

**Professor Steve Robson**

President



**The Royal Australian  
and New Zealand  
College of Obstetricians  
and Gynaecologists**

*Excellence in Women's Health*

7 December 2017

Ms Jeanette Radcliffe

Committee Secretary

The Senate

Standing Committee on Community Affairs References Committee

PO Box 6100

PARLIAMENT HOUSE CANBERRA ACT 2600

**By Email:** [community.affairs.sen@aph.gov.au](mailto:community.affairs.sen@aph.gov.au)

Dear Ms Radcliffe

**Re: Inquiry into the value and affordability of private health insurance and out-of-pocket medical costs**

I write further to previous correspondence in relation to the Senate Community Affairs References Committee's public hearing held in Sydney on Tuesday 31 October 2017.

Please find enclosed the Royal Australian and New Zealand College of Obstetricians and Gynaecologists (RANZCOG) response to the two questions taken on notice during the hearing by the Committee Chair, Senator Rachel Siewert.

Should you require further information, please do not hesitate to contact me.

Yours sincerely

Professor Steve Robson

**President**



# The Senate

## Standing Committee on Community Affairs References Committee

### Inquiry Into the Value and Affordability of Private Health Insurance and Out-Of-Pocket Medical Costs: Response to Questions on Notice from Public Hearing, 31 October 2017

7 December 2017

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The Royal Australian and New Zealand College of Obstetricians and Gynaecologists (RANZCOG) welcomes the opportunity to provide further information on the following questions on notice:

#### Written questions from Senator Griff

**Your submission shows a decrease in women delivering babies in private hospitals. A similar decrease in women having gynaecological surgery in private hospitals with a concomitant increase in waiting times in public hospitals. Why do you think women are abandoning the private system for obstetrics and gynaecology?**

RANZCOG has recently held two Roundtable meetings to discuss key issues impacting on Private Health Insurance in Maternity. At these Roundtables, RANZCOG brought together key stakeholders including a significant proportion of private health insurers in Australia, relevant specialist medical colleges, medical indemnity providers and staff from the Health Ministers Office and the opposition Health Minister's office.

As part of the Roundtable discussions, the reasons for the declining interest in private obstetric care were explored along with possible solutions. The reasons for decline include some of the following:

- ) **Affordability:** Rising household running costs coupled with stagnation of real growth in wages mean that a large number of the population can simply no longer afford private health insurance. The affordability of private health insurance excesses and out-of-pocket costs are impacting the sense of value of private health cover for women contemplating management of their pregnancy.
- ) **The complexity of private health insurance policies and exclusions:** There are over 30,000 different policies on the market, which generates confusion, along with a trend of more insurers excluding pregnancy from many policies. These policies preclude these women from electing to be cared for in the private maternity system.
- ) **The value of private health cover:** The 25-35 year age group do not appear to value private health cover as much as older generations do. This is a perception issue as adequate care is being provided to pregnant women throughout public hospitals. For other procedures carried out in the public system, private health is attractive as it shortens wait times; in the case of pregnancy, however, time limits cannot be imposed.

## What changes to policy structure would enable more women to access their care in the private system?

Some possible changes to policy structure to enable more access more women to access care in the private system include:

- ) **Transparency** on total expected patient costs.
  - ) **Measures to reduce out-of-pocket costs:** To enable more women to access private maternity care, the Government must work to minimise patient out-of-pocket costs. The cost of medical indemnity insurance for obstetrics is a significant driver of out-of-pocket costs, which are passed onto the patient; RANZCOG would recommend that the Government abandon any further plans to wind back the various indemnity support schemes and send a clear signal to the profession and indemnity providers that this will be done. In addition, anaesthetist costs are another contributor to out-of-pocket costs, which are passed directly onto the patient. We understand that there are some significant changes proposed to the MBS items numbers for anaesthetic services, which will result in higher patient out-of-pocket costs. These increased costs will drive more patients away from private maternity care.
  - ) **Reducing the complexity and exclusions on private health insurance policies:** The Government could play a role in the simplification of policies and providing advice on exclusions like pregnancy.
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