
From: Brett Pearce [REDACTED]
Sent: Thursday, 10 June 2021 6:39 PM
To: Exemptions
Subject: Draft exemption AA1000542 NIB/Honeysuckle Health

Michael Pappa
Analyst, Competition Exemptions
Australian Competition & Consumer Commission Level 17 | 2 Lonsdale St Melbourne VIC 3000

re. Draft exemption AA1000542 NIB/ Honeysuckle Health

Dear Michael

I strongly support the submission sent to you by my Anaesthetic colleague Dr Pierre Bradley in opposing the exemption to allow NIB/Honeysuckle Health (a coalition between NIB and the giant US Healthcare insurer Cigna) to operate a buying group to collectively negotiate and manage contracts with healthcare providers in Australia. There can be no denying that this is a submission to operate a US style managed care program in Australia.

Dr Bradley pointed out that the most recent data from the Organisation for Economic Cooperation and Development (OECD) and the Australian Institute of Health and Welfare, highlights that Australia has a vastly better healthcare provision in terms of outcomes, provided at less cost than the USA.

He stressed the USA's lower life expectancy, decreased survival rates from diseases such as coronary artery disease and colon cancer, higher preventable premature mortality, and overall increased length of hospital stay despite significantly increased spending per capita on health care.

Similarly the high cost of health care, especially on those illnesses not covered by a particular healthcare provider, is a major cause of financial stress, including bankruptcy and the need to sell assets such as the family home, just to pay for health care that is not covered or has been denied by policy providers.

I acknowledge that the proposal to enter into agreements with medical specialists and hospitals to not charge customers out-of-pocket costs for medical services and treatment seems like a reasonable goal. But it ignores the reality that there are rising costs associated with providing health care. These costs have not been adequately indexed by Medicare or the majority of health funds since the inception of Medicare. Following the managed care route to achieve reduced patient costs means that those rising costs are met instead by rationalisation and denial of services - I would strongly argue that this is a far worse outcome for all patients.

While it may seem attractive to allow a third party to take on the perceived burden of increased patient costs, it must be borne in mind that Cigna is an American for-profit insurance company that delivered to their shareholders in 2020 an adjusted earnings per share of \$18.45 by growing their revenue by 14%, to \$160 billion profit. This impressive profit has come from rising premiums (to the point that they are unaffordable for most Americans unless they are providing as part of a negotiated employment package) and severely restricted access to health care. Profits, rather than what is the best for the patient, dictate what health care is provided. In short, the alliance between NIB and Cigna is not about improving patient healthcare but about making more money for the two companies under the guise of limiting the out-of-pocket expense.

Australians have a health care system that is the envy of the world. It is not perfect, but it allows equitable access by providing a safety net through the public system, and a user pays private system where further care is available by paying a private health insurance premium, providing choice of treatment and provider (doctors, allied health

practitioners, and hospitals) to patients, as well as reducing the cost and workload burden on the public health system.

Health insurers were traditionally not for profit organisations, where premiums reflected the cost of providing health care to their members. Increasingly the insurers are now for profit companies, and premiums are less related to the cost of health care and more to the provision of profit to their shareholders. Couple that with failure to adequately index health care rebates to health care providers, and that is why out of pocket expenses have risen for patients. So it makes no sense to suggest the way around increased out of pocket costs is to hand the reins over to a for-profit insurance company.

With its giant US based backing company, NIB/Honeysuckle Health has considerable assets at its disposal, and will wield considerable influence over health care policy. When joined by other for-profit health insurers, which will undoubtedly follow suit, giant insurers will become the dominant influence in health care decision making.

Individual doctors, other health care providers, and hospitals, rightly, are not able to collude to set fees for their services. That is in the best interest of affordable patient care. However that also means that these groups are in a weakened position when pitted against a large multinational insurance company. These companies use their considerable resources and large advertising budgets in a bullying manner to unfairly make it seem like it is the greedy doctors, health practitioners and hospitals that are drive up expenses. Individual patients are in an even weaker position. The right of a patient to autonomously exercise choice in which doctor or health practitioner to see, which hospitals they are treated in, or which treatment they seek, risks being lost forever.

If the ACCC allows this exemption, it opens the gate to a negative change in Australian health care. Profit becomes the driver for choice of treatment and provider. The US experience has proven that healthcare outcomes worsen, costs rise, patient and doctor autonomy is lost, and the burden falls back squarely on the public health care system. Out of pocket costs simply become replaced by skyrocketing premiums, which ultimately become unaffordable, and the patient is significantly worse-off.

I urge you and the members of the ACCC to strongly question this exemption, for the long term and irreversible damage it risks causing to the Australian health care system and the health and well-being of all Australians.

Many thanks for considering my submission.

Kind Regards,
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