

11 June 2021

Mr Darrell Channing
Director
Competition Exemptions Branch
Australian Competition and Consumer Commission

By email: exemptions@accc.gov.au

Dear Mr Channing,

Draft determination: Application for authorisation lodged by Honeysuckle Health Pty Ltd and nib health funds limited – AA1000542

The Royal Australian College of General Practitioners (RACGP) thanks the Australian Competition and Consumer Commission (ACCC) for the opportunity to respond to the ACCC draft determination on the application put forward by Honeysuckle Health Pty Ltd (Honeysuckle Health) and nib health funds limited (nib).

The RACGP is Australia's largest general practice organisation, representing over 41,000 members working in or towards a career in general practice. General practitioners (GPs) are at the frontline of Australia's healthcare system. Each year, GPs provide more than 160 million general practice services to more than 22 million Australians, with almost nine in 10 people consulting a GP.ⁱ

As per the [Position Statement on Private Health Insurance in General Practice](#), the RACGP advocates for health reforms that promote equitable access to high-quality general practice services that result in improved health outcomes for all Australians. Therefore, we consider it important to provide comment on significant changes to the private health insurance market.

This application by Honeysuckle Health and nib raises significant issues around market competition, patient choice and equitable access to healthcare, while offering what appears to be relatively minimal benefits for patients and the broader health system. While the draft determination released by the ACCC includes conditions restricting the application, it does not fully address these concerns.

As has been raised in other submissions to the ACCC, this application will provide the proposed buying group with a significant and disproportionate level of market power. The impact of this is acknowledged in the draft determination, which notes the proposal "has the potential to reduce competition for the acquisition of health services at local, State and national levels". While the ACCC has attempted to address this issue by imposing conditions on the proportion of private health insurers able to participate in the Board Clinical Partners Program, these do not go far enough in managing this issue.

Further, concerns remain that even the amended application could affect the ability of patients to choose their healthcare provider and result in the disruption of pre-existing relationships between patients and providers. The RACGP does not support measures that unnecessarily reduce patient choice and potentially disrupt ongoing therapeutic relationships between patients and healthcare providers.

RACGP members have also [raised doubts](#) around the proposed benefits of the model put forward by Honeysuckle Health and nib. It is unclear if this model will improve quality of care, as opposed to simply reducing costs for the relevant health insurers and prioritising low-cost, low-quality services. The data underpinning this model does not reflect the qualitative and experience-based evidence that guides GP care and referrals. At

present, this application appears to demonstrate the prioritisation of cost-reduction within the healthcare system over ensuring high-quality patient care and patient choice.

More broadly, we note many of the programs offered by private health insurers, including chronic disease programs, often take place in isolation from the patient's usual GP, and appear to duplicate services available in the patient's usual general practice. It is well documented that fragmentation of care creates health system waste, and results in increased costs and poorer health outcomes.

Equitable and ongoing access to healthcare should be a key priority in the consideration of any private health insurance market proposals by the ACCC. Any shift towards a 'managed care' model of service, reducing patient choice and patient outcomes while increasing costs, is not supported by the RACGP.

Based on the concerns raised by the RACGP and other stakeholders, we request the ACCC reconsider approval of the application by Honeysuckle Health and nib in its current form.

Should you wish to arrange a meeting to discuss this matter further, please contact Mr Roald Versteeg, General Manager – Government Relations, Policy and Practice, on (03) 8699 0408 or via roald.versteeg@racgp.org.au.

Yours sincerely



Dr Karen Price
President

ⁱ Department of Health. Annual Medicare statistics: Financial year 1984–85 to 2019–20. Canberra: DoH, 2020.