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* Our ref: 121207 4505TPL

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Mr Scott Gregson
General Manager
Adjudication Branch
Australian Competition and Consumer Commission
GPO Box 3131
Canberra
ACT 2601
Via email to: Ilona.Balint@ACCC.GOV.AU

Dear Mr Gregson,

Comments on DHA Response to Collective Bargaining Notification CB00006 by the Wangaratta Anaesthesia Group

Reference:

A. DHA unreferenced letter from Deputy Secretary Mr David Kalisch dated 10 December 2008

I am replying on behalf of the Wangaratta Anaesthesia Group (WAG) to the comments on Notification CB00006. There are a number of areas in the Reference that are not correct and I offer the following advice.

The Department's statistics relating to rate of no-gap participation and no-gap charging by anaesthetists are not referenced but in general the ASA mostly agree with the figures. The Department makes the observation that anaesthesia gaps tend to be in the range of up to \$150 and that this is low compared to other areas of medical practice. It is important to note that this \$150 figure is *per service* and not *per patient*. The IPSOS 2006 survey (DHA commissioned patient survey) showed the average gap paid by consumers for anaesthesia services was actually \$298.

The Department appear to not understand the significance of HBA not offering a 'known gap' product for anaesthesia services. This makes their product not comparable to other funds such as Medibank Private, or the nearly 30 AHSAs even though the offered unit value is similar. Without the ability for a 'known gap', for any given anaesthesia fee above the health fund schedule the patient's rebates are reduced by 60% to the level of the MBS schedule fee with a consequent increase in the patient gap.

The Department's arguments under the heading "Improvements in public information" do not make sense. Clearly patients will not need to understand complex gap arrangements if all doctors accepted the HBA no-gap product, but the whole point of the application is that anaesthetists do not totally support the HBA no-gap product. The Department's further statements about the lack of public benefit from a system that delivers 'guaranteed' gap-free services and also the irrelevancy of the lack of an HBA known-gap product also do not make sense and would appear to indicate a complete lack of understanding of the mechanism of anaesthesia fees and no-gap and known-gap products.

* Please quote our reference in all correspondence.

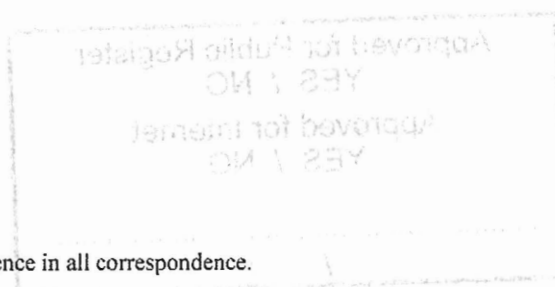
The overwhelming public benefit will be from a reduction in gaps for HBA patients. HBA will benefit from being able to promote to existing and potential members the certainty of arrangements for anaesthesia services in Wangaratta. The Department has made assumptions about the outcome of any negotiations – it is not clear that there would be any added financial burden on the community at all – it may be simply that the same fees are charged but patients have no gaps to pay.

Importantly, the message in the Department's response is that the Department is unaware of the difference between HBA and other private health insurers with respect to patient rebates for anaesthesia services. If the Department is not able to discriminate between health insurers there is little hope that consumers can understand the difference. The WAG Notification sets out to remove this discrimination and confusion for patients.

Yours sincerely,



Peter Lawrence
Executive Director



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