Out-of-pocket health costs review needed more than ever

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Latest figures showing consumers are paying out more than ever to health funds and doctors, make it more important than ever for the Government’s proposed out-of-pocket costs project to result in a better deal for patients, the Consumers Health Forum says.

The Australian Prudential Regulation Authority figures show that in the 12 months to September, health fund revenue from members’ premiums rose at a faster rate than the amount they paid in benefits to their members. Premium revenue totalled $23.3 billion, an increase of 4.3 per cent on the previous year while benefits totalled $19.7 billion, a rise of 3.7 per cent. The funds’ net profit after tax rose to $1.43 billion, up by 4.8 per cent.

“These figures might be healthy for health funds’ bottom line but they are not great medicine for private patients who not only face higher premiums but also a 5 per cent jump in out of pocket costs,” the CEO of the Consumers Health Forum, Leanne Wells, said.

“These gap charges, not covered by funds, for medical services in hospital, averaged $299 for hospital episodes and were in addition to any excess or co-payment amounts relating to hospital accommodation allowed for in policies.

“And patients often incur multiple out of pocket costs when a medical procedure requires a number of specialists. The provision of a single quote would be ideal but is not consistently done. This adds to the bill-shock for consumers”
“There has been an even more dramatic jump in medical gap costs when doctors bill extra. These rose to $153.85, up by 19.3 per cent in the 12 months to September, the APRA figures show.

“The Health Minister, Greg Hunt, has promised the Government will establish an expert committee to ensure a collaborative approach in determining the best model to make information on out-of-pocket costs charged by doctors more transparent and to help consumers with private health insurance better understand out-of-pocket costs.

“The committee will consist of experts representing medical craft groups, insurers and consumers and we want to ensure consumers’ interests are the top priority.

“The Consumers Health Forum is calling for a mechanism to make doctors’ fees much more transparent and open to comparison. We propose some form of independent and authoritative website which lists specialists’ fees and ultimately their performance data so that patients can make an informed assessment. Modern information technology makes such a service feasible.

“We agree with Mr Hunt who says making doctors’ out-of-pocket costs more transparent will allow consumers to compare doctors’ fees more easily and make an informed choice knowing the expected out-of-pocket costs. Funding of $1.1 million has been allocated over three years to establish an expert committee to consider best practice models for transparency of out-of-pocket costs.

“Mr Hunt says the change is designed to improve consumers’ understanding of private health insurance and its value to them. The Consumers Health Form wants to see health insurance made simpler and more certain for consumers to compare different policies easily,” Ms Wells said.