

23 February 2021

Mr Darrell Channing
Director
Competition Exemptions Branch
Australian Competition and Consumer Commission
By email: exemptions@accc.gov.au

Dear Mr Channing

Re: AA1000542 Honeysuckle Health and nib - submission

Members Health Fund Alliance writes to express its opposition to the above application for authorisation.

In particular we point to sections 4.12 and 4.13 of the application by NIB and Cigna, which outlines the intention to introduce US style managed care to Australia, risking the “Americanisation” of the nation’s medical system.

Of particular note, we point to alarming concerns over the US experience of consumers using services provided by Cigna, as outlined publically:

- Cigna Global Health Benefits (CGHB) is a business unit within Cigna, headquartered in Delaware, USA¹
- Offers health plans typically including medical, dental, behavioural and disability, as well as business travel and life components
- CGHB maintains its own, in-house international claims platform, and offers a network of physicians and hospitals for its members (including 550,000 in the U.S. and more than 141,000 outside the U.S.)
- **December 2007**, Cigna was criticized after refusing to pay for a liver transplant of a California teenager, on the grounds the procedure was experimental, even though there was a liver ready and waiting to be transplanted and doctors estimated she had a 65% chance of surviving at least six months. Cigna ultimately reversed its decision. The girl died awaiting the transplant.²
- **2011**, the California Nurses Association determined that Cigna denies roughly 39.6% of all claims (compared to competitors such as Aetna who denied about 5.9% of all claims in the same time frame).³
- **February 2020**, Cigna reached a confidential settlement in a lawsuit alleging Cigna (and others) breached the US *Racketeer Influenced and Corrupt Organisations Act* by paying members of the Infectious Diseases Society of America to develop clinical guidelines to not treat chronic Lyme disease, effectively colluding to deny treatment to patients.⁴

¹ Wikipedia entry: “Cigna”. https://en.wikipedia.org/wiki/Cigna#cite_note-35

² The New York Times: *When Insurers Put Profits Between Doctor and Patient*, 6 January 2011:

<https://www.nytimes.com/2011/01/06/health/views/06chen.html>

³ National Nurses United: *California Insurers Deny 26% of All Claims, State's 7 Largest Rejected 67.5 Million Since '02*, 31 January 2011: <https://www.nationalnursesunited.org/press/california-insurers-deny-26-all-claims-states-7-largest-rejected-675-million-02>

⁴ Courthouse News: *Insurers Accused of Conspiring to Deny Lyme Disease Coverage*, 14 November 2017 -

<https://www.courthousenews.com/insurers-accused-conspiring-deny-lyme-disease-coverage/>

Lymedisease.org: *Cigna is third insurer to reach settlement in Lyme disease lawsuit*, 5 February 2020

<https://www.lymedisease.org/cigna-settles-torrey-v-idsa/>

See *ibid*: *All 8 insurance companies settle in Lyme patient lawsuit against IDSA*, 20 November 2020.

<https://www.lymedisease.org/torrey-idsa-insurance-settlement/>

Putting members’ health before profit

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- **August 2020**, a lawsuit was filed against Cigna for \$1.4 billion in false and fraudulent risk adjustment claims between 2012 and 2017. Cigna is defending the matter.⁵

As the peak body for 26 health funds that are not for profit or part of a not-for-profit group, we place the interest of people first and believe that an ACCC authorisation would be a real and present threat to the ability of patients to choose their hospital, their doctor and for interference in clinical care.

The Cigna and nib proposal has all the appearances of the start of healthcare being driven by organisations operating in the interests of shareholders and investors, rather than members and patient outcomes, as has traditionally been the case in Australia.

For-profit health insurance companies partnering with controversial US managed care experts like Cigna Corporation to set up “healthcare data and services” entities in Australia, should be ringing alarm bells and we note the concerns expressed by the AMA. Healthcare providers and hospital operators.

Members Health has been engaging in discussions with a range of organisations, and is keen to meet with the ACCC, to further express its serious concerns with Cigna and nib proposal.

What we appear to be seeing mirrors the path that the banking sector went down in the 1990s and we know where that ended – with the Hayne Royal Commission, its damning findings of conflicts of interest and consumers being ripped off.

It beggars belief that a major listed health company that sprung from a mutual, is now going down this same track with initiatives potentially placing medical practitioners and private hospitals in incredibly compromised positions, with the strong possibility for trade-offs between financial returns and patient wellbeing.

These decisions are being driven by for-profit companies seeking to bolster returns to shareholders, and it’s very hard to see how patients and health fund members will benefit in the long term should the ACCC provide authorisation.

It is our view that these changes are happening by stealth, that consumers have not been appropriately consulted on what is a major shift in the health care system and the risks to patient care is being underestimated.

A transparent and open public debate about what nib are doing should be a priority before it’s too late to stop the slow “Americanisation” of our health system, a slide into managed care, and all the dangers that means for the health and wellbeing of Australian families.

Yours sincerely



MATTHEW KOCE
CEO, Members Health

⁵ Healthcare Finance News: *DOJ brings lawsuit against Cigna for allegedly submitting \$1.4 billion in false Medicare Advantage claims*, 6 August 2020. <https://www.healthcarefinancenews.com/news/doj-brings-lawsuit-against-cigna-allegedly-submitting-14-billion-false-medicare-advantage>