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Transcript: AMA President, Dr Michael Gannon, with Fran Kelly, ABC Radio National, 23 August 2017

Subject: Private Health Insurance, Asylum Seeker Health

FRAN KELLY: When it comes to your concerns - voter concerns - health and hospitals are almost always ranking at the very top. But in recent years it's become a very contested policy area for the Turnbull Government, the whole area of health. Putting it at odds with doctors groups such as the Australian Medical Association. The proposed Medicare co-payment - remember that? The freeze to doctors' rebates - remember that? The cuts to pathology and MRI bulk billing incentives, have caused a lot of political grief for the Government.

Today, at the National Press Club, AMA President Michael Gannon, will outline the major reform areas that need to be tackled ahead of the next Election, which includes hospital funding and the proliferation of private health insurance policies - many of which Dr Gannon has said are little more than junk. Michael Gannon is in our Parliament House studios. Michael Gannon, welcome back to Breakfast.

MICHAEL GANNON: Good morning, Fran.

FRAN KELLY: Let's go to private health insurance first. I'll come back to some of the other issues that you're dealing with today, a bit later. But you say, in your speech today, you're very concerned about the future of private health insurance. What is the problem here? Does it come down to the cost? To the five to six per cent increase in premiums approved by the Government every year, is it just too much money for people to pay?

MICHAEL GANNON: I think you've hit the nail on the head, Fran. In a time when real wages growth is low, when cost of living pressures are increasing, private health insurance is seen as a luxury by people who think of the five to six per cent increase year-on-year and sometimes compare the private system unfavourably with the free public system down the road.

FRAN KELLY: Yeah well, it's a luxury that Government policy means many of us have to have or, if we don't, we pay a tax incentive anyway. It's costly. I mean, some people pay $400 a month for it, others pay something like I think a minimum one is $32 a fortnight - so what's that $65, $70 a month? Which is not nothing for people. But you're suggesting that they're actually getting not much for it. You've classed some of these policies as junk. What's a junk policy look like?

MICHAEL GANNON: Well, a policy that achieves nothing more than giving you a tax break and avoiding the tax penalty but gives you no better care than what you can get for free in the public system. That could be classed as junk. Some of the policies which limit people to care in a public hospital - again, giving them no possible advantage over the free system - that might be junk. And too often with the other policies, we see exclusions and caveats based on people's care, the care they can receive, so that they're questioning its value.

FRAN KELLY: Well, there are some - I've been looking through some of the examples - there are some incredible exclusions and caveats aren't there? In terms of having- being able to pay the cost of having a baby when you're a certain age group. I mean, why- all these sorts of

things come as a surprise to people when they pay a lot of money every month. What's the worst example you've seen or heard of?

MICHAEL GANNON: Well, the good news is that when we identify these examples the loop holes get closed fairly quickly. So, that's an important part of advocacy but there are examples where people are covered for care that they can't even conceivably ever need. The truth is that men don't need reproductive health cover. But there are just too many individual stories of people finding out - after the event, after they've made it all the way to the doctor's office - that they're not covered. Those stories come back to us from our members, every single day.

FRAN KELLY: And what's the danger of this in your view of - this figure's been around a few days now - there are more than 20,000 different types of private health policies. What's the danger of these ones that are basically junk?

MICHAEL GANNON: Well, the greatest danger is the loss of the reputation of private health insurance and the diminishing importance of that essential pillar of our health system. Seventy per cent of elective surgery gets done in private hospitals. They are very efficient deliverer of certain kinds of medical care. And if we look at our health system in Australia, it in many ways provides the perfect balance between the two extremes. And I can't help but compare our health system to the American system of managed care which leaves 30 odd million Americans without any health cover and their private health patients having some of the most expensive care in the world. And the British health system, which is labouring under a huge massive bureaucracy, not being able to deliver the efficiencies that the private system does in Australia.

So, what I've said to Minister Hunt, what I'll say to everyone in the House is that we need to find the right policy levers to pull. We can't junk a system that provides a reasonable amount of balance.

FRAN KELLY: Okay, let's go to the right policy levers. Because a couple you've suggested; one is for the law to be changed to ensure all policies contain a minimum level of cover. Won't that just make policies more expensive?

MICHAEL GANNON: Well, we've got to be careful on that. But the point of insurance is to share risk amongst an equalisation pool. So, for example when we come out and say that you need mental health in basic policies, you need palliative care in basic policies, you need reproductive health pregnancy cover in basic policies, if that's shared across the entire equalisation pool, the actuarial modelling suggests that it wouldn't increase the cost of basic policies too much. The greatest problem for private health insurance is the reputational problem it has because too many of these individual stories of people getting tricked or caught out are out there.

