

5 August 2020

Ms Ellie Dwyer
Adjudication
Merger and Authorisation Review
Australian Competition and Consumers Commission
Email: adjudication@accc.gov.au

Dear Ms Dwyer

Private Healthcare Australia Limited's application for authorisation – AA1000487 –Draft Determination

The Consumers Health Forum of Australia (CHF) is the national peak body representing the interests of Australian healthcare consumers and those with an interest in health consumer affairs. We are funded by the Commonwealth Government through the Health Peaks and Advisory Bodies (HPAB) Program. We have around 250 members reflecting a broad spectrum of organisations including state-based consumer peaks, condition-specific groups, volunteer patient groups, professional associations, Primary Health Networks (PHNs) and the research community. We work in collaboration with our members, national partners, and research collaborators to influence policy, programs, and services to ensure they are in the consumer and community interest.

CHF has always been interested in ensuring that the health system is consumer-centred and has been a strong advocate for ensuring there is competition in the provision of all health services and products as we believe this ensures a better deal for consumers. However, the current COVID-19 pandemic has shown that we need to ensure that all health resources, services, and products, are brought together in a nationally coordinated way to ensure they are available as and when required.

CHF supported the initial application for authorisation for Private Healthcare Australia, Members Health Fund Alliance, and their respective members to share information and discuss approaches to a range of measures relating to private health insurance. We believed at the time that the overall benefits to consumers outweighed the risks of loss of competition and its potential impact on price and products. Private health insurance policies are complicated products and consumers have difficulty comparing what they offer, even without emergency measures coming into play.

Unfortunately, we have not seen the level of consistency we would have hoped for when PHA and the Members Health Fund Alliance and their respective members could work together. We

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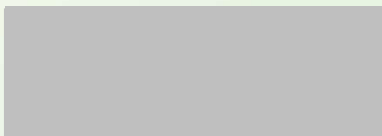
have seen marked difference in the way the hardship programs have been rolled out and generally have been disappointed about the lack of clarity in the information provided to consumers. In the interim authorisation there was an emphasis on the capacity for sharing of information and the support from the two industry associations, Private Health Care Australia and Members Health Fund Alliance in collating and interpreting that information, to assist the funds to make more informed decisions on what such programs would look like and how to communicate these to members.

The public assurances from private health insurers and the associations around returning unexpected profits from the COVID-19 restrictions on to their policy holders had the potential to reduce the negative impact that these collaborative arrangements. It has been disappointing to see the PHA, and many of its members, walk away from the assurances given in the interim authorisation about profits. Whilst we know the restrictions have been lifted on elective surgery, dentistry and allied health services which has increased the call on private health insurers in terms of benefits there has been a lack of transparency for policy holders on what the funds would do with the surplus profits if any.

Overall, we do not think consumers have received the benefit promised by the initial authorisation. However, we do not oppose the draft determination as we think there is some scope for benefits for consumer and we are clearly in the midst of a second wave of COVID-19 infections which makes it crucial that all parts of the health system have the capacity to collaborate to ensure effective use of all our health resources. We support the items outlined in the Proposed Conduct and we welcome the enhanced reporting requirements on the Proposed Conduct as outlined in the draft determination as we think it is critical that ACCC is kept fully informed of actions and agreements relating to the conduct covered here.

We believe the final determination should be time limited as we believe the benefits for consumers lie in the planning and information stages not in the ongoing rollout of measures.

Yours sincerely



Leanne Wells
Chief Executive Officer

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