

AMA Submission to the Government's Private Health Insurance (PHI) Review

The AMA has lodged its submission to the Government's Private Health Insurance (PHI) Review.

AMA President, Professor Brian Owler, said today that too many people are finding out, often too late, that their private health insurance policies are not covering them for many common procedures.

"People are shocked to make this discovery only when they need a particular treatment, and doctors are seeing this happen on a daily basis," Professor Owler said.

"There needs to be greater transparency in the sector so that people know exactly what they are covered for when they make a significant investment in private health products.

"The insurers must be more active in informing their policyholders when there are changes, especially exclusions, in their policies.

"In the last six years, the number of people covered by exclusionary policies has jumped from 10 per cent to 35 per cent.

"Affordability of private health insurance is important to consumers, and the private health insurance rebates have maintained participation rates.

"But the nature of the current policy offerings, coupled with the behaviour of some insurers to minimise the benefits they pay, is undermining the quality of the product.

"The Review should closely examine the claiming experiences of consumers and their perceptions of the value of the product.

"The balance between the private and public systems cannot be overlooked by this Review.

"If consumers withdraw from private health insurance because it is a low value product, or quality products are unaffordable, or risk rating means some people are uninsurable, there will be additional pressure on the public hospital sector, which is already struggling to meet demand.

"The Review should provide a detailed analysis of the effectiveness of the current arrangements through which the Commonwealth supports the private health sector through the private health insurance rebates, the Medicare Levy Surcharge, and the regulation of private health insurers and private health insurance products.

"Unfortunately, the Government seems more focused on removing itself from financial and regulatory responsibility for the private health sector.

"The emphasis of the PHI Review appears to be substituting the private health insurance rebates with a Hospital Benefit for use in the public or private sector, as flagged in recent media reports of leaked COAG documents.

“By de-regulating premiums and products, and removing community rating, the Government could increase competition within the private health insurance market, but at what cost to the public hospital sector?”

“The AMA wants the Government to undertake a full and transparent economic assessment of the potential outcomes of this PHI Review, within the context of the other health reviews currently underway.”

Professor Owler said there is a rapidly declining situation with private health care in Australia, caused by the aggressive behaviour of the larger private health insurers, which has been left unchecked by the Government.

The inappropriate behaviour includes:

- excluding treatments from existing policies;
- removing services from schedules of medical benefits, with the result that the insurer will only pay the required 25 per cent of the Medicare Benefits Schedule (MBS) fee for the service, with patients incurring an out-of-pocket cost;
- entering into contracts with private hospitals that interfere with the established safety and quality system achieved by the accreditation arrangements;
- making direct calls to members encouraging them to downgrade their cover;
- selling inappropriate policies, such as cover for obstetrics, but not arthroplasty, to older people, or cover for neonatal care, but not if it is for cardiac or respiratory issues;
- requiring detailed clinical information and justification to be submitted at the time of booking hospital treatment; and
- rejecting claims unless and until they are disputed by the patient or their doctor.

The AMA submission is at <https://ama.com.au/submission/ama-submission-private-health-insurance-consultations-2015-16>

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