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**PRIVATE HEALTH INSURANCE ON THE PRECIPICE –  
 AUSTRALIANS NEED AFFORDABLE, TRANSPARENT, AND  
 APPROPRIATE PRIVATE HEALTH COVER**

*AMA Private Health Insurance Report Card 2019*

Launching the *AMA Private Health Insurance Report Card 2019*, AMA President, Dr Tony Bartone, warned today that the private health insurance sector in Australia is on the precipice.

Dr Bartone said that the Government, the insurers, and all stakeholders must work together to make private health insurance more attractive for more Australians, especially younger people.

“With more than sixty percent of elective surgery in Australia occurring in the private sector, the prospect of greater stress and demand being placed on the already overstretched public hospital system is looming large unless the drift away from private health insurance is stopped,” Dr Bartone said.

“Australians need and demand private health policies that are affordable, transparent, good value, and appropriate for their individual or family circumstances, or they will walk away from private health insurance altogether.

“The private health insurers must work closely with the Government to ensure that the hard-won reforms of 2018 deliver on the promise of better cover, more transparency, and greater value – or more and more people will drop their cover or not sign up at all.

“An increasing number of younger and healthy Australians are opting out of private health insurance.

“This is leaving a higher proportion of older patients who are increasingly more likely to be suffering from illness or chronic disease and, as a result, they are more expensive to insure, further driving up premiums. This trend is not sustainable.

“We are still seeing increases in premiums averaging 3 to 5 per cent a year, when wages growth is firmly stuck at around 2 per cent.

“Sooner or later, the number of people with private health insurance will fall further – and dramatically.”

Dr Bartone said that the AMA Report Card provides patients and consumers with clear, simple information about how health insurance really works, in the hope that better information instills more confidence in the private health insurance system.

“Navigating the health system is difficult for most people, but even harder when you are sick or disadvantaged,” Dr Bartone said.

“As medical practitioners, we know how important it is to ensure that our patients understand as much as possible about their treatment options.

“The AMA supports patients to understand the fees, costs, and payment options associated with their care. Good health financial literacy is paramount. All patients need clear and concise information and guides.

“The AMA worked with the whole medical profession to produce an informed financial consent guide earlier this year, and that is why we continue to produce this Report Card every year,” Dr Bartone said.

Dr Bartone said that the proposed Government website to allow people to search specialists’ fees is meaningless as it will do nothing to fully inform patients about their likely out-of-pocket costs unless it also lists what patients can expect back from Medicare and their private health insurance fund.

“The AMA supports and actively encourages full transparency of doctors’ fees, and unreservedly condemns egregious billing, which occurs in a very small percentage of cases,” Dr Bartone said.

“But that transparency must extend to both the size of the MBS rebate and the private health insurance contribution to the cost of treatment.”

Dr Bartone said the AMA welcomed the introduction of the Gold, Silver, Bronze, and Basic categories for policies and the standard clinical definitions applied under each category.

“We now have more meaningful and consistent levels of cover in each category,” Dr Bartone said.

“The reforms have also provided better coverage for mental health services and for people in rural and regional Australia, and they have improved the transparency of the private health insurance sector.

“But the Government review and the new insurance policy structure did not address the key issues of affordability and value for money.

“The Government must build on the reforms and address indexation and variation in rebates and insurer contracts.

“We need to work to bring back the value in insurance policies, before it is too late.”

### **Background:**

- The *AMA Private Health Insurance Report Card 2019* explains what insurance may cover, what the Medicare Benefits Schedule (MBS) covers, and what an out-of-pocket fee may be under different scenarios.
- It also highlights the frustrating fact that what insurers pay varies significantly from State to State – this variation can even occur within the same insurance fund.
- To help consumers better understand what they are buying, the Report Card sets out the percentage of hospital charges covered by State and insurer, and the percentage of services with no gap, State by State.

- The Report Card shows that some insurers perform well overall, and some only perform well for certain conditions.
- Health insurance policies are unnecessarily complicated and opaque. Each insurer sets the rebate amount that they are willing to pay. If the insurer's rebate is low, the out-of-pocket cost to their customer will be high. And these out-of-pockets can vary by thousands of dollars.
- The Report Card reveals that the same doctor performing the same procedure can be paid significantly different rates by each fund. This is often the untold story behind patient out-of-pocket costs, despite there being high levels of no gap and known gap billing statistics.

The *AMA Private Health Insurance Report Card 2019* is available at <https://ama.com.au/article/ama-private-health-insurance-report-card-2019>

*Informed Financial Consent: A Collaboration Between Doctors and Patients* is available at <https://ama.com.au/submission/informed-financial-consent-%E2%80%93-collaboration-between-doctors-and-patients>

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