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Transcript:

AMA Vice President, Dr Tony Bartone, with Paul Kennedy and Ali Moore
ABC TV News Breakfast
Wednesday 17 January 2018

Subject:

Private Health Insurance

PAUL KENNEDY: Let's return to our top story now about a rise in health fund premiums. The Australian Medical Association says private insurers should be focused on making their policies worthwhile.

ALI MOORE: To discuss this, the AMA's Vice President, Dr Tony Bartone, joins us now in the studio. Good morning, welcome to the program.

TONY BARTONE: Morning, Ali.

ALI MOORE: Greg Hunt says we're on track for the lowest insurance premium increase in about a decade. Albeit, it's still going to be double the inflation rate, but that's good news, isn't it?

TONY BARTONE: Any increase on a product that's not offering value to its consumers has got to be a concern, and that's what we've really said here. We've been asking for better value products, not products that actually increase in cost.

Consumers and patients alike are making decisions based on information, and then purchasing products and then finding they're not covered for what they thought they were covered for, or there are exclusions or restrictions on those policies. We need better value in those products before we can talk about any increase. We need sustainable private health insurance, and if consumers are making decisions to opt out based on further increases on a product that they see of little or no value, well, that's only bad for the health industry as a whole.

ALI MOORE: So, are you suggesting that the Government should be forcing a restructure of the products offered? And there is a vast array of products, it has to be said.

TONY BARTONE: And that's exactly right. There are so many tens of thousands of policies out there. It's extremely confusing. You'd need a double degree to actually work through all that, and then at the end of the day, you still might not be correct.

We need - there is a review, there is a roundtable at the moment, but we need all parties to get together and to come out with a process that actually makes it very clear to the consumers what they're getting, that offers them value for money, and offers them an insurance that gives them the cover they need, when they need it.

PAUL KENNEDY: Is it possible that at some point we're underrating the ability of people to work that out for themselves and that people are making those decisions, and that's why some are opting out?

TONY BARTONE: No doubt many are opting out because of a bad experience. They've come to use their product that they've been paying for for many, many years, and then find, when the crunch comes, they're not covered or they're significantly out of pocket.

This is about ensuring the long-term viability of the private health insurance area and the private health area as well, to make sure that we're taking the burden off the public hospital system. A necessary part. The two work hand-in-hand, like hand in glove, and we need a really good functioning private hospital area to take the burden, another option. The vast majority of elective surgery happens in private hospitals, and we need people not to opt out but we need them to maintain it. And where people have the ability, they should be facilitated in making that decision to keep that.

PAUL KENNEDY: We've known about these challenges for quite some time, so what is the problem? Who is at fault, who are you criticising here?

TONY BARTONE: It's not a question about criticising, this is about actually making it very clear that more needs to be done. Everyone's at the table, everyone has their specific little wish list or agenda, but we need to make sure that the Australian public, the Australian patients, are getting value for money. They're the ones at the end of the day that are left holding the baby - pardon the pun - and they need value for money. We don't need them opting out because that's, as I say, bad for everybody.

ALI MOORE: Is there an argument here to have, like we do in the superannuation industry, a default fund? Should there be a default insurance product that those people who just want a basic cover but they don't want something that's going to end up being a sham? So there is, across the industry, across providers, a simple product?

TONY BARTONE: What we've called for and what a number of other people have also supported is a simplification of the policies into a gold, silver, or bronze, so you know exactly that you're getting a premium product, a middle of the road, or another product. We don't need products that all they do is deliver a tax deduction and offer you nothing other than just a public hospital treatment. That's in nobody's interest. Junk policies do no consumer and no patient any worthwhile benefit, and we need to ensure that there is that clarity. And our gold, silver, bronze allocation with some having no excesses or no exclusions or no restrictions and others having a combination, but that's very clear, is in everybody's interest.

PAUL KENNEDY: You must have looked closely at different funds and what they offer and what they don't deliver. What's the big dud in the system? Is there something that crosses over different funds that people are constantly coming up against and realising that it's not what they thought it was?

TONY BARTONE: It's the fine print in particular, it's the exclusion for this particular surgery or that particular surgery. Pregnancy, for example, is not covered in a majority of policies and that in itself is a concern, when a vast number of the many thousands of pregnancies are unplanned, and leaving people having to make decisions then. It's about understanding that across all those things - and you're right, we do publish annually a private health insurance report card, we look through all those policies and we do an analysis - like mental health up until now has been extremely poorly done. It's being covered for surgery that you're never, ever likely to need or use, or it's because of your age or your gender. They're the types of things that really don't make sense, and patients and consumers need that information up front in a clear, concise, and manageable fashion.

ALI MOORE: It's not just premiums, is it that are a disincentive to people to join private healthcare. Because of the Medicare freeze for a number of years, you've also ended up with much higher out-of-pocket payments, even if you are insured, if you end up in a private hospital. And that puts people off.

TONY BARTONE: That's exactly right, Ali. Out-of-pockets is an issue for patients, and it's exactly as you say, because of years and years of freezes or very poor indexation...

ALI MOORE: [Interrupts] Well, it has to be said, the doctors and the anaesthetists have still been hiking their prices.

TONY BARTONE: But Ali, let me make the point that 86 per cent or more of services are at the zero gap and up to 95 per cent of all services are being provided at a known gap. So in that kind of environment, there is a really clear acknowledgement that we're doing our bit to try and ensure that private health becomes an affordable opportunity for all Australians. But when you've got a frozen rebate, when you've got insurers as well not indexing their rebates to their customers, it really makes for a very unhappy out-of-pocket experience.

ALI MOORE: Let's hope that those sitting around the table can actually come up with a simpler policy, because everyone who's gone out to buy a healthcare policy knows how complicated it can be.

TONY BARTONE: Gold, silver, bronze.

ALI MOORE: Thank you very much for joining us.

TONY BARTONE: Thank you very much.

17 January 2018

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