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President
Australian and New Zealand
College of Anaesthetists

Dean
Faculty of Pain Medicine

11 June 2021

Michael Pappa
Competitions Exemptions Branch
Australian Competition and Consumers Commission
23 Marcus Clarke Street
Canberra ACT 2601

Via email: exemptions@accc.gov.au

Dear Mr Pappa

Re: Draft determination - application for authorisation lodged by Honeysuckle Health Pty Ltd and nib health funds limited in respect of the Honeysuckle Health Buying Group (Authorisation number: AA1000542)

Thank you for the opportunity to provide feedback on the Australian Competition and Consumer Commission's (ACCC's) draft determination which would allow Honeysuckle Health Pty Ltd (HH) and nib health funds limited (nib) (together, the applicants) to form and operate a buying group to collectively negotiate and administer contracts with healthcare providers for five years.

The Australian and New Zealand College of Anaesthetists (ANZCA), including the Faculty of Pain Medicine (FPM), is one of the largest medical colleges in Australia. The college is responsible for the training, examination and specialist accreditation of anaesthetists and specialist pain medicine physicians and for setting the best standards of clinical practice that contribute to a high quality health system.

ANZCA's mission is to serve the community by fostering safety and high quality patient care in anaesthesia, perioperative medicine and pain medicine. The college is concerned that allowing the applicants to establish a buying group as proposed would lead to poorer quality healthcare and reduced choice for patients.

Key concerns ANZCA has in relation to the proposed changes:

1. **The changes may negatively impact patients with complex co-morbidities**

   The lowest costs for surgery are likely to come from otherwise healthy patients. The changes may limit care and choice for patients with complex co-morbidities that are associated with complications and increased costs. This could add to the burden on the public hospital system.

2. **The proposed buying group will not lead to higher quality health outcomes**

   In their response to the ACCC's request for further information on 21 April 2021, the applicants repeatedly claim that the proposed Clinical Partners Program will lead to better quality outcomes. However, no evidence is provided for this assertion, nor further elaboration of how this would be achieved. It is implied through statements that participating specialists must agree to 'more stringent' quality requirements however no detail is provided.

   ANZCA is concerned that the proposed arrangement may have unintended negative consequences on patient care and safety. As has been demonstrated in other submissions to the ACCC, evidence from the United States, where this type of private insurer-led buying group is common, is that it has not delivered higher quality healthcare and in many public health metrics the United States has worse outcomes than Australia.

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3. The proposed buying group will reduce consumers' choice of medical specialists

ANZCA is also concerned that the proposed arrangement will reduce choice for consumers. If a patient's preferred specialist is not a participant in the scheme, they will be forced to see a different specialist or pay more to continue to have care provided by their preferred specialist.

In effect, the proposed arrangement may take choice of provider out of the hands of consumers and places it in the hands of private health funds. These funds first have a duty to maximise profits for their shareholders, over maximising health outcomes for consumers. While the applicants claim the scheme will save customers 'significant costs', this is at the expense of choice, and also at the expense of innovation in treatment, as new procedures or therapies may not be funded by the insurer if they are regarded as too expensive.

Under present no-gap and known-gap schemes, to which the Clinical Partners Program is compared by the applicants, consumers can choose to receive care from specialists who participate in the scheme or with any other specialist, knowing that they may have out of pocket expenses if the specialist is not a member of their fund's gap scheme. The applicants imply that consumers do not know what their out of pocket expenses will be until after their surgery when, in practice, this is not the case - patients are made aware of this beforehand and can make a choice on which specialists to utilise. This type of informed financial consent process is standard across private practice. The proposed arrangements with the applicants do not add any certainty compared to the status quo, while severely restricting access and choice in certain markets.

One of the unintended (though by no means unforeseeable) outcomes from such schemes as proposed will be to severely limit choice in some regional markets. For example in Geelong, Victoria, where GMHBA, as the local health insurance company, has a dominant market share in a region of nearly half a million people. Another example on a larger scale is in South Australia where Bupa has more than 50% of the market. If specialists in less-accessible specialties such as pain medicine, psychiatry or rare cancer surgery have practices limited to a competitor of the applicants, they are unlikely to receive the care they need. In the United States, such 'out of plan' care is exorbitantly expensive for either the insurer or the patient.

Decisions about the most appropriate healthcare should be made by individual patients, their GPs and their chosen specialists, rather than private insurance companies making decisions based on commercial interests.

Thank you again for the opportunity to respond to this consultation. Should you have any questions, please contact policy@anzca.edu.au.

Yours sincerely

Dr Vanessa Beavis
President

Associate Professor Michael Vagg
Dean, Faculty of Pain Medicine