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**Transcript:** AMA President Dr Michael Gannon, Sky News, 10 February 2017

**Subjects:** Private health insurance premium rise; Medicare freeze

**ASHLEIGH GILLON:** As we've been reporting, family health cover is expected to rise by up to \$200 a year when the 4.84 per cent average premium rise kicks in from 1 April. Joining us now with more on this is the Australian Medical Association President, Michael Gannon. He's live with us from Perth.

Michael, good to speak to you. I'm hoping you can clarify this for us. We had a press release out from the new Health Minister, Greg Hunt, earlier. It was titled *Lowest Health Insurance Premium Increases in a Decade*. Then we got one from the Shadow Health Minister Catherine King saying *More Private Health Pain for Australians; Families Hit With a \$200 Rise in Premiums*. I'm keen for you to cut through the spin for us. Should Australians feel relieved or furious at the news today? Are these price hikes justified in your view?

**MICHAEL GANNON:** Well, it's good news to the extent that the premium increase is well below the average that it's been over the past 10 years, and there are plenty of fairly good reasons for it. Health CPI outstrips true CPI and we see this in every way. We see this in how difficult it is for general practitioners, other specialists to make a living, and we see it in how difficult it is for State governments to fund public hospital services.

But what is an absolute reality is that that means that for those Australians, for those families who pay for private health insurance, it is consuming a higher proportion of the family budget. We worry if it takes private health insurance out of the reach of ordinary Australians.

**ASHLEIGH GILLON:** And is that likely, do you think? Do you think families will be forced every year with these price hikes to opt out of their cover altogether?

**MICHAEL GANNON:** Well, of course, it is a discretionary spend. There are incentives within the tax system to take out private health insurance, but Australian families make that judgement every year. They look at what overall is a high quality public hospital system, and they are questioning the value proposition of the private system.

Now this is a concern for all of us. The private system is an absolutely essential pillar of our health system. It offers patients choice. In many areas of health care, it's more efficient. In many areas of health care, it's safer; 70 to 75 per cent of operations and procedures are done in private hospitals. There is at least publicly bipartisan support for that blended public and private system.

These increases year-on-year - greater than the increases in wages, and other metrics of people's ability to pay the bills - are of a concern, because people might just walk away.

**ASHLEIGH GILLON:** I feel like every year when we report on this story, we have the Minister at the time, regardless of political persuasion, say that they are working with the private health insurers to find ways to essentially deliver more value without compromising on the quality of cover. What options are there though realistically for the Government?

**MICHAEL GANNON:** Well, the truth is that it will be almost impossible to limit these increases. The Health Minister today is, you know, in some ways on the back foot defending a rise in the cost of these premiums. But next week, the week after, he'll be in a hospital or in a clinic somewhere around Australia talking about an exciting new technology which is good for patients, but comes at a price.

So the things that we can do at the health system now - in terms of minimally invasive surgery, new drugs, new technologies, new implants, new prostheses - it all costs money, and sometimes it's the case that you pay now to invest later. So, for example, if we take the example of a hip replacement, the next generation of hip replacements might last 25 years instead of 15, but that additional cost is borne now.

So it's not always bad news that the costs go up. A lot of these should be seen as investments in the health of Australians getting them back to full function earlier, getting them back to work, but it does cost money.

We've still got to try and have this discussion in the political system in Australia. How do we fund this? The costs will continue to grow in public hospitals, in private hospitals. It's time to revisit grown-up conversations about how we fund what I believe will be inevitable increases in the cost of health care.

**ASHLEIGH GILLON:** Michael Gannon, how are you finding the new Health Minister, Greg Hunt? Are you seeing any signs that we may be seeing a new direction from the Government, perhaps, in the Budget when it comes to that Medicare rebate freeze? This is obviously something you've been campaigning for change on for a long time now. Do you expect there will be any changes? Are you seeing any signals there will changes under his leadership of that portfolio?

**MICHAEL GANNON:** Well, Mr Hunt and I had two telephone conversations the day he was appointed, and he indicated a willingness and - more than a willingness, an absolute imperative to work with the AMA to be an effective Health Minister.

We met for the first time last week and it was a lot more than your average first-time meet and greet. There was a great deal of detail to that meeting. He knows the feelings of the AMA - GPs, other specialists, all around the country - about the need to index patient rebates.

Of course, today we're talking about private health insurance; the freeze doesn't just affect GPs and those who bulk bill. It doesn't just affect specialists who bulk bill. It affects specialists because of the unwillingness of the funds to index the fees that they will pay.

So this is a complex system, the way that the private system intersects with the public system intersects with doctors working from their own rooms. It's a complicated system. I'm impressed by Mr Hunt's appetite for work. I'm not surprised at his level of intellect to absorb the great detail in the very complex pieces that the Health portfolio is.

**ASHLEIGH GILLON:** Okay, so just to press you on that, though, after that meeting with Mr Hunt, are you feeling any more positive that we will actually see a change on the rebate freeze front this year?

**MICHAEL GANNON:** I'm very confident that we will see that. I can't speak for the Minister or for the Cabinet processes leading up to the Budget, but I know for a fact that the Prime Minister and Mr Hunt understand the importance to patients and to doctors to undo the freeze. The question is where's that money going to come from, and of course it's a lot more

complicated than just unfreezing patient rebates to see GPs. We've had pathology and diagnostic imaging effectively frozen for pushing close to 20 years. The different parts of the Health system all work together.

Minister Hunt, I know after our conversation, understands better how important pathology and diagnostic imaging are to the decisions that clinicians make each day, and how borderline some of those services are. Of course, that adds to the cost of unfreezing, but he understands my strong determination to see patients' access to care across the whole system unfrozen. Of course, that costs a lot of money.

**ASHLEIGH GILLON:** Michael Gannon, reading between the lines, it sounds like you're feeling pretty positive and pretty confident after meeting with Mr Hunt that your lobbying efforts might be paying off. We appreciate you joining us. That was Dr Michael Gannon, the President of the Australian Medical Association.

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