

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

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8th June 2021

Dear Mr Channing,

Re: Draft determination of ACCC in response to application for authorisation by Honeysuckle Health Ltd and nib health funds limited

MSASA remains alarmed by the proposed conduct of nib and Honeysuckle Health and dismayed by the assessment of the ACCC in relation to this proposal.

It appears to MSASA that the ACCC has grossly underestimated the potential for public detriments in relation to this proposal. In approving the formation of a buying group as per the applicant's request, it is our strong belief that the ACCC is opening the door to US Style Managed Care in Australia. The proposed limitations by the ACCC are weak at best and will not do enough to protect Australians from the negative consequences of this decision.

Those consequences will be far reaching. Australians will lose a large amount of the value of their private health insurance. That value exists in the choice that exists throughout the system. Take away that choice and consumers will likely ask themselves why they should pay a high price for a product (health insurance) that offers little additional value over the public health system. Take away that choice and the system loses flexibility and adaptability, and thereby becomes less efficient.

Combine that loss of efficiency with the massive additional administrative cost of thousands of contracts between buying groups and healthcare providers and there will be a dramatic escalation in the administrative cost of private healthcare provision. To give perspective to this argument, around 10% of the current Australian Healthcare System spend is on administration, compared to around 25% in the US Managed Care system.

MSASA strongly supports the submission of COPS in regard to the Draft Determination. This document is well researched and highlights the many areas where the risk of public detriment is high and where we believe the ACCC has severely underestimated it or disregarded it.

In conclusion we urge the ACCC to reconsider its decision. The proposed conduct by nib and HH should not be allowed. There is far too much uncertainty given the inability or unwillingness of the proponents to supply detailed examples of the contracts they will employ, and their ongoing failure to provide strong evidence proving that "Value Based Contracts" lead to better health outcomes.

The risks to the Australian Healthcare System are far too great, and the Australian public deserves to be protected from these.

Yours sincerely



Dr Nigel Munday
President MSASA 2021