

Australian Medical Association Limited

ABN 37 008 426 793

42 Macquarie Street, Barton ACT 2600: PO Box 6090, Kingston ACT 2604
Telephone: (02) 6270 5400 Facsimile (02) 6270 5499
Website: <http://www.ama.com.au/>



Transcript: AMA President Dr Michael Gannon, Radio National *PM*, Thursday 12 October 2017

Subject: Private Health Insurance Reforms

LINDA MOTTRAM: What's the view of the Government's efforts from the Australian Medical Association? I spoke a short time ago to the AMA President, Michael Gannon.

MICHAEL GANNON: Will it's not going to solve it. It's perhaps a start in the right direction. The one thing the Minister is up against, one thing that future Governments will be up against is the inevitable increase in the cost of health care. Health CPI runs at 4, 5, 6 per cent per year. We're interested in some of the one-off savings that the Minister is going to be able to achieve, but it's going to require ongoing work.

LINDA MOTTRAM: So what would it look like if the Government was addressing the issue of the rising costs of health care?

MICHAEL GANNON: The different players in the industry, the hospitals, the doctors, the insurers, need to continue to try and work with Minister Hunt on savings in the system. He's come up with some good ideas here. So, for example, he has managed to negotiate some savings with the people who manufacture prostheses. That's how he intends to deliver on cheaper hip replacements.

But he's got cost control when it comes to doctors' fees. They've been in many ways frozen for nearly five years now. That's not the problem in the system. The biggest problem in the affordability of private health insurance is the amount that's going into the pockets of the for-profit insurers.

Now I've spoken to the Minister about this. The genie is not going back in the bottle. Medibank Private is in private hands. The industry is now 60 per cent for-profit. But somewhere along the line, we need some honesty in these discussions. We applaud the Minister for trying to increase the size of the insurance pool. We need plenty of healthy people contributing to the insurance pool, but somewhere on the line he's not going to be able to wave a magic wand. We need serious reform which addresses the simple fact that the costs will continue to increase year on year.

LINDA MOTTRAM: The other big issue of course is transparency, people just knowing what they're going to get when the unfortunate health event hits them. The Government's proposing new categories: gold, silver, bronze, and basic. Do you have any confidence that that will improve transparency?

MICHAEL GANNON: Well, what's absolutely essential is that we do so. There are too many tricks in the current system, too many carve-outs, too many caveats. Too many people who find out they're not covered for the first time when they're actually sick.

We went to the Minister and said we want to get rid of junk policies. We're not overly excited about the idea of maintaining basic, but he came back to us and other stakeholders and said, 'look we need to do something about affordability'. So I think, at least for now, we're stuck with basic.

But as long as people know what they're getting, as long as there's no tricks on clinical definitions. People shouldn't need to be six months into a medical degree to know what they're actually covered for.

We want to see an end to policies that only give cover in public hospitals. We want to see an end to the tricks and the games. But if there is some regulation about clinical definitions, if there is- very simply, if there are rules that stop the insurer selling a product that, when people actually get sick and want to use, they then find they're not covered, well then we will cautiously support the maintenance of basic. We want to see people know what they've paid for so that when they, or their loved ones are sick, they don't get a nasty surprise.

LINDA MOTTRAM: The AMA President, Michael Gannon.

13 October 2017

CONTACT: John Flannery	02 6270 5477 / 0419 494 761
Maria Hawthorne	02 6270 5478 / 0427 209 753

Follow the AMA Media on Twitter: http://twitter.com/ama_media

Follow the AMA President on Twitter: <http://twitter.com/amapresident>

Follow *Australian Medicine* on Twitter: <https://twitter.com/amaausmed>

Like the AMA on Facebook <https://www.facebook.com/AustralianMedicalAssociation>