

17 November 2017

Jeanette Radcliffe
Committee Secretary
Standing Committee on Community Affairs
References Committee

Dear Ms Radcliffe,

Thankyou for the questions on notice from the 31 October public hearing for the Inquiry into the value and affordability of private health insurance and out of pocket costs. Our answers are as follows

How would you make specialist fees publicly available? Is this something Medicare could do? Would this breach the Privacy Act?

CHF has proposed the establishment of an independent and authoritative website to list fees and ultimately selected data on the performance of specialists. Such a platform should be developed in consultation with consumers and the medical community.

We do not believe that Medicare would be suitable, as we would envisage that the website would publish fees for items both on the MBS schedule and not on it (such as some allied health consultations).

CHF is not qualified to provide advice about the Privacy Act implications however compliance with privacy principles would be a key consideration in the design of any platform.

How would your "single quote" model work? I take it this would be for a whole episode of care. Would this breach the ACCC price fixing regulations by binding together independent practitioners in a bundled fee?

The lead medical practitioner for an episode of care would be responsible for compiling the quote and bill for the procedure, or episode of care. The quote would be itemised with each of the separate costs and practitioners who would be involved in the episode of care. It would stop consumers from having to contact and seek advice from each individual practitioner, and would place the burden of responsibility on the lead practitioner who is likely to be coordinating the care anyway.

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We do not believe this would breach the ACCC price fixing regulations. As we understand it, price fixing occurs when competitors agree on pricing rather than competing against each other. The service providers in an episode of care typically provide coordinated but distinct services and are therefore operating in different 'markets'. Consumers would still be able, and would be encouraged, to make informed choices about their team of providers. So, to the contrary, a single itemised quote pre-procedure may encourage competition by making pricing more transparent for consumers and allowing consumers choice and control over which elements of the quote they choose to accept or negotiate. Consumers would gain the ability to ask the lead practitioner or other practitioners in the treating team about the costs involved and would be able to shop around for a better price if they were not satisfied. This would be an improvement on current practices, in which consumers generally find out about total costs following the procedure.

You mention having transparent information about both a practitioner's fees and safety and quality records. How would this be compiled? Audit activities at present are protected – may not be made public to enable peer review and improvement to occur. How would you change this model?

There are a range of practical options for such a website to provide consumer-friendly information on specialists' fees:

- That it be established by an authoritative body acceptable to the medical profession such as Government, or even under the aegis of the Council of Presidents of Medical Colleges;
- That they be published on a regional basis, perhaps giving mean or average fees and high/low indices without identifying practitioners by name;
- That if individual practitioners were to be named, the figure given be based on a mean/average of their previous year's fees;
- That practitioners make available their fees data as part of requirements for eligibility to receive Medicare payments;
- That performance indicators be developed to enable consumers to compare practitioners.

You state:

If the second-tier default benefit were to be removed this would disadvantage all consumers. Private hospitals need to be able to stay open in rural and regional areas – removing the benefit would reduce

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their viability, which would reduce the value rural consumers get from their insurance.

How will the changes recently announced by the Minister affect the second-tier default benefits?

The detail of the changes recently announced by the Minister have not been made clear as of yet. We support what we know of the changes, however reserve further comment until further detail becomes apparent.

Kind regards

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