

# Media Release

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Private Healthcare Australia  
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## Healthscope rips up contracts with private health insurers so it can gouge Australian patients and increase profits for North American private equity owners

Within months of signing contracts with health funds representing 50% of Australia's private health insurance market, Healthscope has announced it is ripping up the legally binding agreements and will start charging patients who use its hospitals from early next year.

Healthscope runs 38 private hospitals across Australia, making it the nation's second-largest private hospital group. It is owned by North American private equity group Brookfield, which controls more than a trillion dollars' worth of assets worldwide.

Last month, Healthscope announced it planned to charge members of several health funds a "hospital facility fee" of \$50 for same-day services and \$100 for overnight services from November 26. The move was described as an ["unethical new low"](#) by Dr Rachel David, the CEO of Private Healthcare Australia, the peak body for health funds.

In another unprecedented move, Healthscope has informed the same funds it is instead exercising its termination rights and has provided 90 days' notice as required under the contracts.

Legal action by one of the health funds to enforce the contract terms and prevent patients being charged an extra out-of-pocket fee appears to have prompted Healthscope's decision.

"This is another unethical tactic from a \$1 trillion North American private equity firm that appears intent on holding health fund members hostage, while also trying to bully health funds into paying them more so they can increase their profits," Dr David said.

"If Healthscope was serious about delivering patient care to Australians in a cost-of-living crisis, it would negotiate an affordable and sustainable outcome, rather than throwing its toys out of the cot.

"There is no scope for health funds to pay across the board, above-inflation increases to private hospitals. People struggling with the cost of living will simply drop out or downgrade their health cover, which leaves Healthscope worse off as its customer base dries up."

Dr David said if Healthscope followed through with its contract termination, patients could be charged thousands of dollars to receive care at a Healthscope-owned hospital.

"This is just not done in Australian health care. We don't rip up contracts, we don't hang patients out to dry and we don't directly gouge patients like the American system," she said.

"It's really sad to see this North American private equity firm prepared to throw Australian patients, doctors, nurses and hospitals under the bus to enrich their investors."

*Private Healthcare Australia is the peak representative body for Australia's private health insurance industry. PHA represents 22 Australian health funds. 14.8 million Australians (55% of the population) have private health insurance.*

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Dr David called on medical practitioners who work at Healthscope hospitals to consider alternative options given the uncertainty Healthscope has created for patients who were awaiting surgeries.

“In most locations, alternative hospital providers with more stable finances are available. There are empty beds and operating theatre capacity around the country, in some cases right next door to a Healthscope hospital,” she said.

“Federal Government data shows we now have more private hospitals in Australia than we did five years ago. There are more ethical hospital operators who are happy to talk to medical practitioners about switching patients, or doctors’ entire practices, to alternate facilities.”

Patients concerned they may be affected by Healthscope’s contract termination should talk to their doctor and health insurer about other options.

“Health funds are doing everything possible to protect consumers against big, foreign-owned companies like this,” Dr David said.

“These foreign raiders are preying on Medicare and private health insurance to enrich themselves and they don’t care about rising health insurance premiums. Ripping up contracts and charging patients might be an American way of doing business, but there is no place in Australian healthcare for these unethical private equity bully boy tactics that have a direct impact on people’s lives.”

#### Healthscope owns hospitals including:

<b>NSW</b> <ul style="list-style-type: none"><li>• Campbelltown Private Hospital</li><li>• Hunter Valley Private Hospital</li><li>• Lady Davidson Private Hospital</li><li>• Nepean Private Hospital</li><li>• Newcastle Private Hospital</li><li>• Northern Beaches Hospital</li><li>• Norwest Private Hospital</li><li>• Prince of Wales Private Hospital</li><li>• Sydney Southwest Private Hospital</li><li>• The Hills Private Hospital</li><li>• The Sydney Clinic</li><li>• Tweed Day Surgery</li></ul>	<b>VIC</b> <ul style="list-style-type: none"><li>• Dorset Rehabilitation Centre</li><li>• Holmesglen Private Hospital</li><li>• John Fawcner Private Hospital</li><li>• Knox Private Hospital</li><li>• La Trobe Private Hospital</li><li>• Melbourne Private Hospital</li><li>• North Eastern Rehabilitation Centre</li><li>• Northpark Private Hospital</li><li>• Ringwood Private Hospital</li><li>• The Geelong Clinic</li><li>• The Melbourne Clinic</li><li>• The Victoria Clinic</li><li>• Victorian Rehabilitation Centre</li></ul> <b>QLD</b> <ul style="list-style-type: none"><li>• Brisbane Private Hospital</li><li>• Gold Coast Private Hospital</li><li>• Peninsula Private Hospital</li><li>• Pine Rivers Private Hospital</li><li>• Sunnybank Private Hospital</li></ul>	<b>SA</b> <ul style="list-style-type: none"><li>• Ashford Hospital</li><li>• Flinders Private Hospital</li><li>• Griffith Rehabilitation Hospital</li><li>• Memorial Hospital (The)</li></ul> <b>WA</b> <ul style="list-style-type: none"><li>• Mount Hospital</li></ul> <b>TAS</b> <ul style="list-style-type: none"><li>• Hobart Private Hospital</li></ul> <b>ACT</b> <ul style="list-style-type: none"><li>• National Capital Private Hospital</li></ul> <b>NT</b> <ul style="list-style-type: none"><li>• Darwin Private Hospital</li></ul>
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## Explainer – what are hospital contracts?

Health funds and hospitals contract with each other to ensure health fund customers can access high quality health care without charging out of pocket costs from the hospital. The Australian Government provides a minimum floor price that health funds must pay to every hospital, known as a default benefit.

Contracts provide higher than the minimum price in exchange for the hospital not charging patients for hospital and operating theatre expenses. These contracts often include quality indicators, reporting requirements and other accountability measures so health funds can be confident their customers are getting the best possible care without being out of pocket.

Medical services (provided by doctors) are more likely to have out of pocket costs charged directly to the patient. Also, many health insurance products have an excess payable by the patient.

Nearly all private hospital services in Australia are provided under contracts between health funds and hospitals, with no additional out-of-pocket costs.

While hospital and health fund disputes are common, it is very rare for a contract to be terminated. Contracts do have termination clauses, but these require a notice period (generally 90 days).

It is unprecedented for a hospital group to say it wants to keep collecting payments under a contract, but also charge patients directly. This may be unlawful, which may have prompted Healthscope's decision to terminate its contracts.

The end of negotiations between the parties does not mean health fund members are not covered for services at the hospital. It does mean members may face higher out of pocket costs. Health fund members pay out of pocket costs when the hospital or service providers charge more than the health fund has agreed to pay for a service.

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