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Dear Committee Secretary,

**Private Health Insurance Amendment (GP Services) Bill 2014**

The AMA welcomes the opportunity to provide input into the Community Affairs Legislation Committee Inquiry into Private Health Insurance Amendment (GP Services) Bill 2014.

The proposed Bill appears to target arrangements such as those reached between Medibank and the Independent Practitioner Network Pty Ltd (IPN). This provides Medibank members with preferential access to care from participating GPs practising at nominated IPN clinics. The AMA is not privy to the specific financial arrangements underpinning this scheme, but understands that Medibank pays IPN a capitation fee to cover the system and administrative costs associated with this partnership.

The AMA is very concerned that this type of program sets a precedent where private health insurers (PHI) are effectively involved in the poorly targeted funding of a broad range of GP services and that the principle of universal access to health care is being undermined.

The Department of Health (DoH) has provided advice to the AMA that the above arrangement is not in breach of the Private Health Insurance Act 2007 (PHIA). It is difficult to agree with this assessment in so far as we understand that participating GPs, who would otherwise charge a gap, will not be financially disadvantaged when they bulk bill Medibank members. This implies that some form of compensation is paid to participating GPs by IPN and, to that extent, this would be linked to the volume of MBS services.

If, as the DoH contends, the arrangement is technically compliant with the provisions of the PHIA it is clearly inconsistent with the spirit and intent of the legislation. The AMA would welcome changes to the Act to address the apparent ambiguity and ensure that the PHIA is consistent with long standing policy settings.

Notwithstanding the above, it is important to emphasise that the AMA does support a limited role for PHIs in general practice. The AMA recently released its position statement [Private Health Insurance and Primary Care Services - 2014](#), (attached for your reference) that recognises the potential for targeted reforms to improve patient care and save the health system money.

GPs provide holistic and well-coordinated care for patients, including preventive health, yet this largely goes unrecognised in current private health insurance arrangements. PHIs have introduced a number of programs that provide their members with access to services such as telephone coaching, exercise physiologists, dieticians, and physiotherapists to better manage their chronic conditions. While these programs can potentially be of benefit to patients, they generally work in isolation to the usual GP who understands the patients care needs. This is a significant problem and fragments patient care.

In this context, there is certainly scope for PHIs to explore the potential for greater engagement with general practice to improve the coordination of patient care, ensure care is provided in the most appropriate clinical settings, and avoid unnecessary hospital admissions.

The attached position statement outlines the areas that the AMA believes could be explored including wellness programs, maintenance of shared electronic health care records, hospital in the home, palliative care, minor procedures, and GP directed hospital avoidance programs.

However, it is important to stress that patient choice and clinical autonomy are among the great strengths of our health system and we do not want to proceed down the managed care route adopted in countries such as the United States. Some PHIs seem to be taking a more interventionist approach to the funding of the provision of care for their members and, to this extent, any model implemented would need to satisfy a number of criteria including:

- recognition and support for the usual GP as the central coordinator of patient care;
- a collaborative approach to care, with the usual GP retaining overall responsibility for the care of the patient;
- appropriate access to care based on a patient's clinical needs;
- preservation of patient choice; and
- protection of clinical autonomy.

The AMA is working to encourage a discussion about the role of PHIs in general practice and is disappointed that most existing programs are poorly designed and not well targeted. If this situation is to change, there needs to be much more robust engagement with the profession to ensure that future models are in the best interest of patients and the provision of high quality, equitable and sustainable health services.

Yours sincerely

A/Prof Brian Owler  
President  
16 July 2014