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Transcript: AMA President, Dr Michael Gannon, 6PR, *Drive with Oliver Peterson*, 22 January 2018

Subject: Junk Private Health Insurance Policies

OLIVER PETERSON: Well, the AMA's on the attack over junk health cover. What is it that you're paying for that you may or may not require? Are you getting ripped off, effectively? To tell us more, the President of the Australian Medical Association is Dr Michael Gannon. Michael, good afternoon.

MICHAEL GANNON: Good afternoon, Ollie. How are you?

OLIVER PETERSON: I'm very, very well. What are we paying for that really we're getting ripped off?

MICHAEL GANNON: Well, everyone should be asking what they're paying for, and it's worth investing that time. Too often, patients or their loved ones find out only when they get sick that the cover they've purchased is not fit for purpose. There are too many policies where there are exclusions, carve-outs, caveats. The most egregious of these policies are those that tell you that you're entitled to treatment as a private patient in a public hospital. Well, if you're an Australian citizen, you're entitled to free treatment in public hospitals, and there's no discernible advantage. I've said many times that I need to be convinced why that's not junk. It's a level of coverage which does not support universal health care, and we think it's a problem.

OLIVER PETERSON: So what would those who have health insurance typically be paying for access to public health care which they ordinarily already have, as you said, if they hold a Medicare card and are an Australian citizen? Well, that's a little bit of a no-brainer.

MICHAEL GANNON: Yeah, well, they sometimes might be paying thousands of dollars per year. Now there are some very savvy people who are very comfortable with what the public hospital system has to offer them, and they are clever enough, if you like, to take out a policy which is not really worth a great deal, but it enables them to avoid the income tax penalty for not holding health insurance. Now, if the policies are transparent and those individuals are clever enough to play the system that way, well, we probably don't have a problem with that. That's why we haven't been standing up, screaming too loud at Minister Greg Hunt's decision to maintain basic bronze in his gold, silver, bronze reforms.

But for too many people, they think they're covered. You're entitled to the expectation if you hold private health insurance to think that if you get sick, you can use it, see the doctor of your choice in a private hospital. Well, too many people have got a piece of paper which, while helping the bottom line of the health insurers, doesn't add to universal health care, and it doesn't really do anyone any good.

OLIVER PETERSON: So some of these cheaper policies or these bronze policies, Michael Gannon, you may be paying for some level of cover, but you might not be getting anything at all.

MICHAEL GANNON: Well, you might still get a set of gym shoes and, if you're lucky, you might get a cheap visit to the dentist. Again, if there's transparency on this, well then that's probably okay. But there's just such a bewildering array of policies. The fine print is difficult to

understand. You shouldn't need to be three months or six months into a medical science degree or a medical degree to understand the terminology. It's deliberately tricky.

Now, where we agree with Private Healthcare Australia and the funds it represents is that the State and Territory Governments have instituted a whole array of policies that deliberately farm emergency departments. They go to your heartstrings. They say, well look if you come in as a private patient, then the hospital gets all that funding and you love us here at Princess Margaret, you love us here at Fiona Stanley Hospital, don't you. Now we agree with them like that - that is the States deliberately targeting insured patients, and the patient doesn't do any better.

But where we can't agree with the funds is when they bleat about the States, saying look you're filling your public hospitals with private patients, and at the same time they keep producing hundreds of policies that entitle patients to nothing more than that. So, we're with the funds in one way, but they cannot have it both ways.

OLIVER PETERSON: So how do we fix this, Michael Gannon? Do we need to make sure that the policies in the bronze, silver, gold standard that the Health Minister Greg Hunt wants to introduce just needs to be more accessible and understandable, as you said? That's coming to probably what confuses most people listening to us this afternoon, Michael Gannon. They know they're paying for a certain level of cover but you're sort of unaware of what you're paying for and what you need.

MICHAEL GANNON: Well, I would encourage an environment where people go into the office and they find out exactly what they are covered for. I think it is worth paying extra for a higher level of cover. I mean, I worry a lot about these basic bronze policies. Equally, I understand that this is one of the first things that goes in a population where wages growth is low and the price of private health insurance goes up year on year on year.

Now, what we need is the Government to support the private health industry. It does a lot of things a lot more efficiently than the public system. No-one is for one minute questioning the value of the public system. But when I tell you that 70 per cent of operations and procedures are done in private, 30 per cent of babies are delivered in private, it's a huge provider of mental health services, palliative care services - there's value there. The public system would collapse without it. The Government needs to pull the levers they can to support the industry.

We want to work with the funds, and we do. We cooperate with them in the Minister's Advisory Council. All the stakeholders are trying to work together, but they can't have it both ways in this argument.

OLIVER PETERSON: All right. Dr Michael Gannon, the Australian Medical Association President, good to talk to you again in 2018, thank you.

MICHAEL GANNON: All right, good afternoon Ollie.

OLIVER PETERSON: There you go, Michael Gannon from the AMA.

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