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Transcript: AMA President, Dr Tony Bartone, Sky News Live, *First Edition with Peter Stefanovic and Laura Jayes*, Thursday, 31 October 2019

Subject: AMA Private Health Insurance Report Card 2019; Productivity Commission interim report into mental illness

PETER STEFANOVIC: Well, the future of private health insurance is on life support. Premiums are increasing faster than wages, with young, healthy people increasingly opting out of insurance policies, leaving older, more expensive patients making up a higher proportion of the system. That's the message from the Australian Medical Association, which is today releasing its report card on health insurance. So, AMA President Tony Bartone joins me now.

Tony, good morning to you, thanks very much for joining us. So, you have released your report card, what are the marks?

TONY BARTONE: Good morning, Peter, and I think your introduction summed it up perfectly. We've had many years now where we've had consumers making a decision to drop their cover because of lack of affordability, increasing premiums, decreasing coverage, decreasing product utility, and of course that's just putting further pressure on the premiums, which leads to that vicious cycle. And we need to remember that the private health industry, the private health system, underpins access and equity in the public system. So, the more and more Australians drop out of private health, the more the pressure's on public health and the more the burden and that delay in accessing treatment will be. So, it's a perfect storm, we might say.

PETER STEFANOVIC: Yeah, and Tony, I mean, young people aren't daft, you know. They're spending a lot of money when it comes to private health that they don't generally need, and as you mention there, it's pushing up those premiums for elderly people. So how on earth does it survive?

TONY BARTONE: So, this is part of the complexity. If you understand all the issues, then we can look at the solutions. We need to make private health insurance more affordable and more value for the younger members of the community because it's an insurance product. That's what you do, you take it out as an insurance against the need for a [audio skip] and a convenience and in a certain time frame that you're looking for, which is not readily accessible in the public system. So we've got to bring back product value and affordability, we've got to look at discounts for the younger portion of the community. But we've got to look at bringing, as I say, product value back. And at the moment, there's just too many exclusions, lack of that transparency, that clarity that we talk about. And that's part of the report card, trying to bring some level of understanding and comparing premiums because it's still very complex. It can vary from State to State, depending which fund you're in, and so what you actually will get back can be a real minefield in terms of understanding from a consumer point of view.

PETER STEFANOVIC: But what are the chances of the insurance industry- what are the chances of them doing that? Because, you know, premiums are growing at twice the rate of wage growth, and it was even the other day- I think it was last week where [audio skip] simply

can't do that because hip replacements, I believe, correct me if I'm wrong, the costs are too high so they can't possibly bring it down.

TONY BARTONE: So we've got to look at all the drivers here. Everyone's got some role to play in terms of bringing back the whole system to a point of utility and affordability. Yes, costs are going up, but if we look at what the funds are actually paying out in terms of outlays to members for when they make a claim, 15 or 16 per cent of outlays are actually going out on administration and marketing and allied costs, so we've got to bring an increased proportion of what members pay as contributions back into outlays, back to the patients when they need to use it. We've got to look at all the other drivers and, of course, government has a central role here. Remembering that the MBS rebate, the Medicare rebate underpins a lot of the cost [audio skip] pocket. And basically the rebate's been frozen for essentially five years of the last six, and, over the course of the last 30 years, has fallen way behind the cost of providing that care. Then the private health insurance rebate is allied to that Medicare rebate. That's part of the problem, so everyone's got a role to play here in trying to bring back that affordability and that value to the product.

PETER STEFANOVIC: Tony, I just want to get your thoughts on the cost of mental illness, with a report scheduled to be released today, the true cost to the economy about \$180 billion which works out to be about \$500 million a day. How much of a surprise is that to you?

TONY BARTONE: Look, we've been saying for many, many years now that the cost of mental illness has been vastly underestimated. That number- the report's released today, we'll look at all the detail, but that number certainly doesn't surprise me. You've got to add in all the factors, not just actually the cost of providing the care, but the lost productivity to GDP in terms of time off through illness, out of the workplace, and the contributing impact on the family and on the community. Vastly underestimated for a long period of time. We need to ensure that we've got a proper mental health architecture in our system to deal with that complexity, that burden of illness, because otherwise we're just not doing the right things by our patients, by community, and by the Australians as a whole.

PETER STEFANOVIC: Alright Tony, unfortunately we've run out of time. Appreciate your time this morning, thanks very much for joining us.

TONY BARTONE: My pleasure.

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