

STATES MUST FOLLOW THROUGH ON PUBLIC HOSPITAL COST SHIFTING TO PROTECT PATIENTS AND MEDICARE

“The COAG agreement on public hospital funding and health reform has put the issue of improved transparency firmly on the agenda, and this is very much in the interests of patients,” the CEO of Private Healthcare Australia, Dr Rachel David said today.

“The issue of harvesting patients from Emergency Departments and pressuring them to go private is now firmly on the national political agenda and we welcome this initiative. Public hospital cost-shifting to health funds adds more to premium costs than the average year’s premium increase. The issue of Emergency Department harvesting of private patients adds \$1 billion a year to premiums and this is paid for mostly by pensioners and low income people with private insurance,” Dr David said.

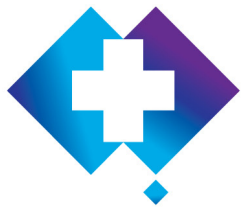
“At best, this practice has led to anxiety and confusion in the mostly elderly medical patients affected about what they have agreed to, at worst, it undermines one of the most fundamental principles of Medicare – that patients treated in public hospitals should be prioritised on the basis of need, not the ability to pay.

“In recent years there has been a move within State Governments to raise funds by pressuring patients attending Emergency Departments to declare their private health insurance. This drives up the costs of premiums for all members, and means public patients need to wait longer¹. This issue is not about the long-standing practice of private patients being treated on an elective basis in public hospitals because of the nature of their condition, or because it is where their specialist works. This practice refers to the aggressive trawling of public emergency departments to try and convert as many patients as possible to private status.

“The practice of trawling for private patients disadvantages the whole community. Many patients who intended to be treated as a public patient are signed up after they are admitted. The end result is PHI policyholders are now subsidising the costs of public hospitals, despite having already contributed to these through their taxes.

“Many people who have signed on the dotted line when they were at their most vulnerable, have subsequently complained to health funds they had not been seen by a specialist, and had been charged out-of-pocket costs in spite of being reassured this would not happen.

¹ AIHW 2017. Admitted patient care 2015–16: Australian hospital statistics. (Waiting time for public hospital elective surgery—42 days for public patients and 20 days for patients who used PHI to fund all or part of their admission).



Press Release

“State and Territory Governments received a 6.5% increase in their annual funding in the latest COAG Agreement. This compares with a 3.95% increase for PHI in 2018-19. Public hospitals should be held accountable for how this money is spent and respect the rights of Medicare eligible consumers. The Medicare principles need to be adhered to and not undermined by stealth,” said Dr David.

Private Healthcare Australia has been urging the Government to introduce regulatory reforms to increase monitoring of private patient flows through public hospitals, and greater transparency on the care being provided. Consumers should also be provided with informed financial consent to avoid unexpected out of pocket costs; public hospitals should be required to share an appropriate level of data with health funds; and the practice of hospitals offering public patients financial incentives to use their PHI is inappropriate and should be banned.

Health funds are reassured by the attempts to address aggressive cost shifting at COAG, but for the sake of patients, and the integrity of the Medicare system, States and Territories need to follow through.

Private Healthcare Australia is the peak representative body for Australia’s private health insurance industry. PHA represents 20 Australian health funds with a combined membership of 12.9 million Australians, or 96% 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. PHA’s CEO Dr Rachel David is available for interview.

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