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**Transcript:** AMA President, Dr Michael Gannon, Doorstop Interview, Perth,  
 Monday 26 March 2018

**Subject:** AMA's 2018 Private Health Insurance Report Card

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**MICHAEL GANNON:** Thank you all for coming to the launch of the AMA's Private Health Insurance Report Card. Every year, we produce a report card using the industry's own data, using Government data, data from APRA – the insurance regulator – to shine a light on the industry. There's a lot of focus every year on the cost of private health insurance, the cost of premiums, but we would ask consumers to focus on the outputs, to look at exactly how much money goes towards their health care, and this document should help consumers have a look and give some thought to where they might get the best insurance product for them and their loved ones.

**JOURNALIST:** Can you tell us what insurance products gives best bang for your buck?

**MICHAEL GANNON:** Well, what we see here in the Report Card is a comparison of the different insurers according to their own websites. One thing it makes obvious is that the insurers often pay a different schedule of fees for patients in different States. Sometimes we see other variations within products. What we're trying to do here is to make the system and the insurance products on offer less confusing. We know that there are more than 20,000 policy variations. So it's not our job to pick winners, but we would encourage consumers to have a look at the AMA website, to have a look at the Report Card and to get some sort of idea whether or not their insurer is likely to deliver for them if and when they get sick.

**JOURNALIST:** Can you tell us who's at the top of the Report Card and who's at the bottom?

**MICHAEL GANNON:** Well, if you look at the Report Card, you'll see that there's even variation amongst different procedures. So, some insurers might be better for general surgery; others better for orthopaedic surgery; others better for maternity, for obstetric care. There's great variation in what works. It is too simplistic to say that the mutuals deliver a better product than the for-profit insurers. But what the Report Card also shows is that, year on year, we see growth in the profits of the for-profit health insurers, at the same time that the number of exclusions in their policies increases.

**JOURNALIST:** And what's your reaction to yesterday's claims that doctors are overcharging patients by quite a lot?

**MICHAEL GANNON:** What we saw yesterday was the industry try again to deflect the blame from the failure of their products. If you look in the report at complaints made to the Private Health Insurance Ombudsman, you will see that only a small number of complaints are about doctors and dentists. The majority of complaints are about the insurers. Yesterday's publicity about the AMA list of fees only goes to prove the point that the AMA list of fees does increase year on year in line with inflation. The AMA list of fees started in the mid '80s as the list of common fees, and what we've seen over 30-plus years is governments failed to invest in the rebates returned to patients. What we've seen is the insurers fail to index their schedules in line with inflation. Now, the AMA list of fees is an important document, because it gives some sort of idea of the true cost of health care, but the vast majority of doctors discount their fees every day – either through bulk billing or through use of no gap schedules. Eighty-eight per cent of procedures are provided at the no-gap level; another 7 per cent at known gap of less

than \$500. The insurers like to fling mud at doctors. Doctors reduce their fees every day to reduce out-of-pocket expenses for their patients.

**JOURNALIST:** You had insurers flinging mud at doctors yesterday and you're having a bit of a crack at insurers today. Is this tension between the two groups any good for patients that are already feeling some angst over what is a confusing realm?

**MICHAEL GANNON:** I am keenly conscious that every time we shine a light on the failure of the health insurers to deliver a decent product, we diminish the value proposition of private health insurance and we threaten the viability of the private hospital system in Australia. So, we have to be very, very careful every time we talk on these matters. The truth is that there are a lot of stakeholders in this. The private hospitals have a stake; the insurers have a stake; Australia's doctors have a stake; without doubt, Australia's patients have a stake. The private system delivers 70 per cent of the operations and procedures in Australia; 30 per cent of the births; a huge provider to mental health and palliative care; delivers across the system. It's a key plank of universal health care. We take no pleasure in diminishing it in any way.

**JOURNALIST:** Do you think rather than having a crack at one another, there's the prospect of working together a little more closely to improve transparency in the sector?

**MICHAEL GANNON:** Well the AMA, other doctors' groups, the insurers, the hospitals, have worked together with Greg Hunt's Private Health Insurance Ministerial Advisory Committee. We don't agree on everything, but overall there's been a mood of general consensus, trying to move the industry forward. That's why Minister Hunt and the AMA were so disappointed when Bupa, Australia's largest private health insurer, announced its latest changes, which make the system even more confusing for individual Australians. We want to work with the insurers, we want to work with the hospitals, we want to work with other stakeholders to make the private system work, but we will not let for-profit companies – especially overseas multinationals – dictate how the Australian health system runs.

**JOURNALIST:** You've raised issues with Bupa a couple of times now. Is that one insurer that you'd encourage people to avoid?

**MICHAEL GANNON:** Well, I think that what the Report Card does is give patients the information to make their own decisions. It's not our job to pick favourites. We will not do that. But unlike the comparator websites – who, for what it's worth, are also bleeding money away from patient care with the commissions paid to them – this is just collating the industry's own data and showing it to patients, and asking patients to focus not so much on a cheaper premium, not so much on a pair of gym shoes, but the real value proposition of private health insurance: being looked after when you get sick and you need treatment in hospital.

**JOURNALIST:** You mentioned about the comparative websites taking money away from patients as well. What needs to be done so that patients can save money?

**MICHAEL GANNON:** Well, the comparator websites have their value and consumers vote with their feet, but I think that maybe another area of action for government is to shut down the huge commissions paid to the websites. In an ideal world, 99 per cent of the money which people pay in private health insurance premiums would be returned back to them through the insurance pool. What we're seeing increasingly is a for-profit industry where money goes to overseas shareholders and to commissions, and is diverted away from care of patients. We want to see every cent possible go back to looking after human beings when they get sick.

**JOURNALIST:** What advice would you give to people who are weighing up whether private health insurance is for them, and given whatever conditions they have, is this Report Card something that they could turn to, to get a bit of explanation and a clearer, simpler idea of how that system works?

**MICHAEL GANNON:** I would encourage consumers to use their preferred search engine to look up the AMA website and go to the Private Health Insurance Report Card. You can move insurers, if that's your wish. Obviously, we see on 1 April every year the changeover and the increase in premiums. We understand the fact that the health insurance premiums go up every year, often at a significant multiple of wages growth. We are proud to say we've got a fabulous public hospital system in Australia, but the reality is that users of the private hospital system will give account to its quality. And, moves by the insurance companies that have the effect of wrecking the crucial contribution that private hospitals make to universal health care- we are greatly concerned about the actions of some of the insurers which are eating away at that value proposition and eating away at the quality of our health system.

**JOURNALIST:** Just quickly on a different topic. There's calls to ban cartoon characters from being used to promote junk food. What are your thoughts on that?

**MICHAEL GANNON:** Well, we know that the food industry has shown itself to be incapable of self-regulation in many of these areas. We know that they use loopholes to get past restrictions on advertising during children's television and advertising during sports broadcasts. We encourage a society where people are able to make their own choices, but we have a problem with obesity. It is our major preventive public health problem. We need to look at everything which could work. So whether that is advertising restrictions, food labelling, better access to sport and recreation facilities, obesity needs to be attacked as a public health issue in a whole number of ways.

**JOURNALIST:** Thank you.

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