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**PRIVATE HEALTH FUND PROFITS GROW WHILE PATIENT CHOICE AND POLICY VALUE SHRINK**  
*AMA Private Health Insurance Report Card 2018*

AMA President, Dr Michael Gannon, today warned that changes being pursued by Australia’s biggest private health insurers will reduce patient choice of doctor and hospital, and leave policy holders questioning the value of their significant investment in private health insurance.

Launching the *AMA Private Hospital Report Card 2018*, Dr Gannon said that recent announcements from Bupa, one of Australia’s largest health insurers, will significantly reduce patient choice in obtaining the best possible care for their illness or condition, and signal a broader push by the health insurance industry to intervene in the doctor-patient relationship.

“The big insurers are pursuing a US-style managed care agenda to save costs and further increase profits by making it harder for patients to receive care from the doctor they want in the most appropriate hospital for their condition,” Dr Gannon said.

“Bupa’s new arrangements, which only provide maximum benefits for patients in hospitals with Bupa contracts, undermine the role of the doctor in providing and advising the most appropriate care - and could ultimately drive up out of pocket costs for patients.

“Public confidence in private health insurance is already at an all-time low. These changes will further devalue policies, which are a major financial burden for Australian families, and will place dangerous pressure on the already stressed public hospital system.”

The *AMA Public Hospital Report Card 2018* provides an overview of how private health insurance should work to benefit patients, and explains how proposed new arrangements will result in less choice and value for policy holders.

Dr Gannon said that the Report Card shows that there are a lot of policies on offer that provide significantly varying levels of benefits, cover, and gaps.

“There are also a lot of policies on the market that will not provide the cover that consumers expect when they need it,” Dr Gannon said.

“If people have one of these ‘junk policies’, they should consider carefully what cover they really need.

“The Government has undertaken some important reforms to private health insurance to help people understand the different conditions that each policy category – gold, silver, bronze, and basic – will cover.

“The funds must not be allowed to sabotage these reforms.”

The Report Card shows that some insurers perform well over all, and some only perform well for certain conditions.

It reveals that the same doctor performing the same procedure can be paid significantly different rates by each fund, which is often the untold story behind patient out of pocket costs, despite there being high levels of no gap and known gap billing statistics.

The latest APRA statistics show an overall no gap rate of 88.1 per cent and a known gap rate of 7.3 per cent.

Dr Gannon said the medical profession is working hard to ensure patients receive value for money.

“The AMA Report Card provides patients and consumers with easily understood information about the private health insurance industry and how it works, which will help them make informed decisions when buying a policy,” Dr Gannon said.

“Our Report Card shows that the profits of the insurers continue to rise, the growth of policies with exclusions continues to grow, and policy holder complaints continue to rise.

“We explain what insurance may cover, what the Medicare Benefits Schedule (MBS) covers, and what an out-of-pocket fee may be under different scenarios.

“We also highlight the frustrating fact that what an insurer pays can vary from State to State – even within the same fund.

“To help consumers better understand what they are buying, we set out the percentage of hospital charges covered by State and insurer, and the percentage of services with no gap, State by State.

“There is also a breakdown of the complaints received by provider and organisation, which shows that the number of private insurance complaints are significant, and on the rise.”

The most recent private health insurance premium increases take effect from 1 April.

The data in the *AMA Private Health Insurance Report Card 2018* is publicly available – drawn primarily from the Australian Prudential Regulation Authority (APRA), the Private Health Insurance Ombudsman, and the insurers’ own websites.

The *AMA Private Health Insurance Report Card 2018* is at <https://ama.com.au/article/ama-private-health-insurance-report-card-2018>

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