
From: Michelle Horne [REDACTED]
Sent: Thursday, 10 June 2021 11:57 PM
To: Exemptions
Subject: AA1000542-1Cigna and NiB buying Group: profit grab at the expense of efficient healthcare and choice in healthcare in Australia

10 June 2021

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

Re: draft determination proposing to authorise Cigna and NIB health funds to form and operate a health services buying group.

Recommendation to deny authorisation to Cigna/Nib to operate a buying group in the Australian health insurance market.

Like many many other respondents, I oppose the proposed authorisation as it is likely to result in less choice for patients, in terms of both doctor and health fund, no premium relief and a less competitive market.

The ACCC assessment itself does not include reduced private health insurance premiums, reduced out of pocket costs for patients or improved contracting arrangements with hospitals as being among the public benefits of the proposed authorisation. The public benefit of the proposed authorisation notwithstanding changes to the proposal is minimal and will be short term.

Buying groups and Managed Care are not new. Let us look at the biggest global case study: the USA. Did joint buying groups there decrease the cost of healthcare or increase it? In discussing with colleagues there I am horrified to discover small group practices and individual practitioners need to hire additional full time staff solely to liaise with health insurers, get prior approval, submit and resubmit documents. Does the ACCC anticipate this decreases or increases the costs of providing healthcare in the USA? Patients there can't choose their providers and in fact can't access the care they need unless the health insurer says it's ok. Since when are we in Australia advocating for health insurers to be the decision makers in what medical care is appropriate for an individual patient? This is the likely consequence of buying groups with big American profit-driven Health Insurers such as Cigna.

The cost for hospitals of delivering healthcare in USA since bringing in Managed Care has gone up massively when assessing administration alone. The American system does not provide cost efficient healthcare delivery. It does not increase choice for patients. It interferes in the relationship

between patients and doctors. This should not be countenanced here in Australia because we can learn from the mistakes in the United States. Corporatised healthcare is more expensive. For everyone except the health insurers. Why would the ACCC invite Cigna to expand here so it can exert control via buying groups and limit choice for our patients and the community and threaten our high quality, efficient and safe health system?

Corporatised health care literally sees delivery of healthcare as a money-making venture. As modeled by the US, corporatised healthcare has resulted in significant disparity in care for the community, has proven to be expensive and result in poor outcomes. Insurers shouldn't be able to use their own profit motives to adjudicate on healthcare delivery. Make no mistake, other big US based and global companies are waiting so see if the ACCC stands up to Cigna here so they can buy out Aussie health insurers and corporatise our market. As Prof Kate Drummond points out "Increasing the power and influence of large for-profit corporations results in a very ethically questionable situation whereby healthcare standards are based on financial gain and corporate interests. This additionally damages the doctor-patient relationship and takes choices away from patients. The decision to grant the proposal will damage Australia's world class healthcare system and lead to overall patient harm."

The only motivation for NIB/Cigna to operate such a program is to maximise premiums and minimise outlays by selling out healthcare services to the cheapest providers, irrespective of the quality of that care or if it meets the needs of the patients it is serving. This is because health insurers are interfering in the patient-doctor relationship and with more control, seek to dictate terms of care.

Creating buying groups and then dictating care pathways is exactly the kind of anticompetitive corporate behaviour that the ACCC was established to prevent.

The ACCC states that it may grant an authorisation "when it is satisfied that the public benefit from the conduct outweighs any public detriment". Has the ACCC considered in adequate depth the longer term public detriment of allowing this to proceed? The healthcare market is not subject to the same forces as some other markets and to assume so would be naive. In the longer term the initial perceived public benefit of increased insurer competition actually simply results in reduced control and choice for patients and higher cost healthcare for our system, as increased profits flow overseas, small funds are pushed out of the market and medical decision making independence is lost. The medical community implores the ACCC to heed the warnings of dire complications from proceeding with this or similar authorisations for the future efficient delivery of healthcare in Australia.

Please instead decline this authorisation and keep healthcare choices available to Australians. Including choice of hospital, choice of treatments, choice of practitioner. This allows our allied health practitioners, hospitals and doctors to give good quality care, rather than ever increasing control to overseas corporations for profit and the cheapest care from the cheapest provider with poorer long term outcomes.

This picture has been developing stealthily but the intentions of the insurers are clear – to exert control over medical care, minimise their costs and deliver greater profits for their shareholders. This is NOT of public benefit for Australia and is unlikely to deliver either a more competitive market or significant public health benefit. For this reason the ACCC should decline this authorisation.

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