



Submission No. 84

Supplementary to submission nos. 30 & 54

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22 September 2005

Mr Alex Somlyay  
Chairman  
House of Representatives Standing Committee  
On Health and Ageing  
Parliament House  
Canberra ACT 2600

Dear Mr Somlyay,

#### Portability of health fund membership

I am writing to clarify the AMA position in relation to doctors providing advice to their patients on the benefits of membership of the respective health funds. We are prompted to write because of a recent article in the Sydney Morning Herald by Mark Metherell (copy attached) and in particular the comments attributed to the CEO of PHIAC, Gayle Ginnane and the Private Health Ombudsman, John Powlay.

The AMA view is that provided the doctor does not exercise any compulsion over the patient and provided the patient is the main beneficiary of the advice, there is nothing wrong with doctors providing advice and in fact the provision of such advice is demanded by patients and is necessary for the efficient operation of the private market.

Ms Ginnane's suggestion that doctors should be subject to the same financial penalties as health funds who encourage members to change funds to reduce their costs is a ludicrous proposition. Doctors are not in competition with health funds and do not benefit from the reduction in costs which accrue to a fund from changed membership. To suggest they should be fined as if they were is simply to misunderstand the industry and the principles behind the penalties. These are not helpful qualities in a Regulator.

The Government, consumers and health funds are always encouraging the medical profession to inform patients of their likely out of pocket costs. We agree with this and have made a substantial investment in ensuring that doctors do it. We are confused when doctors are criticised for doing what the health funds have asked us to do. The Private Health Ombudsman should not criticise doctors for providing comprehensive informed financial consent to patients.

Doctors are not the problem here. Involving them is an attempt to divert the blame away from the health funds for whom easy portability is a menace. To us it is essential to the smooth operation of the private health insurance market.

We note that some of these comments were made in appearances before the House of Representatives Standing Committee on Health and Ageing and the AMA would appreciate an opportunity to again appear before the Committee to respond to these comments.

Yours sincerely

Dr Mukesh Haikerwal  
President

cc John Powlay  
Gayle Ginnane