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**Transcript:** AMA President, Dr Michael Gannon, 2GB, *Sydney Live with Ben Fordham*, 25 January 2018

**Subject:** Private Health Insurance

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**BEN FORDHAM:** We're being told to consider whether it's worth having private health insurance, as the Government announces yet another price hike. Premiums are going up by nearly 4 per cent from April, with families to pay up to \$143 a year more for their cover. Now, in light of the price hike, the consumer group CHOICE says people should consider if having insurance is worth it. It's the lowest price hike since 2001, but it's still sparked concern from doctors that people will drop their cover. Let's go to Dr Michael Gannon. He is the President of the Australian Medical Association.

Doctor, good afternoon.

**MICHAEL GANNON:** Good afternoon, Ben.

**BEN FORDHAM:** I know you worry whenever you hear about people suggesting that others should drop out of their private health insurance.

**MICHAEL GANNON:** Well, I certainly understand individual consumers, individual patients making that decision. People are under enormous pressure. The increase in the cost of premiums year on year is well outstripping the growth in their wages, but I have to say, the calls from CHOICE to encourage people to do this are irresponsible, and I'm very disappointed to hear them.

**BEN FORDHAM:** What it comes down to is value for money, and also the risks of not having it, so why don't you shed a bit of light on that for just a moment? Is it worth having it, and what are the dangers if you don't have it? How bad can it get?

**MICHAEL GANNON:** Well, it won't surprise you to hear that doctors think it's worthwhile having private health insurance, because our interaction, day by day, week by week, is by people who are using their insurance, and using the advantages of the private system. Now, whenever the AMA speaks about the benefits of private health insurance, we're not for one minute decrying the quality of care that people get in the public sector. The two systems complement each other.

We don't have a lot to do with those patients who are leading healthy lives and perceive they're not getting value month on month, year on year, because they're staying healthy. Now, good luck to people who very rarely cash in on their health insurance. Maybe I'm fortunate enough – I have two visits a year to the dentist and that's about it. But I'm comforted by the fact that I will have that choice. If I do fall ill, I'll have the choice of doctor, the choice of hospital, and the value proposition of private health insurance is not the- you know, the significant waiting times which sadly are a feature of the public hospital system in many areas of health care.

**BEN FORDHAM:** And if we want to be glass half full, we can say: oh well, it's the smallest increase we've seen in 17 years.

**MICHAEL GANNON:** Look, I think that we've got to give Minister Greg Hunt the credit for achieving that. As you pointed out, it's the smallest increase in 17 years. What I'm concerned about is that he has achieved this on the back of probably one-off reforms to the way

the insurers pay for prostheses. And I suppose talking about prostheses is a good way of understanding why the costs go up year on year on year. I mean, you no longer get a stainless steel hip put inside you; you get something that's made of some alloy of molybdenum and titanium and they last 25 years and they're fabulous and there's low rates of infection and low rates of re-operation.

The thing is that the health system gets better year on year, but the new drugs, the new prostheses, the new technology, the new techniques, they cost money. That's why health inflation runs at 5 to 7 per cent. So I've heard you've got the Premier on the show later this afternoon. One of the things she's got to think about is how do I grow the pie? How do I find an extra 5 to 7 per cent year on year to pay for the health system? The insurers have got the same question. When it comes to the private system, we've got to work out how do we sustain the private system when the costs are destined to increase on an average by 5 to 7 per cent year on year? It's not easy. It requires a lot of skill and thought from this Minister and future Ministers.

**BEN FORDHAM:** Good to get your thoughts. Thank you very much.

**MICHAEL GANNON:** Pleasure, Ben.

**BEN FORDHAM:** Dr Michael Gannon, the president of the Australian Medical Association.

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