



Action on Gap Fees will address a key consumer concern about private health

Private Healthcare Australia (PHA) Chief Executive Dr Rachel David says a Federal Government plan to provide consumers more information about medical specialist fees and charges is a welcome step, and further urgent action must be taken against medical specialists who charge egregious fees or fail to inform consumers of likely costs in advance.

A major joint research project on out-of-pocket costs, by the Department of Health and PHA, has revealed a complete picture of out-of-pocket costs charged for medical specialist care for the first time.

IPSOS surveyed over 6000 privately insured Australians who had been in hospital in the last two years. Four out of 10 people had been charged a gap (average \$1000) and one third of them had not been informed in advance.

“The research confirms medical out-of-pocket costs are a major factor in consumers dropping their private health insurance, but their discontent with the system greatly diminishes when consumers are fully informed of costs in advance”, Dr David said. “This includes anaesthetist and assistant fees which are a very significant cause of anger when they are not disclosed.”

“If consumers are in control of their circumstances, that is, they can choose their specialist, and are fully informed about gap charges and any other additional fees, they are more likely to be satisfied with their treatment, less likely to drop their private health cover and less likely to become dependent on the already over stretched public hospital system.

“Gap fees are driving dissatisfaction with health funds who have limited control over what a medical specialist charges. While the majority of medical specialists charge acceptable fees and treat their patients with respect in terms of providing advice about costs in advance, there is a minority that continue to generate discontent.

“The research found that the average size of the gap by specialist varies considerably. While the largest proportion of gaps falls in the range of less than \$500, one in five (19%) are greater than \$2000 and one in fifty (2%) exceed \$10,000. The largest gap recorded was \$40,000.

“The fact 2% of private patients are faced with fees of more than \$10,000 without a good reason is enough to suggest serious action needs to be taken to stop this practice. It is a known fact there is no correlation between cost and quality when it comes to medical specialist care.

“No-one, including consumers, expects all services will be provided without a gap, but patients are being blindsided by charges they didn’t expect for anaesthetists and assistant surgeons. Furthermore, 8% of those surveyed had been charged an upfront booking or administration fee that can’t be claimed from health funds or Medicare. This practice should be banned.

“The future of private health depends on doctors, health funds and hospitals working together to improve the consumer experience. This includes empowering people to choose their specialist based on their capabilities and price, and receiving a comprehensive quote in advance of treatment. Our research clearly shows this is what patients expect.”

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About Private Healthcare Australia

Private Healthcare Australia is the peak representative body for Australia’s private health insurance industry. PHA represents 22 Australian health funds with a combined membership of 13 million Australians, or 97% of the sector on membership. Promoting the value of private health insurance to consumers in the Australian economy and keeping premiums affordable for our members is the number one priority of PHA members.