

Submission by the Australian Consumers' Association to the Application for Authorisation Lodged by the Royal Australian College of General Practitioners

The Australian Consumers' Association is not opposed to the granting of an exemption, providing the College can meet certain public interest criteria. As it stands, the application from the RACGP seeking authorization for exemption under the Trade Practices Act does not present convincing evidence that such an exemption would be in the public interest. The Australian Consumers' Association has a number of concerns that the College has not addressed in its submission. If the College is able to prepare a further submission detailing how it is willing to address these concerns, the ACA may be in a position to support the application for exemption. These concerns, as well as possible measures for overcoming them are listed below.

In principle the Australian Consumers' Association is concerned more with the outcomes for consumers than the structures of practices. The consolidation of practices has some potential benefits for consumers ie. economies of scale and a potential to reduce practice costs and therefore, potentially lower fees for consumers. However, there are also potential problems with the opportunity to exploit monopoly power. If the College gains the privilege of exemption from the Trade Practices Act they must show that they are prepared to protect consumers from costs associated with the exemption.

On one level, the Australian Consumers' Association agrees with the College in that it seems impractical to make distinctions on the basis of practice type in terms of the application of TPA and the ability of providers to charge the same fee. However ACA has concerns regarding the overall competitiveness of general practice if the exemption were allowed.

Competition is the key driver of whether or not general practices bulk bill. In cities where in some areas there is an oversupply of general practitioners, most will bulk bill simply to win market share. In the country, where there are fewer general practitioners, few bulk bill (See attached article from Consuming Interest, Spring 1998). Where you have a number of general practices operating in competition with each other it is more likely that the consumer will benefit from bulk billing, or at least lower out of pocket costs. Consolidation makes it more likely that a large practice will be able to exploit a monopoly of being the only provider of general practice services in a particular geographical area and will be able to charge higher prices. Any move that encourages the merging of general practice, and arguably this exemption would do that, has the potential to diminish the level of competition and so diminish access to bulk billed services.

There are also concerns around the merging of practices where vocationally registered and non-vocationally registered practitioners join the same practice. Vocationally registered practitioners attract a higher level of rebate from the government. Where both types of practitioner charge the same amount, the consumer obviously has to pay a higher

out of pocket cost for the non-vocationally registered GP. Group practices do not always advertise which general practitioners are vocationally registered and which are not. Where services are not bulk billed, the consumer is often not aware of the higher level of out of pocket costs until they are reimbursed by the Health Insurance Commission. If the exemption is granted it seems likely that there will be more group practices with both vocationally and non-vocationally registered general practitioners. It also seems likely that the fees charged will be set at what the vocationally registered practitioner would charge rather than what the non-vocationally registered practitioner would charge. The consumer would lose in this scenario because they would end up paying more than they would have had the different types of GP's not merged their practices. Clearly, there needs to be some form of consumer protection to ensure that consumers are not worse off if the exemption is granted. There is also a broader issue here relating to the level of expertise of the General Practitioner and the consumer's right to know whether the General Practitioner has undergone the necessary additional training to become vocationally registered.

These are the type of measures that might go some way to addressing consumer concerns.

Recommendation 1: Where practices join, the level of fees should be set at the lowest level of all of the providers joining the practice. Ie if provider Y charges \$5.00 and provider X charges \$10.00, the fees should be set at provider Y's charges. The charging rate will be determined to be that charged by the provider 6 months prior to the merging of the practices. Fees should be held at the lower level for a period of one year. Obviously this measure is not necessary if there is a decision to bulk bill all patients. Once established, these arrangements should be advertised as per recommendation 3. Every time fees change they should be advertised as per recommendation 3.

Recommendation 2: Details of all new practice types that are established after the ACCC authorizes this exception are posted on a website (perhaps maintained by the RACGP) and advertised in the local press. The notices should include:

- a clear statement of fees,
- the amount of departure from Scheduled Fees (ie the amount that the consumer will have to pay out of pocket).
- A statement of the differential rebates (if relevant) for vocationally registered and non-vocationally registered general practitioners.
- The address of the practice and names of all the practitioners.

Ideally these advertisements would also include information that would be helpful to consumers ie. opening hours, languages spoken.

These practices should undertake to advertise at least once a year and provide updated details to the website manager as required.

This measure would not be required should the practice decide to bulk bill all patients.

Recommendation 3: That all new practice types that are established after the ACCC authorizes this exception clearly notify all of their patients that:

- There are different out of pocket costs for non- vocationally trained practitioners
- A clear statement of what these out of pocket costs will be.

This information should be provided to all patients ie. through a notice in the waiting room and through informing them prior to a consultation.

Obviously this measure is not required if the practice bulk bills all patients and there are no out of pocket costs.

There is clearly some inconsistency where other practice types that do not require an exemption from the ACCC currently do not have to inform consumers where there are different out of pocket fees for non-vocationally registered practitioners. Arguably the College and other groups representing GPs could play a role here in educating their members of the importance of informing consumers of what the out of pocket expenses might be for different types of practitioners.

Recommendation 4: The ACCC should only authorize the exemption for arrangements where there is a clear and regular business relationship between the members.

Recommendation 5: The authorization should only apply to single business locations, in such a way to rule out loose associations (eg all medication practitioners in a given region who occasionally do locums) and to rule out franchise operations.

Recommendation 6: That the ACCC conduct a study of fees before and after the exemption, publish their findings within 3 years and, in the light of such analysis, may retain, rescind or modify the authorization.