

**From:** [REDACTED]  
**To:** [Exemptions](#)  
**Subject:** RE: Request for Submissions - Private Healthcare Australia - Request for Interim Authorisation. [SEC=OFFICIAL] [ACCC-ACCCANDAER.FID2816601]  
**Date:** Tuesday, 16 March 2021 2:56:31 PM  
**Attachments:** [210315 Herald-Sun.png](#)

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Dear Danielle

The Consumers' Federation of Australia makes the following submissions:

- While we generally query whether ongoing authorisations are required to deal with COVID19, given that we are now in the recovery stage of the pandemic, we broadly support the application for authorisation as per the conduct identified in paragraphs 5.9(a) to (e), on the same basis as we initially supported the 2020 determination, that is, these initiatives build a public benefit.
- We are concerned about the catch-all paragraph 5.9(f), which may allow health insurers to coordinate on almost anything related to the COVID-19 crisis. For example, they could agree amongst themselves to reduce the number of approved health services providers which could mean that a policyholder has to travel further from home to utilise an approved provider. Whilst there is an obligation to notify the ACCC if the insurers formulate a measure under this category, we consider that an after the fact notification is not satisfactory. In particular, we note that the regular reports lodged with the ACCC in relation to the 2020 determination are highly redacted such as to render the reports largely meaningless to a member of public. This lack of transparency does not contribute to a culture of trust and perhaps increases the likelihood that coordinated discussions are occurring in a way that does not promote a public benefit. If insurers want to expand the nature of the conduct authorised, they should be specific or seek further variations which would trigger public consultation.
- We consider that any further authorisation must be subject to the same conditions as the 2020 determination, particularly the pricing condition, which seeks to prevent (directly or indirectly) any increase in health insurance premiums. We consider that this condition to be strengthened to also prevent any coordinated conduct that seeks to get policyholders to upgrade their cover.
- We consider that the ACCC could investigate whether health insurers are returning any savings/windfalls associated with COVID19 to customer, as they promised in 2020. We refer to the attached article in today's Herald-Sun.

Warm regards

[REDACTED]  
Chair

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## CORONAVIRUS RECOVERY

# Insurers in rude health

**EXCLUSIVE**  
**SUE DUNLEVY**

## ... but only one is returning Covid windfall

HEALTH funds have saved \$1.8bn during the pandemic due to the fall in demand for healthcare but only one so far is returning the savings to its members.

None of the nation's four biggest health funds — Medibank, Bupa, HCF and nib — will explain if or when they will return the money.

This is in stark contrast with West Australian health fund HBF which is preparing to return \$40m of COVID-19

savings to its 500,000 policy holders — \$31 for extras holders and \$140 per hospitals and extras policy.

Consumer groups and the Australian Medical Association say other health funds should do the same.

"If the rest of the industry doesn't act before the premium rise due on April 1, then the Australian government must appoint an independent umpire to make sure that all windfall gains are handed back to

people," CHOICE health fund campaigner Dean Price said.

Australian Private Hospitals Association chief executive Michael Roff said if the windfalls were not used to address the backlog of elective surgery "they should be returned to members".

Australian Medical Association president Omar Khorshid called on the insurers to hand back "any windfall they have had due to COVID".

Industry lobby group Pri-

vate Healthcare Australia promised last April: "We absolutely guarantee we will pay the money back; we're not going to make a profit out of COVID."

By June last year, reserves at Medibank were \$297.1m, at HCF \$184m, nib \$98.8m, HBF \$94.3m, and Bupa \$700m (worldwide).

Medibank chief executive Craig Drummond said the fund assessed its COVID reserves every six months.

"Any permanent net claims

savings due to COVID will be given back to our customers through additional support in the future," he said.

Bupa managing director Emily Amos said if there was a lower than expected claims rebound, "we will consider ways to ensure our customers benefit in a way that makes sense".

HCF said if reserves weren't used on surgery catch-up they would be "released and passed through to members".

Mark Fitzgibbon, managing

director of nib, said the fund was assessing the impact of the pandemic and "any further pre-emptive action would not be in the best interest of the business and all members".

PHA chief executive Rachel David said in many states surgery was happening at higher than normal rates. Funds were also anticipating a spike in mental health presentations.

Health fund premiums are due to rise next month, adding \$250 a year to a family hospital and extras policy. It will be the second rise in six months.

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