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Transcript: AMA President Dr Tony Bartone, HIT101.3 Central Coast, *Breakfast with Gawny and Ash Pollard*, Tuesday 30 July 2019

Subject: Private Health Insurance

ASH POLLARD: To give us the lowdown on the pros and cons of getting rid of private health [insurance], so we have on the line Tony Bartone, the President of the Australian Medical Association. Good morning, Tony.

TONY BARTONE: Good morning to you.

ASH POLLARD: Now I'm nervous about this, but my co-host here, Gawndy, he's dumped it, he's got rid of his private health. Should I?

DAN GAWNED: I haven't noticed much of a difference, to be honest, Tony.

TONY BARTONE: Well, look, this is the point -that many, many young Australians in particular are considering and making that choice every day. What we've known is that, year on year, and especially in the last year, younger members of the community are making exactly that decision. And it's because they've made a considered weighting of the cost of the premium - which is going up year on year - and the utility and the transparency, and, I suppose, the confusion also that is the product that's called private health insurance.

They're young and they're relatively healthy, and they're saying: "you know what, we've got a really good public system in Australia, one of the best in the world, and if I do need anything, I'm going to take the risk." Basically with insurance you see, it's about risk. I'll take that risk. It's a low risk, but I'll take that risk and I'll rely entirely on the public system.

Unfortunately, the public system is clogged, is suffering under enormous stress and strain, and, except in extreme emergency and really urgent cases, you're then sacrificing the option of choice of doctor, and choice of time and facility for winding up in an overstretched and overstressed public health system.

So that's really the question that every young Australian is making at the moment. Paradoxically, at the other end of the scale, middle-aged and older Australians are making the decision to join private health insurance in droves, and that is what's also causing, because of the community rating principle, basically causing an also- an increase in premiums across the board.

So we've got this product that doesn't really tell everybody what it covers them for, doesn't deliver value, and doesn't deliver utility for a number of Australians. So of course, we're finding that people are opting out.

ASH POLLARD: What I only discovered the other day was that a few of my friends have private health for when they go in and have a baby. And my girlfriend just had a baby the other day, and I said, how was it? Because you get the nice room, you get to choose your doctor, all the bells and whistles, but you have to actually pay extras on top of that for things like an epidural, the obstetrician, paediatrician. So it's not- I mean, you still got to pay for the hospital cover, but then you have to pay more on top of that.

TONY BARTONE: So, this is the other side of the equation as well. What's been happening year on year for many, many years now is that the MBS - the Medicare Benefits Schedule - and then often the allied [health] rates at which the funds pay for cover, for procedures, for care in private health

care, has been frozen or not keeping- not being indexed appropriately. And so there's been a gap opened up unnecessarily because of that lack of keeping pace with the cost of providing the case. So that's number one.

And, number two: funds, to try and keep the premiums down, have been making exclusions, or restrictions, or reductions in what the insurance product covers. And so we're finding that a number of Australians think they're covered for something, but when it comes to the final crunch - usually when making their claim - find out that actually their insurance product didn't cover for that.

ASH POLLARD: It's misleading and confusing.

DAN GAWNED: Yeah. You've got to read that fine print. That's something I'm not great at. You find out afterwards you need to go through it with a fine tooth comb. But is there any chance they're going to drop the premiums, looking at the numbers of people not signing up or not? Are they just going to continue with the increase each year?

TONY BARTONE: Look it's really- you know, we know that every year it does go up more than the cost of CPI, more than the cost of wage increases, and that's because there are drivers such as the ageing population, the increase of chronic and complex disease, the increased price of medical procedures in terms of technology, and new equipment and new medications coming to market. They're all cost drivers that keep pushing the premium and the cost of providing that care up.

So, we're unlikely to see it go down. What we need to see is an improvement in the product value in terms of what it covers, and the transparency. If people don't - it's not so much that they find that they're having put their hand in their pockets, it's finding that they have to put their hand in their pocket after the event, not knowing that they needed to.

DAN GAWNED: Which is what you mentioned there before, Ash. Which is what people are going to have to. Well we won't hold our breath on that, Tony. But, you know, hopefully at some point down the track it all comes into line. But very quickly, we have to get to the news, but just in one word: do people sign up to private health or not?

TONY BARTONE: Look, I still say that it is a worthwhile investment if you can afford it. It gives you that option, it gives you that choice, and it's about insurance, and you don't know what the future holds. We've got a beautiful public system, but you balance the risk with the reward.

DAN GAWNED: Okay. It's a long one word, but we love your answer. Tony, thanks for joining us this morning. Tony Bartone, from the AMA, President there. We appreciate your time and giving us that info.

TONY BARTONE: Thank you very much.

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