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**Transcript:** AMA President, Dr Michael Gannon, with Kathryn Robinson, ABC News 24, 21 August 2017

**Subject:** Private Health Insurance

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**KATHRYN ROBINSON:** The Australian Medical Association is calling on the Federal Government to outlaw so-called junk private health policies, enforce insurers to offer a minimum level of cover. Association President Michael Gannon says some funds are ripping people off, but private health funds warn more red tape will push up premiums. For more, Michael Gannon joins me now. Michael, thank you for your time today.

**MICHAEL GANNON:** Good morning, Kathryn.

**KATHRYN ROBINSON:** What's wrong with these so-called junk policies?

**MICHAEL GANNON:** Well, very simply, when you get sick or your loved one gets sick, that's when you want your health insurance to come to the fore. You have an expectation that at that time in your life - that when you're scared, you're vulnerable, you're desperate, you're suffering in one way or another - that you'll be able to see the doctor of your choice in a private hospital. And simply too many of these policies fall short of that mark.

**KATHRYN ROBINSON:** Shouldn't it, though, be a case of buyer beware?

**MICHAEL GANNON:** Well, I think that we would always encourage people to develop a literacy about the product they've paid money for. But we've counted something like 20,000 variations of different health insurance policies. They are deliberately confusing, it's bewildering for most people to understand the different caveats, exclusions, carve-outs, so we are working hard towards a simplification of these policies and that basic understanding that, if you get sick, there's a fair chance you're covered.

**KATHRYN ROBINSON:** You mentioned there you're looking at proposing simplification of these policies. Can you take us through what you are proposing with the gold, silver, and bronze levels of cover?

**MICHAEL GANNON:** Well very simply, what we want to see in bronze level cover is something that is workable, something that's worth more than the paper it's written on. If an insurance policy is designed purely to avoid a tax penalty, that's junk. If an insurance policy means that you can only get treatment in a public hospital and has other limitations, there's a fair chance that's junk. You very simply need a situation where if you get unexpectedly ill - and whether that's a mental health problem, a pregnancy for a reproductive aged woman, a hip or knee replacement for an older Australian - that you've got cover. And it means that people with private health insurance genuinely are contributing to universal health care. There's no use having private products that don't contribute to the wider health system.

**KATHRYN ROBINSON:** So are you suggesting that some of these policies have been developed purely so people can avoid the tax penalty?

**MICHAEL GANNON:** That is very much the case. There are too many policies that are barely worth it at all. So it's time that we work with the insurance industry, it's time we work with the hospitals, with consumer groups, to try and get an array of policies that are actually

useful. It's not a high aspiration to have an idea that when you get sick that you're insured, and you get the care you need when you need it.

**KATHRYN ROBINSON:** Is there a risk, though, that an added layer of red tape would push the price of premiums up?

**MICHAEL GANNON:** Well, simply, we've got an industry that's facing a crisis. Because too many patients are copping onto the fact that they're not getting value for money. You are better off paying a small amount extra to have a policy that you can use. It is the case that people will compare private health insurance with the fabulous free product available down the road in public hospitals. We need to provide it so that people know they're getting some extra if they're paying for their out-of-pockets.

**KATHRYN ROBINSON:** Dr Michael Gannon, AMA President. Always good to talk, thanks for your time today.

**MICHAEL GANNON:** Thank you, Kathryn.

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