Dear Mr Cooper

ACCC Report to Senate on Private Health Insurance

The Australasian College of Podiatric Surgeons (ACPS or the College) thanks you for the invitation to provide a submission for your report to the Australian Senate.

The ACPS’s position on this matter has been supported by the Australasian Podiatry Council (APodC) in its submission. The College also supports the points raised in the APodC submission.

The ACPS submits further evidence of ongoing anticompetitive practices by health funds regarding podiatric surgery (covering the period 1 July 2011 to 30 June 2012). Importantly, the ACPS in its 2010 ACCC submission, reported anticompetitive practices by health funds regarding podiatric surgery have been ongoing since 2004. Specifically, patients seeking foot and ankle surgery from podiatric surgeons, do not receive the same level of health insurance cover as other specialist providers of the same services. Such other providers include orthopaedic, plastic and general surgeons.

In 2005, the Senate Budget Estimates Committee on Community Affairs Legislation recognised anticompetitive practices by health funds regarding podiatric surgery.

“I would have thought that that type of attitude by the funds is well and truly against the essence of what this government is trying to do, and that is to create a level playing field for people who choose to go to a podiatric surgeon as opposed to an orthopaedic surgeon.”
(Quote from the Hansard on Thursday, 2 June 2005)

Under Health practitioner Regulation National Law 2010, podiatric surgeons are recognised as specialists in the same manner as other providers of foot and ankle surgery. Health care research has clearly demonstrated that podiatric surgery is safe, effective and improves patient quality of life \(^1^4\). Independent economic analysis has also demonstrated that podiatric surgery is cost effective but underutilised \(^5^6\). Based on this evidence, there is no justification for the longstanding anticompetitive practice by health funds regarding podiatric surgery.
The ACPS provides evidence from patients (including a letter to the Federal Health Minister) in attachments 1-18 and health funds in attachments 19-22. The submitted evidence from across Australia demonstrates the following:

1. the longstanding anticompetitive health fund practices mean that patient choice in provider is been unfairly restricted and podiatric surgeons are not recognised in the same way as other providers of the same services;

2. many health funds use the Medicare Benefits Schedule (MBS) as justification for anticompetitive practices. In 2005, the Senate Budget Estimates Committee Hearing was informed of this by the Private Health Insurance Ombudsman.

   “I have had complaints about this issue on an ongoing basis. It has been general practice across the health insurance industry not to cover podiatric surgery to the extent that other surgery is covered. Part of the reason for that is that podiatric surgeons’ surgery procedures do not have Medicare Benefits Schedule coverage and many of the funds link the payment of their hospital benefits to whether or not Medicare will pay”

   (Mr Powlay, the Private Health Insurance Ombudsman commented on Thursday, 2 June 2005).


The ACPS has attempted to negotiate with the health funds to rectify the way they cover podiatric surgery. Such attempts were with both individual health funds and the Private Health Insurance Association. The discussions were based on the recognition of podiatric surgeons as providers of professional attention in 2004 (Health Legislation Amendment (Podiatric Surgery and Other Matters Bill 2004). Health funds, for example BUPA have refused to modify their position regarding linking non MBS coverage to podiatric surgical cover;

3. the choice by health funds to manage podiatric surgical claims in an anticompetitive manner places podiatric surgeons at a competitive disadvantage; and

4. the Australian public does not have financial equity of access when seeking foot and ankle surgery from all recognised specialists. This is because of the reduction in the extent of health cover for podiatric surgery and the associated increase in the out-of-pocket medical expenses for consumers.

This submission documents the longstanding inequality in the Australian public’s choice of healthcare provider for foot and ankle surgery. The anticompetitive practices of the health funds regarding podiatric surgery is summarised as follows:

1. podiatric surgery remains in a “rebate limbo” with poor and inconsistent private health rebates and no Medicare rebate; and

2. reforms need to be considered for both MBS and private insurers. Only when this reform occurs will true competition be able to flourish to the benefit of the Australian Public.
The ACPS thanks you for the opportunity to provide this submission and is available to provide further information upon request.

Kind regards

Rob Hermann, FACPS
President

References


