

**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/>



**AMA WELCOMES GOVERNMENT REFORMS AS GOOD START TO BRINGING MUCH-NEEDED TRANSPARENCY, CLARITY, AND AFFORDABILITY TO PRIVATE HEALTH INSURANCE**

AMA President, Dr Michael Gannon, said today that the range of private health insurance (PHI) reforms announced by the Government provide a long overdue opportunity to bring much-needed transparency, clarity, and affordability to the private health sector.

Dr Gannon said that Australia needs a strong and viable private health sector to maintain the reputation of the Australian health system as one of the world's best, but the reforms will need the genuine commitment and cooperation from all stakeholders to deliver real value and quality to policyholders.

"The framework for positive reform of the private health insurance industry is now in place," Dr Gannon said.

"The challenge now is to clearly define and describe the insurance products on offer so that families and individuals – many of whom are facing considerable cost of living and housing affordability pressures – have the confidence that their investment in private health delivers the cover they are promised and expect when they are sick or injured."

Dr Gannon said the AMA welcomes the decision by Health Minister Greg Hunt to introduce Gold, Silver, and Bronze categories for PHI policies and that standard clinical definitions will be applied.

"Importantly, the changes will provide better coverage for mental health services and for people in rural and regional Australia.

"The AMA advocated strongly for standard clinical definitions on behalf of our patients. What we need to see now is meaningful and consistent levels of cover in each category.

"While we had called for the banning of so-called junk policies, we will watch closely to ensure that any junk policies that remain on the market are clearly described so that people know exactly what they are buying and are not subject to unexpected shocks of non-coverage for certain events or conditions.

"Basic cannot mean worthless.

"We will continue to call out any misleading products in our yearly report card.

"Other areas that will need further investigation include the fine detail of the new prostheses arrangements, how and at what level pregnancy will be covered, and the review of low value care for things like mental health and rehabilitation.

"We welcome the removal of coverage for a range of natural therapies such as homeopathy, iridology, kinesiology, naturopathy, and reflexology, which the Chief Medical Officer has rightly declared as lacking evidence or efficacy."

Dr Gannon said the AMA has concerns about the possible direction of ongoing work on out-of-pocket costs and the review of privately insured patients being treated in public hospitals.

“We will be pushing for the expert committee considering out-of-pocket costs to broaden its review beyond doctors’ fees.

“Doctors’ fees are not the problem – 95 per cent of services in Australia are currently provided at a no-gap or a known gap of less than \$500.

“The out-of-pockets committee must instead focus on the issues that leave patients with less support such as the caveats, carve-outs, and exclusions; hospital costs; and inconsistent and tricky product definitions.

“We will of course support efforts to rein in unacceptably high fees in the small number of cases where they occur.

“And we will be vigilant on any moves to deny private patients access to care in a public hospital. This is a critical and complex area that needs careful consideration. It is especially critical if the Government is going to promote basic and public hospital only cover.

“We are glad that the Government has listened to the AMA on Second Tier, an important defence against managed care.

“We welcome the enhanced role of the Private Health Insurance Ombudsman to address many of our patients’ concerns about their private health coverage.

“The AMA will work cooperatively with the Government and other stakeholders to ensure that the reforms announced today deliver the desired outcome of greater transparency, clarity, affordability, simplicity, and fairness of private health insurance.

“We need to maintain the benefits we get from the balance between a strong public health sector and a strong private health sector,” Dr Gannon said.

---

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](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>