

Urgent action on out-of-pocket expenses required for private health to remain viable

Private Healthcare Australia Chief Executive Dr Rachel David has called for a whole-of-sector commitment to increase transparency and tackle escalating out-of-pocket costs faced by consumers in the private health sector.

The need to challenge growth in out-of-pocket medical expenses for consumers has been highlighted by the ABC's Four Corners program.

Private Healthcare Australia contributed to the investigative report, which sought to expose the extent to which unexpected and unexplained out-of-pocket expenses are undermining the private healthcare system.

PHA's Chief Executive Dr Rachel David said despite health funds having no legal influence over specialists' fees and charges, consumers often blamed them for gap payments.

"Health fund data shows while the majority of private health services provided in-hospital are no-gap, for those that do attract a gap fees, they are rising at well above the rate of inflation," she said.

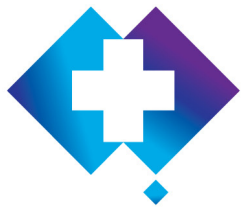
"Furthermore, many consumers do not realise health funds are prevented by law from insuring services that occur out-of-hospital, like visits to specialists, pathology tests and scans.

"The Australian Medical Association's national conference at the weekend condemned specialists charging exorbitant out of pocket fees as well as the practices of booking fees and bill splitting as these do not reflect clinically relevant services.

"Health funds do not have the levers to stop this and therefore stakeholders need to work cooperatively to call for Federal Government intervention. This issue must be addressed urgently as the growing trend towards crowd-funding to fund surgery in Australia should be a red flag that all is not well.

Dr David said health funds were calling for:

- transparency on medical out-of-pocket costs so GPs and consumers could choose specialists based on price and quality ahead of the referral process;
- a clear complaints process with a single agency responsible to assist consumers who have been stuck with an inappropriate medical bill;
- fees and charges not associated with a clinically relevant service to be made illegal in circumstances where the MBS and health fund GapCover are also billed;
- an education initiative to ensure consumers understand why some specialists charge so much, and that it is not correlated with the quality of the treatment, or the likelihood of a good outcome.



Press Release

“We have one of the best health systems in the world however the reputation of the private health sector is being undermined by a minority. Most surgeons and procedural medical specialists are highly skilled professionals who try and do the right thing by their patients, but there are exceptions.

“Consumers should be aware there is no correlation between the out-of-pocket cost and the quality of the specialist. There are many excellent specialists who provide services for no gap at all, or a known gap.”

Dr David said there were a number of steps consumers could take to protect themselves against high out-of-pocket costs if they needed surgery:

1. Talk to your GP. Your GP needs to be aware costs are a concern, so they can help you find a low-charging specialist;
2. Talk to your health fund. Most health funds have websites and other tools available, which list specialists covered by their GapCover schemes, who charge either no gap, or a known gap;
3. When you have consulted a specialist about treatment, ask for a quote up-front which contains all likely out-of-pocket costs, including the anaesthetist, surgical assistant and diagnostic tests;
4. After surgery, if you have had complications or there are unexplained charges on the bill, do not pay it until there has been an explanation from your doctor (not a receptionist or practice manager). If you do not get this, a patient advocate may be able to help. In some circumstances patients may not be liable to pay for complications which have occurred, or fees which are not associated with a clinically relevant service;
5. For people living in areas where doctors traditionally have charged high gaps, particularly in wealthier neighbourhoods, they may need to travel outside of their immediate area to access cheaper options.

“Private Healthcare Australia is committed to working with stakeholders and the Federal Government to foster greater transparency on medical-specialist and out-of-pocket costs on behalf of Australian consumers,” said Dr David.

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.

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PRIVATE HEALTH COVER



HEALTH FUNDS CAN COVER:

- Costs of hospital accommodation
- 25% of the schedule fee (Medicare covers the other 75%) for medical treatment or an additional amount if the doctor is enrolled in a 'no-gap' scheme with the patient's health fund
- The cost of any implantable medical device on the Protheses List

HEALTH FUNDS CAN'T COVER:



- Visits to private specialists and diagnostic tests out of hospital cannot be covered by private health insurance under Australian law

HOW OUT-OF-POCKET COSTS CAN BE GENERATED FOR SPECIALIST MEDICAL CARE



HEALTH FUNDS

- Inadequate private health cover – consumer doesn't have cover, or the policy doesn't/restricts cover for a treatment¹
- Excess cover – policy has an excess in return for lower premiums²



HOSPITALS

- Doesn't have a contract with a health fund & usually charge patients the cost upfront (very rare)
- Charges additional hotel benefits (e.g. WiFi or newspapers)
- Cost shifts services to a different part of the health system to save money, which generates a co-payment



DOCTORS

- Some doctors choose to charge above the MBS schedule, generating a co-payment
- Some doctors charge additional fees outside the MBS and health fund billing processes (e.g. 'booking fees')
- Fees from other doctors involved in treatment (e.g. anaesthetists and surgical assistants)
- If the treating doctor is using a medical device or equipment not listed on the Protheses List of benefits, this cost may be passed on to the patient

ADVICE TO CONSUMERS



Talk to your GP so they can help you find a low-charging specialist



Talk to your health fund. Most health funds have tools which list specialists covered by their GapCover schemes, who charge either no gap, or a known gap



Ask your specialist for a quote up-front which contains all likely out-of-pocket costs, including the anaesthetist, surgical assistant and diagnostic tests



After surgery, if you have had complications or there are unexplained charges on the bill, do not pay it until there has been an explanation from your doctor



Consider travelling outside your immediate area to access cheaper options (e.g. outside of wealthier neighbourhoods where doctors traditionally charge high gaps)

¹The government's PHI reform measures will address this by simplifying information to consumers

²Can be up to \$500 for a single person and \$1000 for a family

URGENT ACTION ON CONSUMER OUT-OF-POCKET EXPENSES REQUIRED

Private Healthcare Australia says the whole industry must commit to increase transparency and tackle escalating out-of-pocket costs faced by consumers.

HEALTH FUNDS ARE CALLING FOR:

1.

Transparency on medical out-of-pocket costs so GPs and consumers can choose specialists based on price and quality ahead of the referral process

2.

A clear complaints process with a single agency (for example the Department of Health) responsible to assist consumers who have been stuck with an inappropriate medical bill

3.

Fees and charges not associated with a clinically relevant service to be made illegal in circumstances where the MBS and health fund GapCover are also billed

4.

An education initiative to ensure consumers understand why some specialists charge so much, and that it is not correlated with the quality of the treatment, or the likelihood of a good outcome



Private Healthcare Australia
Better Cover. Better Access. Better Care.