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Transcript: AMA President, Dr Tony Bartone, Doorstop, Melbourne, Thursday, 31 October 2019

Subject: AMA Private Health Insurance Report Card 2019; Productivity Commission Draft Report on Mental Health

TONY BARTONE: Today, we've released our Private Health Insurance Report Card to try and focus on improving the clarity and transparency required, to try and address some of the issues still in private health insurance. We've referred to it as being on a precipice - a precipice because of increasing lack of affordability, increasing lack of transparency and lack of clarity. That health does rely on ensuring that those products are able to be compared.

What we've seen is that, over the last four years in particular, an increasing proportion of the population are making that decision to opt out of private health insurance. That has a twofold effect. Not only does it mean that premiums will continue to increase because the insurance pool becomes smaller, so to speak, leaving only older Australians with more complex and chronic disease, which requires more expensive treatment options, but it then also creates a situation where younger Australians are making a decision to opt out and that, as I say, leaves a pool of higher risk people to cover. That causes premiums to continue to go up, and as premiums go up, the lack of affordability continues to become a cycle, a cycle of ongoing opting out, you might say, and that only will cause to create an unaffordable product, whereby we have private health insurance becoming unaffordable for the majority of the population.

It's an important point to remember that 60 per cent of elective surgery today occurs in the private health system. And if that private health system is no longer robust and sustainable, that is all going to rebound back onto the public system. The public system is one of the best systems in the world but it's under stress. It's doing it really tough with insufficient resources, and any further burden on the public system will only create further delays and further lack of access and equity for the vast proportion of the population which depends on the public system.

We need to address affordability in private health insurance now. We need to ensure that more people maintain that decision to stay in. We need to increase the attractiveness of private health insurance, especially for the young, and in doing so, create a viable system which allows that symbiotic relationship between public and private to continue to underpin our world class hospital system that we have here in Australia.

QUESTION: Do you agree with the recommendation that pre-school children should be checked?

TONY BARTONE: The Productivity Commission's report today is a very significant report. It's focused on the importance that mental health conditions present to the health system. We don't have an overarching mental health architecture in this country, and clearly, we need to address ways in which we deal with and manage chronic mental health conditions. But the Productivity Commission has highlighted the prevalence of mental health conditions, especially at a young age. Screening pre-school children is a novel suggestion and one that we will have to look at in detail and wade through the report to ensure what's required there. But

certainly, that requires more consultation with all the stakeholders before we could welcome or recommend that such a proposal be put into everyday action.

QUESTION: One of the [indistinct] opting private health cover. How do you go about trying to fix that?

TONY BARTONE: So, young people are not dumb. They make a decision based on the value of the product, the usability of the product, and the cost of the product. At the moment, the cost is far too excessive compared to the need or in comparison to their need or use, and we have a world class public hospital system which they can rely on in case of emergency. We need to ensure that affordability is brought back and that's through a suite of government measures, as well as the private health insurers returning more of members' premiums back in the form of payouts and ensuring that the cost pressures on premiums continues to abate rather than continue the pressure and increase faster than the rate of inflation.

Governments need to also bring the MBS rebate, the Medicare rebate, in line with the cost of providing care. That MBS rebate and the allied private hospital insurance rebate - what's paid out for any of those procedures - have been aligned and have been largely frozen for five out of the last six years. So is it any wonder that consumers are having to pay more for services and for the delivery of care when the MBS and the private health insurance rebate aren't contributing to that cost?

QUESTION: What does it mean of having [indistinct] if you've got younger people opting out of it or choosing not to take up for those who are older who have cover? Because there has been an uptake in older Australians taking [indistinct] private health cover.

TONY BARTONE: In any insurance pool, you need to have a significant number of people across it to spread the risk. And if you have younger, healthier Australians opting out of that private insurance pool, leaving only older, more expensive-to-insure Australians in that pool, of course, premiums will continue to go up and go up and go up, and become unaffordable to a point where it's not even affordable for them to continue in it.

And that means that everyone will end up having to rely on an already overstretched, overburdened public hospital system with massive delays, massive waiting periods, and completely unrealistic treatment frame expectations.

QUESTION: The Federal Government says that it's addressed some of the [indistinct], for example, of private health cover [indistinct]. Is that not doing enough to address some of those issues?

TONY BARTONE: Those first round changes or reforms were necessary, but were only our first round reform. We need to ensure that viability and sustainability is brought back by addressing the affordability of premiums. We need to make the premiums and the cover and the care very much transparently comparable so that everyone can make a decision based on their needs and what they're being covered for. It's pointless paying out for private health insurance if, when you come to use it, it's not covering you for the procedures you thought you

were being covered for. And that only leaves a bad taste and a bad experience, and of course will only lead to more Australians opting out of that private health insurance.

