

20 November 2013

Marie Dalins
Director
Adjudication Branch
Australian Competition and Consumer Commission
GPO Box 3131
CANBERRA ACT 2601

Dear Ms Dalins

Australian Medical Association application revocation of authorisation (A91100) and substitution of new authorisation (A91392)

The Consumers Health Forum of Australia (CHF) welcomes the opportunity to provide a submission to the Australian Competition and Consumer Commission's (ACCC) Consultation on the Australian Medical Association (AMA) application for revocation of authorisation A91100 and substitution of new authorisation A91392.

CHF is the national peak body representing the interests of Australian healthcare consumers. CHF works to achieve safe, quality, timely healthcare for all Australians, supported by accessible health information and systems.

CHF notes that the AMA and its state and territory AMA organisations (except NSW) are seeking re-authorisation to collectively negotiate with state and territory health departments on the terms of contracts, including fees, for rural general practitioner Visiting Medical Officers (VMOs) in public hospitals and health facilities in rural and remote areas (except NSW).

As ACCC notes, Australians who live in rural and remote areas are significantly disadvantaged in access to their health care services. CHF acknowledges the health workforce shortage in rural areas, which has negatively impacted on access to health services and health outcomes for consumers in non-metropolitan areas of Australia. We note that recruitment and retention of medical, nursing, and allied health professionals to these areas remains an ongoing challenge.

This authorisation would effectively extend the authorisation granted to the AMA in 2008, and CHF notes that it was granted based on the ACCC's assessment that there would be some public benefit in the form of transaction cost savings and enhancement of effective representation of rural doctors in negotiating service agreements with state and territory health departments, which would outweigh potential public detriment. The enhancement of effective representation of rural doctors was assessed by the ACCC as a potential positive influence on the retention of rural GP VMOs.

However we are disappointed to note that the AMA's application for reauthorisation does not include any conclusive evidence to demonstrate tangible public and health consumer benefit in the 5 years since the grant of Authorisation. CHF argues that five years is a substantial period of time for the AMA to have gathered more quantitative and qualitative evidence to support its claims of public benefit.

CHF also notes that the Rural Doctors Association of Australia (RDAA)'s similar application for reauthorisation to allow them to continue collective negotiations with state and territory health departments on behalf of rural doctors was also recently authorised by ACCC in October 2013.

As highlighted in our submission to the RDAA application, CHF would also expect to see more quantitative and qualitative evidence of the AMA's claim that collective contract negotiations with state health authorities have been effective. We note that AMA has acknowledged that current Authorisation has been limited in its application, with benefits mainly limited to South Australia and to a lesser extent Western Australia.

More importantly, CHF would like to see evidence that collective bargaining has not resulted in the negative effects usually associated with anti-competitive behaviour, such as increases in the price of medical services supplied by VMOs, and reductions in service availability, quality and choice.


CHF notes that the AMA is unable to find empirical data on transaction cost savings resulting in the 5 years since the 2008 Authorisation.

Overall, while the Authorisation may have had a positive influence on the retention of rural GP VMO's and provide transaction cost savings for members of the AMA, the actual impact on rural and remote consumers is a critical metric in determining the public benefit claims that support such an Authorisation and CHF would expect to see more evidence to support a public benefit claim in the Draft Authorisation.

If this Re-authorisation is granted, CHF would also expect the ACCC to provide additional oversight of medical service price and quality in the relevant geographic areas. Such oversight is essential to monitoring consumer impact and could be enhanced by a requirement for the AMA to report to the ACCC annually on quantitative and qualitative measures, such as service pricing, price movements, consumer satisfaction and service availability.

CHF appreciates the opportunity to provide a submission to this consultation. If you would like to discuss these comments in more detail, please contact CHF Project and Policy Officer, Priyanka Rai.

Yours sincerely,



Carol Bennett
CHIEF EXECUTIVE OFFICER