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MEDICAL INDEMNITY ARRANGEMENTS SHOULD BE STRENGTHENED, NOT CUT - AMA

Changes to medical indemnity arrangements could price some medical practitioners out of the market, force others to charge higher fees, or lead others to cease practising in some specialties or in rural areas, the AMA warned today.

The Government late last year announced a review of the Indemnity Insurance Fund (IIF) – a series of schemes designed to stabilise the sector during the indemnity crisis of the early 2000s - and a surprise cut in funding to the schemes.

Successive AMA Presidents, Professor Kerryn Phelps and Dr Bill Glasson, led negotiations on the IIF with the Government in 2002 and 2003 as the sector reeled from the collapse of insurers, HIH Australia and United Medical Protection.

AMA President, Dr Michael Gannon, said that the IIF has worked well for the past 15 years, and the decision to reduce funding was a shock.

“A secure, steady medical indemnity sector is essential to our ability to practise, and to maintain our focus where it should be – on our patients,” Dr Gannon said.

“At the height of the indemnity crisis, many practitioners faced uncertainty about the future of their practice, and blowouts in the cost of insurance premiums that would have made their practice unviable.

“In extreme cases, some practitioners were paying more than one-third of their incomes in insurance premiums, and others left the profession or left high-risk areas like obstetrics.

“The IIF has brought stability and certainty, so the AMA was taken by surprise when the Government announced a funding cut and a simultaneous review to these schemes in late 2016.

“We condemned the cut, and we condemned the decision being made ahead of the review taking place.

“Since then, we have had a change of Health Minister. I have engaged with Minister Greg Hunt extensively on this issue, and he has been very willing to listen and learn.

“As an obstetrician in private practice, I needed little encouragement to talk about indemnity and the threat the potential litigation poses to confidence and certainty in our working lives.

“Two of the three major providers are leaving the obstetric market in the United Kingdom and, in the United States, certain high risk areas of medical practice have been deemed ‘uninsurable’.

“The IIF schemes are a public policy success. They do so much more than subsidise premiums – they provide stability and a safety net for private medical practice, which has been buffeted by the freeze on Medicare rebates, changes to private health insurance, funding constraints, and patchwork reform.

“As a result of the AMA’s advocacy, the terms of reference and preamble for this review have moved beyond an ill-thought-out savings exercise, and seek to consider how we might improve the system.

“However, we are at a critical point in the review, and I urge all those who rely upon a medical indemnity system to speak in a strong, united voice in support of these schemes.”

Dr Gannon said that it is particularly important that all indemnity insurers should be required to provide universal cover.

“The universal cover arrangements are an important protection for patients,” Dr Gannon said.

“The AMA does not support a situation where an insurer, rather than a regulator, decides who can effectively practise in the medical profession. We would object strongly to any policy decisions that could allow an insurer to ‘price’ a practitioner out of the market.”

The AMA’s submission to the review can be read in full at

<https://ama.com.au/submission/ama-submission-first-principles-review-indemnity-insurance-fund-iif-and-each-schemes>

BACKGROUND

- Australia’s health system is very safe, but a very small number of patients are sometimes harmed in the process of receiving medical care.
- Roughly 2000 claims of negligence might be expected each year in relation to private medical practice in Australia, although there can be substantial variation from one year to the next.
- Since 2003, the Commonwealth has subsidised indemnity insurance premiums for medical practitioners in Australia, and provided financial assistance to indemnity providers and medical practitioners for high cost claims.
- Average medical indemnity premiums increased by 221 per cent between 1995 and 2005 (at an average rate of 13 per cent a year). The largest increase was in 2002, when the average premium rose nearly 50 per cent.

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