QUESTION: Doesn't the health industry itself also have a role to play in this? Because one of the big fights that we have is the out-of-pocket expenses. So even if you have private health insurance cover, people are still slugged with expenses and a lot of that has to do with what doctors are charging, for example. So what role does the medical industry itself have to play in trying to address some of that?

TONY BARTONE: This is a common misconception. As doctors, we take our responsibility to play our part in the system very seriously. Over the last few years in particular, as much as 88 per cent of services are being provided in what we call a no gap environment. That is at zero cost to the patient. In another seven or eight per cent of cases, there is a known gap that's pre-determined and pre-arranged between the insurer and the patient. So in a very, very small percentage of cases, there is a gap that exceeds either the no gap or the known gap.

Let's be further clear - when it comes to private health insurance outlays, that is, what private health insurance companies pay out on services, 85 per cent of the premiums are returned back in those service payments. But 15 or 16 per cent of the cost of their premiums goes out in administration and or marketing. And around the same amount goes out in medical expenses. So, to say that doctors are causing the out-of-pockets and causing the major problem of pressures on private health insurance premium outlays is a furphy. We need to address all the drivers and it's certainly not the doctors' costs which have seen [inaudible].

Everybody has a role to play. We need to address that furphy. 15 to 16 per cent of insurance fund outlays go in the form of doctors' payments. The rest of that is either made up of hospital fees, or as I've said, up to 16 per cent of their outlays goes out in either administration or marketing. It's a furphy to suggest that doctors' fees are the cause behind rising costs of premiums, behind the issue of decreasing affordability, and is the issue that is breaking the system.

QUESTION: Just in terms of mental health, what do you think the biggest problem is in the system at the moment?

TONY BARTONE: Okay. So mental health, we've said for a long time now, is suffering because of a number of factors. Firstly, governments have refused to recognise the significant burden that mental health poses on the community and on the health system as a whole. It is a significant driver of both time off work, and of presentations to doctors. And in fact, we know that in general practice alone, it's probably now the most common reason that patients come to see a GP. And when you also look, when it comes to the increasing population with chronic and complex disease, there often is a co-existing mental health condition in more than half of those cases, so the burden is enormous.

Now, in ally to that is the fact that the Governments have had no overarching architecture to deal with mental health provision. And now we've had the Commission shine a light on both the burden, the complexity, and the lack of Government funding, and the need to address all of those three areas in terms of a solution. The Commission has put out a very detailed, very

voluminous report today. We will go through it in fine detail with all the stakeholders. It is a draft report, and we will go and consult with all the other stakeholders, as I've said. But it has shone a light on the complexity and the enormity of the problem. And it is a problem that needs appropriate funding, collaboration, and consultation, and government investment with an overarching mental health plan, one that can be agreed to and aided with by all the other stakeholders in the equation.

QUESTION: Do you think it'll be safe to children [indistinct]?

TONY BARTONE: Children are very dynamic and vibrant individuals. They have their unique personality, and they're developing their personality. We know today that they are subject to stresses and pressures, more so than in any stage of previous generations. But we can't knee-jerk response into an area where we've got a solution without looking at the evidence and the detail. And we'll go through that report and we'll go through it with all the other experts and stakeholders, and look to see that we can implement some of those suggestions. To suggest that we should test all children is a novel, is a far-reaching suggestion, but one that we will need to investigate carefully before we act upon it.

QUESTION: Do you think services are inadequate in amount?

TONY BARTONE: There is no doubt in my mind that there is a complete lack of service provision when it comes to mental health delivery of care. Where there is what we've often termed as a missing middle between general practice and that acute emergency department care, there is a significant lack of service provision in community, in community service programs, in other allied outpatient programs to assist. And so part of the report has completely highlighted the lack of availability in this sector.

QUESTION: Why does it have such a big impact on the economy?

TONY BARTONE: One of the big factors in the Commission is to highlight the costs to the GDP. And this is one that's often not recognised by our policymakers. Time off work is time without being productive. Time away from work is a significant part of the burden of mental illness. If we look at lost years of productivity, just from suicide alone, that has a significant cost to the community. And we need to recognise that, not just in terms of the cost of delivery of that healthcare, but in terms of the cost to the community as a whole. We need to look at all the areas that underpin that cost, but also the need to address everything from housing, transport, worker opportunities- that all goes into the mix. And the Productivity Commission should be rewarded for highlighting all those areas in its report today.

Look, there's no doubt that what we've seen with mental health in the last few years is that basically it's become an increasing part of patient percentage. More and more of my time is spent counselling patients. More and more of my time is dealing with their issues, their stress, depression, anxiety; routine, everyday problems which have become more common place in society. We live in a society that's not very forgiving. And everyone from employers to the community haven't had that understanding or that awareness of the impact of mental health on functioning in the community.

And I suppose the Australian society, especially when it comes to men, of “she’ll be right, mate, come on, toughen up, princess”, those types of attitudes completely miss the issue that we have a significant problem and it was only getting worse. And it's taken too long to address it.

Thank you.

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