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9 September 2011

Ms. Louise Macleod  
Director  
Intelligence, Infocentre & Policy Liaison Branch  
GPO Box 3131  
Canberra  
ACT 2601  
phireport@acc.gov.au

Dear Ms. Macleod,

**Report to the Australian Senate on Anti-Competitive and Other Practices by Health Funds and Providers in Relation to Private Health Insurance**

The Australian Society of Anaesthetists (ASA) is grateful for the opportunity to provide comments prior to the Australian Competition and Consumer Commission (ACCC) making its report to the Australian Senate.

The ASA has previously made submissions (in 2004, 2006, 2007 and 2010) to assist the ACCC in the preparation of its annual Report to the Senate. Our past submissions have highlighted our genuine concerns with respect to the practices of some private health insurers which include:

- Poor informed financial consent (IFC) practices. The ASA firmly believes that all parties involved in the financial aspects of patient care in the private sector have a responsibility to ensure best possible IFC practices. Out of pocket expenses are not simply a result of doctors' fees, but also of the available rebate. Health funds have varying and complex arrangements regarding the provision of above-MBS rebates. This can result in large variations in "gaps" payable, even where a doctor's fee is the same for all patients. Health funds have an obligation to inform consumers as to the financial implications of their rules and regulations.
- Misrepresentative branding. The actual names given by health funds to their above-MBS rebate schedules "Gapcover, No Gap" tend to give consumers the false impression that all medical fees will be covered.
- Lack of clarity of information. In the experience of anaesthetists, consumers frequently believe that having "top cover" or "full hospital cover" means their medical expenses will be fully covered. This is clearly not the case, and the ASA believes health funds have a responsibility to ensure consumers are aware of this.

Further to this the ASA has most recently received correspondence from members and patients regarding overseas students. Students residing in Australia on a Student Visa must obtain private health insurance and remained insured for the duration of their stay. Any insurer may provide such cover, but in order to do so must sign a Deed – a legal document produced by the Department of Health and Ageing (DoHA), setting the terms and conditions with which insurers must comply in order to be able to provide such cover.

The Deed has a number of aims, including:

- “To ensure that the cost of health insurance does not serve as a disincentive to prospective overseas students coming to Australia to study”
- “To ensure that overseas students and their accompanying dependants have access to affordable medical and hospital treatment while studying in Australia”
- “To minimise the risk of personal financial crisis for overseas students requiring medical treatment”
- “To minimise the risk of bad debt to hospitals, doctors and other health professionals”

Two requirements of interest are:

- The insurer must pay, as a minimum, 100% of the MBS Fee for doctors’ services provided on an inpatient basis
- “The insurer shall fully inform the Overseas Student of instances where extra charges could be incurred by the Overseas Student for services provided to the Overseas Student or a Dependant of that Overseas Student”

It is clear that these aims and requirements are not being met. The MBS Fee is increasingly irrelevant to practising anaesthetists, as it represents a grossly inadequate payment, and has been subject to poor indexation annually for almost three decades. To provide only MBS-level rebates clearly does not predict “affordable” medical treatment, or minimising “financial crises” or bad debts.

It is also abundantly clear, from complaints received from overseas students, that insurers are failing in their duty to provide information regarding “extra charges”. The students are led to believe that they will be “fully covered” and some have even been informed that their out-of-pocket expense is simply due to their doctor “overcharging”. Additionally, it is usually the case that anaesthetists asked to provide services to these students are not aware in advance of the MBS-only level of rebate, which makes meaningful informed financial consent (IFC) impossible. Requests in the past to insurers to improve this specific situation have been met with disinterest.

As always, the ASA remains ready to assist the ACCC in any way it can, in order to improve the delivery of medical services to the Australian community

Kind regards,

A handwritten signature in black ink, appearing to read 'M. Sinclair', written in a cursive style.

Dr. Mark Sinclair  
**Chairman**  
**Economics Advisory Committee**