



Thursday May 21 2020

Australian Competition & Consumer Commission

Email: adjudication@accc.gov.au

CC: cccsecretariat@accc.gov.au

Dear ACCC,

RE: PHA - AA1000487 - Submission

I write to respond to provide a response to the interested party consultation on Private Healthcare Australia Limited's application for authorisation – AA1000487. CHOICE does not object outright to the authorisation. We do have concerns about the impact that the application and interim authorisation may have on Australian consumers if the authorisation is allowed to continue past its useful date. We are also concerned about the open ended and general nature of one of the conditions of the authorisation.

The application has sought to address three areas of concerns that policyholders of their member funds have related directly to treatment for COVID-19, concerns about access to healthcare during the health crisis, and responding to affordability due to the economic crisis that has arisen as a result of COVID-19. The application identifies five area of action in which they wish to coordinate to address these concerns, and they are:

- extend hospital insurance to cover all COVID-19 related treatments
- cover healthcare that is delivered via telehealth or equivalent means
- provide treatment that would normally happen in hospital in the home of a person with hospital insurance
- provide financial relief to people who held hospital and/or extras insurance at the point that they lost their job or income as a result of circumstances related to COVID-19; and
- Any other measure to respond to the COVID-19 crisis

Affordability of private health insurance for people who have lost their job or income

CHOICE strongly supports action that provides financial relief to people who have lost their job or lost income due to the health and financial impacts of COVID-19. CHOICE does not

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hold any concerns about the authorisation to allow health insurers to work together to deliver financial relief to people who hold private health insurance policies. CHOICE is currently monitoring the responses of private health insurers and while we have noticed great variations between different insurers, we believe that all funds have now made public statements about how they are supporting their members affected financially. The only question this raises is whether there is a need for this part of the interim authorisation needs to continue. We are calling on individual funds to do more and match the sector leaders but we are not aware of any arguments as to why this work needs to continue in future in the manner authorised by the ACCC and not in the normal competitive environment.

Private health insurance and treatment for COVID-19

The interim authorisation allowed the applicants to work together to announce that health insurers will cover for people infected with COVID-19 regardless of what their hospital insurance policy normally covers. This is a welcome gesture from health insurers and the applicants. As all health funds have announced that they will cover hospital treatment for people infected with COVID-19, it would seem that this issue is settled and no further coordination between health funds is required.

This extra coverage is welcome. However, the reality is that state hospital systems have been managing the treatment of COVID-19. The arrangements put in place between all Australian governments and the private hospitals in each state and territory meant that the hospitalisation of people with COVID-19 was streamlined and the selling points of private health insurance including the choice of treating doctor and hospitals was moot. So while this gesture was welcome, the ability for people with hospital insurance to utilise the extended coverage was limited. Regardless, we think that this work has been completed and does not need another six months of funds working together.

Alternatives to in person treatment

The availability and appropriateness of some face-to-face healthcare services were limited due to Australia's response to COVID-19. Healthcare services covered by hospital insurance and that covered by extras insurance were both impacted. The delivery of some health services via telehealth (and other similar technologies) was a welcome development. While necessary for the duration of physical distancing restrictions, the decision to allow these types of services in the future needs to be made by the Australian Government. The necessity of these arrangements to be coordinated by the private health insurers also seems to have run its course and there needs to be an end date placed on this coordination.

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Any other measure formulated to response to the COVID-19 crisis as notified to the ACCC by PHA

We are very concerned about this open ended provision contained in the interim authorisation. This clause should be removed immediately.

While at the time that this application was made there was a lot of uncertainty about the impacts of COVID-19 in Australia, that uncertainty in the healthcare system has reduced. The current trajectory of the impact of the virus is much more positive in Australia than it was in early April. Our healthcare system and intensive care units (ICUs) are not being overrun and we have so far prevented the catastrophes that have occurred elsewhere in the world. While healthcare has changed, we think that with the other issues that were raised in the application have been sorted out, that this is no longer necessary.

The safeguard of having to notify the ACCC is not strong enough if a similar clause is to be contained in the final authorisation. Instead the applicant should be required to apply for a variation to the authorisation.

Thank you for the opportunity to share our views on this application and authorisation. For further information, please contact CHOICE on [REDACTED].

Yours sincerely,



Dean Price
Senior Campaigns and Policy Advisor