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Transcript: AMA President, Dr Michael Gannon, ABC Radio Perth, *Breakfast with Paula Kruger and Peter Bell*, Monday 26 March 2018

Subject: The AMA Private Health Insurance Report Card, AMA Fees List

PAULA KRUGER: A war of words between doctors and private health insurers has heated up again with the Australian Medical Association releasing a report today that they say shows many Australians aren't getting the support they need.

Michael Gannon is the President of the AMA and he joins us now. Good morning, Michael.

MICHAEL GANNON: Good morning to you both.

PAULA KRUGER: Look, your Private Health Insurance Report Card for 2018 is out today. Now, what does it say about the state of the health insurance industry overall?

MICHAEL GANNON: Well, it doesn't paint a particularly pretty picture. It uses the industry's own data and their own fee schedules, it uses complaints data from the Private Health Insurance Ombudsman - a division of Government - and it uses APRA data on the funds. And it paints a picture of increasing year-on-year exclusions from what you get from your health insurance product; it paints a picture of increasing profits year-on-year for the for-profit insurers; and it paints a picture of increasing complaints year-on-year as more and more Australians find out only when they're sick that they're not covered by their health insurance.

PAULA KRUGER: And so, are those your main concerns, are there any areas- you've gone through the list of things that you say that are your worst concerns, but what pressures are patients facing as a result?

MICHAEL GANNON: Well, the truth is that it's only after a doctor has scheduled surgery that we have the horrible situation where a hospital clerk is in the position of having to inform a patient they're not covered. Someone might have unwittingly purchased a public hospital only product, they might have purchased a product that has substantial exclusions, caveats, or carve outs. We're talking about an industry where 15, 16 years ago virtually no policies had exclusions, now they're common place, that's become part of the lingo. People know that there's certain things that they can't get with their health insurance. But too many people find out that they're virtually getting nothing for their significant investment – one of the biggest discretionary investments that Australians make every year.

PETER BELL: Michael, are the concerns across the board or are some insurance funds performing worse than others in the AMA's opinion?

MICHAEL GANNON: Well, Peter, what the Report Card does is it gives consumers the ability to make their own judgements. It's not our job to play favourites, but if you look at the insurers' own schedule of payments you might start to get a feel for why you're more likely to face out-of-pocket costs with some insurers more than others. There's the complaints data there. There are some funds that that have far more complaints than their market share, and of course, it's not as simple as saying that the mutuals deliver better services than the for-profits, but it is the case that some of the smaller mutual funds, some of the larger mutual funds where all of the insurance pool or as much as possible of it goes back to patient care, they perform better than some of the big listed and multinational for-profits.

PAULA KRUGER: So, Michael Gannon, the not-for-profits; how do they compare to the private health funds?

MICHAEL GANNON: Well, of course, about 60 per cent of your listeners are HBF members. HBF is not without sin. For example, they have a different schedule of fees for members in Western Australia than for their, albeit, smaller number of members in other States and Territories. But HBF is one of the better performers in returning a high proportion of members' funds, over 90 per cent, back to patient care. And in a perfect world, 99 per cent of funds would go back into the insurance pool to take care of patients when they're sick, when they need hospital care.

PETER BELL: We're with Dr Michael Gannon, National President of the AMA. Michael, in yesterday's *Sunday Times*, there was a story about doctors' charges. Now, it referred to a secret fee bible setting rates for procedures. Does that bible exist, what can you tell us about that?

MICHAEL GANNON: Yeah, the use of the word bible was a bit pejorative, and there's nothing secret about it. The insurers have been able to buy a copy, and other people who pay for health services on bulk have been able to buy a copy for a long time. The truth is that the AMA list of fees is an important document. We produce it for our members. They get it for free. Other people have to pay for it. The most important thing about the AMA list of fees is that it gives testament to how far behind Medicare has fallen. The AMA list of fees gets indexed every year, usually at something like 2 per cent, last year it was 1.8 per cent. But what it shows is that what Medicare pays, what the private health insurers are meant to pay, has completely lost touch with inflation and the costs of private medical practice. We at the AMA have a funny relationship with our list of fees. Most doctors, 90 per cent of the Councillors at the AMA, bill well below the AMA list of fees. Doctors every day of the week discount their fees to the bulk billing rates or to the no-gap rate for inpatient care because we recognise that out-of-pocket expenses are harmful to patients.

PAULA KRUGER: And just quickly: are you concerned, though, that those kind of reports will play into a public perception that doctors overcharge?

MICHAEL GANNON: Greedy doctors is such a lazy headline, and we will always be stuck with it. As I step out of my Ferrari every day [laughter], I am keenly aware of- for example, this Report Card. We know that, for example, the cost of paying for health insurance goes up every year, far outstripping growth in wages. We know that private health insurance is not the purvey of the fabulously rich and wealthy. The sickest Australians, the most vulnerable of Australians, maintain their health insurance because they know the value of it. But the insurers need to look inside their own tents. Some of them are wrecking the industry that we are deeply committed to. Let's not forget 70 per cent of operations are done in private hospitals. Nearly 30 per cent of babies are born in private hospitals, huge swathes of mental health care, palliative care. It's a key part of universal health care and we're worried that some of the insurers have too much short-term thinking.

PETER BELL: Thank you Michael. Appreciate it.

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