FRAN KELLY: Another way you see through this maze, this confusion, of the 20,000 policies, is to have a rating system. A simple gold, silver, bronze category, so you know which system you're signing up to and they're basically uniform. Which, apart from sort of free marketeering and different companies wanting to offer different things is one problem I suppose but how would that help?

MICHAEL GANNON: Well, what we're interested in is transparency and fairness. And the AMA is participating in a Ministerial advisory committee with the private health insurers, with the hospitals, with consumer groups, day hospital representatives, to try and come up with the right suggestions to hand to the Minister. It's a difficult policy area but one of the things the AMA is determined to do is to make sure that there are- that whatever is called bronze has a minimum level of cover and as you move up to silver or gold policies, that they are fair, that they're transparent and they're understandable to the average person in the street.

FRAN KELLY: And yet as you recommend some kind of rating system for the private health insurers in your speech today, you'll be pushing back against any kind of star rating system for doctors. The private health industry - or some of those companies within it - are interested in allowing customer testimonials to be put up, looking at some sort of star rating. And you're saying no, that's not appropriate. Why not?

MICHAEL GANNON: Well, I wouldn't call gold, silver, bronze a rating system. That's probably just a division that's understandable to most Australians which adds to the transparency. In terms of what you're talking about - a doctor rating system - medical care's a whole lot more complicated than rating your latest restaurant meal or your latest Uber ride; the quality and safety mechanisms that underpin care in hospitals, the level of skill and determination that's required by medical ethics to deliver the best possible care. I'm far from convinced that giving the insurers information on how rude someone's receptionist is or how good their magazines are define the quality of health care.

FRAN KELLY: Do you think that the product being delivered by the industry overall, even as the industry has grown, has diminished? Because in your speech today, you point out the industry was once dominated by mutual insurers who had members, to for-profit organisations that have policy holders. One of our listeners has written in and said when the Government sold Medibank for short-term cash we lost our last [indistinct] of industry insight and control. I mean, are- have you seen a shift in the industry which you think is not benefiting, let alone doctors but the consumers?

MICHAEL GANNON: Well, I think one thing that needs to be stated is that while many healthy people are questioning the value of private health insurance, the industry's own data suggests that most patients are very satisfied with their care in private hospitals. So that's why it's important that we don't junk something that's working reasonably well. But that is right, the industry is now dominated by for-profit companies that have a fiduciary responsibility to deliver a dividend for their shareholders - that's a fact of life. And that is- there's no problem with that, as long as they don't deliver their profits on the back of reducing services to patients, and perhaps more importantly for those of us who have a long-term view of our health system, threatening the contribution that private health care makes to universal health care.

FRAN KELLY: You're listening to RN Breakfast, it's 24-past eight. Our guest is Dr Michael Gannon, President of the AMA.

Can I ask you about another issue that's been in the news this week? Refugee advocates claiming that there's around 50 asylum seekers and refugees currently held on Nauru being denied access to what's described as urgently needed medical treatment overseas. The group includes three women who are apparently seeking to terminate pregnancies. Abortion is illegal on Nauru. You're an obstetrician and a gynaecologist, what's your advice? Should these women be brought to Australia without delay?

MICHAEL GANNON: Well, this is an extremely complicated and contested area of health policy and one of the things I won't do is claim to be an expert on matters of migration. The AMA only speaks on the health care of asylum seekers and refugees. The reason this area is so complex is that …

FRAN KELLY: [Interrupts] We are talking about the health care of refugees, aren't we?

MICHAEL GANNON: Yes, we are, yeah. And it's very important to state that the Department of Immigration and Border Protection through agencies and contracts has delivered a very high level of health care. Now, of course, it's actually very difficult for them to provide a type of health care that is illegal on the island of Nauru. This becomes a complex policy area. Let's call the facts out, Fran, when a patient is transferred to the Australian mainland, they normally have refugee advocates, refugee lawyers claiming asylum on the mainland of Australia once they're here. So, it is …

FRAN KELLY: [Interrupts] Is that any reason not to let them come to have treatment, though, I mean, if treatment's required? It's a balance.

MICHAEL GANNON: No, not at all, Fran. That is quite right. We cannot deny people appropriate levels of health care on the basis that that's what happens when they get here. But this is a difficult, keenly contested and complex area of public policy. But put very simply, the principle that that AMA would have is that if an appropriate medical treatment cannot be either legally supplied, applied, if there are not the resources in Papua New Guinea or Nauru, then those patients do have to be transferred to the Australian mainland whatever the consequences.

FRAN KELLY: Michael Gannon, thank you very much for joining us.

MICHAEL GANNON: Thank you, Fran.

FRAN KELLY: Dr Michael Gannon is President of the AMA.

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