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Herron, Will

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**From:** Rakers, Mark  
**Sent:** Friday, 9 February 2018 5:07 PM  
**To:** 'NORIS, Margaret'; SMITH, Anna  
**Cc:** MCELGUNN, Peta; Salisbury, David; Mulhall, Paul; Bulle, Jabulani  
**Subject:** RE: Preparation of Government Response for the Inquiry into value and affordability of private health insurance and out-of-pocket medical costs [SEC=UNCLASSIFIED]  
**Attachments:** ACCC response to Senate report into value and affordability of private health insurance - 9 February 2018.pdf

Margaret and Anna

Please find attached the ACCC's response to relevant recommendations of the Senate Committee's report into the value and affordability of private health insurance and out-of-pocket medical costs.

Should you have any questions on the ACCC's responses, please contact me.

Kind regards

Mark

**Mark Rakers**

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**From:** NORIS, Margaret [mailto:Margaret.Noris@health.gov.au]  
**Sent:** Thursday, 21 December 2017 3:46 PM  
**To:** Rakers, Mark  
**Cc:** SMITH, Anna; MCELGUNN, Peta  
**Subject:** Preparation of Government Response for the Inquiry into value and affordability of private health insurance and out-of-pocket medical costs [SEC=UNCLASSIFIED]

Hi Mark

Following our discussion today, the Department has agreed to take responsibility for preparing the Government response to the Inquiry into value and affordability of private health insurance and out-of-pocket medical costs.

As some of the recommendations refer to the ACCC, we will be seeking your input to these recommendations.

The Government response is required to be tabled on 19 March 2018. This means timeframes are tight as the response needs to be cleared through internal processes, discussions with PM&C, prior to the Minister for Health, then the Prime Minister before tabling. We have been given Friday 16 February 2018 as the due date for internal clearance by our Deputy Secretary.

I would appreciate your formal responses to the relevant recommendations by the end of January.

Please feel free to contact me should you have any queries or would like to informally discuss your responses.

Margaret  
6289 9270

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**Senate report – Value and affordability of private health insurance and out-of-pocket medical costs, December 2017 – ACCC response, 9 February 2018**

The ACCC has provided below its responses to relevant recommendations made by the Senate Community Affairs References Committee following its inquiry into the value and affordability of private health insurance and out-of-pocket medical costs.





**Recommendation 13:** The committee recommends that the Australian Competition and Consumer Commission reconsider whether private health insurers' use of data obtained from the Health Industry Claims and Processing Service is anti-competitive. The committee also recommends the Commonwealth Government amend relevant legislation to ensure there is a clear delineation between data obtained from the Health Industry Claims and Processing Service and data used by health insurers competing for services against other non-preferred providers. This should extend to a requirement that such data be maintained strictly and separately and that private health insurers should be prohibited from using data gained through claims processes for commercial gain.

**Alternate Recommendation 13 (Coalition Senators):** The Committee recommends that the Commonwealth Government ask the Private Health Insurance Ombudsman whether the practice of differential rebating exists and is having a detrimental impact on consumers overall. If so, to recommend options—including legislative changes—to mitigate impact on consumers.

**ACCC response:**

The ACCC's Private Health Insurance report for 2015-2016 reiterated the ACCC's previous finding that preferred provider arrangements can deliver benefits to health fund members, most commonly in the form of a greater rebate, when they choose to have treatment at one of their health insurer's preferred providers. Members remain able to seek treatment elsewhere but may receive a lower rebate.

The ACCC recognises the concerns raised by industry associations about the potential impact of preferred provider arrangements. The ACCC has previously assessed a number of issues involving preferred provider arrangements and has not found any breaches of the *Competition and Consumer Act 2010* (the **CCA**). The ACCC's Private Health Insurance report for 2015-2016 stated that the ACCC's current assessment is that these matters are unlikely to raise competition issues. The ACCC will continue to monitor complaints in relation to preferred provider arrangements and assess issues raised with the ACCC on a case by case basis as they arise.

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