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Transcript: AMA President, Dr Omar Khorshid, ABC News Radio, *Weekend Mornings with Steve Chase*, Saturday, 26 September 2020

Subject: Private health insurance

STEVE CHASE: Well, if you have private health insurance, you might know that some of the biggest private health insurers will start charging higher premiums from this coming Thursday, a move which was delayed from April due to the coronavirus pandemic. This comes at a time when many Australians are feeling the financial effects of the pandemic and the recession which has resulted, and the higher cost of private health insurance may lead to more people dropping out of the system altogether.

The Australian Medical Association has today released their *Private Health Insurance Report Card* for the year, which takes a look at the complexities of the system and how it's tracking. Joining us now is Dr Omar Khorshid, who is the President of the AMA. Thanks for joining us, Doctor.

OMAR KHORSHID: Good morning Steve.

STEVE CHASE: This Report Card has just been released, and it was found that fund membership is continuing to decline. Can you elaborate on that for us?

OMAR KHORSHID: What we've seen unfortunately is now 20 consecutive quarters, so that's five years of a declining proportion of Australians who have decided to take up private health insurance. And the biggest problem with that is it's actually young and healthy Australians who are opting out of private health insurance, rather than those actually likely to make a claim.

And for years, the funds have been saying that it's medical gaps that are driving people out of private health insurance. But what we've found is it's actually young people who haven't yet made a claim who don't see the value and are pulling out, and that creates huge pressures within the system.

STEVE CHASE: Can we say whether the decline has been accelerated by the spread of COVID-19 and the resulting recession?

OMAR KHORSHID: We've certainly found an ongoing decline and, by the time COVID-19 is over, we're expecting to see a further, sharper drop in the proportion of Australians insured, simply because of the affordability issue - particularly for young Australians who are either out of work or found themselves with less work than they would like, making this expensive, but important purchase, just out of reach for them.

STEVE CHASE: Now, I've mentioned that the premium rises for some private health insurance companies is due to kick in from the beginning of next month which is next Thursday. Are you concerned that this may lead to further people dropping out?

OMAR KHORSHID: We are concerned by that and that's why we've made a call on the Government, hopefully in this upcoming Budget, to make some changes to make this whole product more attractive to young Australians, with the aim of keeping those who choose to take up insurance in the product throughout their working lives. So, they join it when they're young, they stay insured right through their life until they're old.

To do that, we need to see changes to some of the things that were brought in in the Howard Government years that really saw the proportion of Australians insured go up rapidly. Australians received a 30 per cent rebate on their insurance. There were a number of other tweaks, some sticks and some carrots, which actually made it a no-brainer, a really easy decision for many Australians to

become insured. But over time the economics have changed, the demographics of the population have changed, and we're seeing that drop in insurance now over the last five years.

STEVE CHASE: Are you able to tell me whether or not the AMA has specifically asked the Government to tweak, as you say, those incentives? There's already I think, what, a one-third rebate that people can get if they continue their insurance. Is that the sort of thing you'd like to see in the Budget?

OMAR KHORSHID: We would like to see changes in this Budget. So, for instance, the 30 per cent rebate has actually dropped down to about 25 per cent on average over the last few years due to the means testing of the rebate.

There's a number of other rebates that aren't working the way they used to. There's something called lifetime health cover loading, which is a penalty that you have to pay if you join too late, so that those who've done the right thing and joined when they were young do receive a benefit. There's the Medicare levy surcharge, which is the penalty you pay if you're not insured, if you earn above a certain amount.

And there's a couple of other things that we think need to be fixed, including further discounts for young people, because really they're the people we need to see in the insurance product in order to make this fairly unique Australian health insurance product continue to be one of the best products in the world.

STEVE CHASE: You've outlined there what you'd like the Federal Government to do. What about your own members? I know you're a surgeon, and I suppose that some of these conversations you have about the cost of procedures with your patients are pretty difficult. But some detractors might say that the scheduled fee, a lot of the things that surgeons, not specifically surgeons but practitioners charge, is quite high.

OMAR KHORSHID: We certainly know that the gaps that Australians face when it comes to paying medical bills are a problem, and we do also know the reasons behind it. One of them is that the Medicare rebate has been never properly indexed since it came in. In fact, it was frozen. Australians received no extra money back from the Government for their medical costs for a period of five years, even six years for surgical procedures. That's one of the reasons why there has been a growing gap over the years.

But the numbers that are out at the moment do show us that 97.7 per cent of medical services are actually provided with no gap or the relatively smaller known gap. And that's a really high proportion. So, the number of Australians facing what we would call unreasonable, or sort of on the high-end gaps, is actually very, very small, and that's a good thing.

But it's still something that is within the power of the consumer to choose, because you should be seeking a formal quote before you go forward with a surgical procedure. The AMA has a guide for informed financial consent. And if that quote isn't satisfactory then we do know that there are plenty of other doctors you can go to, to seek other quotes from.

STEVE CHASE: And finally and quickly, do you mind me asking you a personal question: do you have private health insurance?

OMAR KHORSHID: I do have private health insurance, and I believe it is not just good value for me and my family, but I think it's the right thing to do. What it means is that I can access the private health system if I need it. I can also go to the public health system, but my spot in the public health system is therefore available to somebody else who can't afford the insurance, and I think that's a good thing.

STEVE CHASE: Dr Khorshid, good to talk to you. Thank you.

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