

29 January 2015

Our ref: 130115-J

Ms Jayde Richmond  
GPO Box 520  
Melbourne VIC 3001

**Via email:** [phireport@acc.gov.au](mailto:phireport@acc.gov.au)

Dear Jayde

**Re: ACCC Report to the Senate on Private Health Insurance**

Thank you for the opportunity to comment on the ACCC's *Report to the Australian Senate: On anti-competitive and other practices by health insurers and providers in relation to private health insurance*.

The Consultation Paper invited comments on end-of-financial year advertising that encourages consumers to take up private health insurance (PHI) or transfer between health funds to avoid the yearly premium increase.

The Australian Physiotherapy Association (APA) has elected not to answer any one specific consultation question/s but instead to provide general comments on issues of concern to our membership.

The APA believes that the perceived urgency associated with end-of-financial year advertising may discourage consumers from asking insurers the right questions that enable consumers to make an informed decision. Time pressures may lead consumers to make ill-informed decisions, without proper consideration for what level of health cover is appropriate to meet their health needs.

Further to encourage take up of PHI before June 30, insurers may make the decision to keep premiums low by offering products with exclusions and restrictions, which could result in consumers purchasing products that will not meet all their needs.

This is of great concern to the APA as ancillary cover pays rebates for attendance to physiotherapists and other general providers, such as dentists and podiatrists. The APA's research shows that approximately half of all private physiotherapy patients make a claim on private health insurance. Indeed, early physiotherapy assessment and intervention has significant benefit for both the consumer and health care system across a wide range of conditions.

Any reduction in the number of Australians holding ancillary cover will reduce access to physiotherapy services – services that are largely not covered under the Medicare Benefits Scheme (MBS). This is because Medicare-funded access to physiotherapy is limited to people with complex and chronic diseases.

Another concern for the APA is that existing portability arrangements and long waiting periods when transferring between health funds may discourage consumers from changing insurers. Specifically, some insurers are slow to issue transfer certificates that enable consumers to switch. Process bottlenecks can encourage consumers to doubt whether they should switch insurers because of the administrative delays with switching between funds and may explain the low levels of consumer mobility in the private health insurance sector.

**The APA believes that consumers should be educated on EOFY campaigns to help consumers identify and assess their health and financial needs when purchasing new health fund policies. The APA argues that existing portability arrangements need to be reviewed to make it easier for consumers to transfer between insurers. The APA submits that consumer choice is best supported by removal of regulatory, legal and financial barriers to encourage consumers to shift their business between health funds and choose the cover that best suits their needs. The APA supports appropriate access to a diversity of quality health services and believes that ancillary and extras cover is essential to a strong primary care sector.**

Yours faithfully,

A handwritten signature in black ink, appearing to read 'M Dripps', with a large, sweeping initial 'M'.

Marcus Dripps  
President