

# **Private Health Insurance Intermediaries Association**

## **Submission**

**To**

### **Productivity Commission**

### **Hospital Performance Study**

#### **Introduction**

The Private Health Insurance Intermediaries Association (PHIIA) is the key representative body of health insurance agents and brokers. Although we are not sufficiently funded to commission or undertake our own in-depth research our members interact with health insurance customers and potential customers daily. They have a unique and invaluable insight into their thoughts about health insurance.

We will confine our comments to two areas namely, Informed Financial Consent and Indexation of the Medicare Levy Surcharge.

#### **Informed Financial Consent (IFC)**

In the Commission's issues paper comments were sought on the adequacy of the research and any sources of new research on IFC. Unfortunately we really can't comment on this area for the reasons mentioned in the introduction.

However, anecdotally this is quite an emotive and, at times, frustrating area. Clearly this could all be overcome with timely doctor advice of the gap well in advance of the hospitalisation.

Importantly, this should apply to all the doctors (including assistant surgeons) involved in any surgical procedure. Despite the evidence in some of your research the most contentious surgical area is Anaesthetists, some of whom don't advise of the out of pocket costs until literally moments before the procedure, when the patient really has little option but to accept.

If all doctors involved in a surgical procedure could be obliged to notify the patient of their out of pocket charges, say, no less than a week before the procedure, it would address the problem.

## **Indexation of Medicare Levy Surcharge Thresholds (MLS)**

Our concern relating to the MLS changes is the close proximity of two changes to it. The first in October 2008, which hasn't even run a full year. Most taxpayers won't fully appreciate it and take action until they have completed their 2009 tax return. Thus its effect is somewhat unknown at the moment.

Notwithstanding the above, another change is proposed in the current federal budget, which will further confuse the public. The concept of various income thresholds and rising percentage MLS is probably very sound but all of this change so close to the 2008 amendments are likely to greatly confuse a significant number of Australian consumers.

Moreover, the private health insurance taxation rebate (PHIR) should not be overlooked. The MLS and PHIR income thresholds should be indexed at the same time by the same indexation measure.

We believe that to minimise confusion that both the MLS and PHIR income thresholds should be indexed to the change in AWOTE every three years. We chose AWOTE because it appears to be a more complete measure of change for income that is subject to assessment under MLS.

## **Conclusion**

In summary we would suggest:

1. All doctors involved in a surgical procedure be obliged to furnish their patient with their out of pocket costs at least a week before the procedure.
2. That both MLS and PHIR income thresholds be indexed to the change in AWOTE every three years.

We would be pleased to meet with the Commission in person to further discuss these issues should the need be determined.