

04/02/2020

Michael Pappa
Competition Exemptions Branch
Australian Competition and Consumer Commission
Email: exemptions@accc.gov.au

Dear Mr Pappa

Honeysuckle Health and nib application for Authorisation AA1000542

I am writing on behalf of Optometry Australia, the peak body representing over 83% of optometrists in Australia, in response to the consultation on the Honeysuckle Health and nib application for Authorisation AA1000542. We thank you for the opportunity to input.

We understand that the application is to enable Honeysuckle Health Pty Ltd and nib health funds limited to form a buying group (HH Buying Group) for the purposes of collective bargaining with healthcare providers (including allied health professionals, such as optometrists) on behalf of participants, who may include health insurers and government payers of health care services.

We raise the following two points that we ask are given consideration in your assessment of this application:

- Impact on optometry/optical market. Optical appliances are a common inclusion in General Treatment cover. Larger funds and the existing buying groups, which predominantly support smaller funds, typically enter contracting arrangements to support the provision of these appliances with low or 'no gap'. These contracting arrangements are often with the largest optometry providers only. Similar contracting arrangements are often not available to smaller providers.

These arrangements, and associated promotions to fund members, can create an incentive for fund holders to seek eye care and optical products from specific optometry/optical providers, and not others, i.e. fund holders can access optical appliances with no or low out-of-pocket costs at one provider and not another. Optometry Australia has previously raised concerns with the ACCC regarding how this impacts the optometry/optical market. Our concerns include that funds/buying groups that limit particular contracting arrangements to particular providers deny smaller optometry providers the opportunity to participate, compromising fair competition and can disadvantage policy holders in areas (typically rural) where such providers are not available.

We have concerns that a buying group, such as the proposed HH Buying Group, that includes at least one larger fund, and may potentially include multiple larger

funds, by undertaking contracting arrangements for a potentially larger proportion of the health insurer market, will further compromise the capacity of smaller providers to compete fairly in the market, with the ultimate impact of reduced competition in the optometry/optical market.

- The application notes that Government payers of health services could also form part of the buying group, including agencies that currently negotiate directly with health care providers. Without further detail, Optometry Australia has concerns about the impact this may have on competition in the optometry/optical market. This is particularly so if the Buying Group favours providers that it already has contracting arrangements with, whilst limiting the providers who can participate in such.

We thank you for your consideration.

Yours sincerely



Lyn Brodie
Chief Executive Officer
Optometry Australia