



The Royal
Australian &
New Zealand
College of
Psychiatrists



12 July 2018

Committee Secretary
Senate Standing Committees on Community Affairs
PO Box 6100
Parliament House
Canberra ACT 2600

By email to: community.affairs.sen@aph.gov.au

Dear Committee Secretary

Re: Private Health Insurance Legislation Amendment Bill 2018 and related Bills

The Royal Australian and New Zealand College of Psychiatrists (RANZCP) welcomes the opportunity to respond to the Senate Standing Committees on Community Affairs' review of the Private Health Insurance Legislation Amendment Bill 2018 and related Bills (the Bills).

The RANZCP is the principal organisation representing the medical speciality of psychiatry in Australia and New Zealand and is responsible for training, educating and representing psychiatrists on policy issues. The RANZCP represents more than 6000 members, including more than 4000 qualified psychiatrists. The RANZCP is guided on policy matters by a range of expert committees, including the Section of Private Practice Psychiatry. Around half of RANZCP members in Australia work in private practice.

The RANZCP has long advocated for reforms to private health insurance, and developed [Position Statement 91: Private health insurance policies for psychiatric care in Australia](#) last year. It is the RANZCP's position that, in general, private health insurance affords consumers greater choices in relation to their health care, providing coverage for services not covered by Medicare and offering shorter waiting times. Private health insurance also helps to relieve pressure on the public system.

The RANZCP has previously welcomed many of the announcements proposed by the Health Minister, and supports the primary intent of the Bills to address the decline in private health insurance participation in Australia. The RANZCP believes that frustration with complex private health insurance policies, rising costs for consumers and unexpected out-of-pocket costs are contributing to this decline. Most importantly, the RANZCP has advocated for reforms to make private insurance policies clearer and more affordable.

Part of the confusion often lies in the contractual arrangements that exist between private hospitals and insurers. These agreements are commercial in confidence and the result of negotiations on exclusions and benefits. Often the details of these arrangements impact the costs and experience of consumers, and these details can be hard for consumers to understand and compare.

Our members note an increasing number of complaints and problems connected to for-profit insurers who have a first-order duty to their shareholders, rather than patients. Naturally this affects premiums and fees and insurers may be reluctant to pay out on claims. By design, not-for-profit insurers and mutual funds typically have a more member-centred approach. The RANZCP welcomes the emphasis on expanded access to mental health care, which is part of the reform measures contained in the Bills. Looking specifically at the reforms outlined in the Explanatory Memorandum, the RANZCP notes the following.

- **Reform 1: Product Design Reforms – Gold, Silver, Bronze, Basic**

The RANZCP welcomes this reform measure, which will simplify choices for consumers and make it easier to compare packages and understand restrictions. The RANZCP believes it is important that psychiatric services be included in all four packages: Gold, Silver, Bronze and Basic. This point was made by the RANZCP in a letter sent to the Department of Health in May 2018. Consultation with industry and stakeholders on the minimum standards for each product category was remarkably short and the RANZCP would welcome further discussion on the detail of this important reform.

- **Reform 2: Product Design Reforms – remove waiting period for mental health**

The RANZCP supported reforms to enable patients with limited cover to upgrade without serving a waiting period (two-months) for access to higher benefits for psychiatric care, which was made available from 1 April 2018.

- **Reform 3: Improved Models of Care Mental Health Sub-Group**

This Sub-Group represents a valuable opportunity to create efficiencies in the system, and also improve the care pathways for patients and health professionals. A representative of the RANZCP continues to contribute to this Sub-Group and looks forward to further work that will improve the delivery of mental health care in Australia.

- **Reform 4: Standardised Clinical Definitions (now referred to as categories)**

Consistent clinical definitions will simplify processes for billing and documentation of health procedures and treatments. The RANZCP notes that focus groups, consumer testing and consultation with stakeholders took place in 2018. As noted above, the RANZCP wrote to the Department in May 2018 as part of very brief consultation process on clinical definitions and the proposed four packages. The RANZCP notes correspondence sent from the Department of Health Private Health Insurance Taskforce and would welcome additional opportunities to comment on these proposals.

- **Reform 5: Improved access to travel and accommodation benefits for regional and rural areas**

Patients in regional, rural and remote areas often have to travel to urban hospitals for psychiatric treatments, including electroconvulsive therapy (ECT). The inclusion of travel and accommodation for regional and rural patients will help to remove a significant access barrier.

- **Reform 6: Information Provision Reforms**

As noted in Position Statement 91, there is a need for reliable information source where consumers can comprehensively compare health insurance packages and restrictions. The Private Health Insurance Ombudsman website is an important resource that should be strengthened and promoted.

- **Reform 7: Consultation on measures to support transparency of out-of-pocket costs**

Concerns around “out-of-pocket” costs and charges have contributed to the decline in private health insurance take-up and eroded trust in the private health system more generally. Consultation, which leads to appropriate action and more transparent systems, will help to restore confidence in private health care. The RANZCP is also working with its members to make sure information on fees is provided to patients in a clear and timely way.

- **Reform 8: Discounts for 18 to 29 year olds**

As noted under Reform 2, the RANZCP supports reforms to make private health insurance more affordable and attractive for Australian adults in younger age brackets. The RANZCP recognises that Australia’s private health insurance system is based on community ratings, equalised risk and a broad base that requires younger and healthier members to provide a sustainable foundation.

If you have any questions regarding this submission, please contact the Executive Manager, Practice, Policy and Partnerships Rosie Forster

Yours faithfully

Dr Kym Jenkins
President

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