

Media Release

RACS backs AMA calls to block US style managed care coming to Australia

28 June 2021

The Royal Australasian College of Surgeons (RACS) has warned that a proposal for a controversial new buying group is ‘fundamentally incompatible with the Australian healthcare system’ and has called for a draft determination to be reversed.

The determination, which was recently issued by the Australian Competition and Consumer Commission (ACCC), proposes to allow private health insurer nib and US managed care corporation Cigna, to form and operate a new health services buying group over the next five years.

The buying group, to be known as Honeysuckle Health, eventually aims to collectively negotiate and manage contracts with healthcare providers, which RACS Vice-President, Dr Lawrence Malisano, described as not being in the public’s interest due to the high risk of reducing quality of care for patients.

“This carries significant risk of reduction of choice of hospital and doctor for patients, of reduced quality of care, and a significant risk of unintended consequences. If approved the ACCC is effectively granting Honeysuckle Health exceptional anticompetitive powers and ultimately control of nearly 50 per cent of the market share, more than any individual health fund.

“There will be significant pressure on hospitals and practitioners to be coerced into contracts that are based on a funding model that is not independently determined, is not reviewed nor indexed appropriately, and where determination of performance, quality of care and outcomes are based on flawed analytics.

“Patients should have the choice, with the advice of their GPs, who they entrust their care to and where they wish to be treated, and not have that dictated by a group that has been provided an anti-competitive advantage which can be used to dictate where patients are treated and who treats them. How a patient is managed, should be a shared decision between the doctor and patient, with hospitals providing the necessary infrastructure. As soon as an inflexible contracted value of care is set, it undermines the ability of both hospitals and doctors to independently act in a patient’s best interests.”

The comments echo the sentiments of various other medical groups who have all publicly opposed the proposal, including the Australian Medical Association whose President last week described the move as a ‘recipe for cost cutting and less choice’.

Dr Malisano said that RACS would continue to communicate with the ACCC, about the College’s concerns and the draft determination which he described as not in Australia’s national interests.

“In March RACS wrote a submission to the initial proposal outlining the College’s concerns over the buying group, and we have subsequently written to the ACCC again urging them to reconsider this draft decision when formulating their final determination.”

ENDS

Media enquiries: Mark Morgan, Policy and Communications Officer: 0488 218 009

About the Royal Australasian College of Surgeons (RACS)

RACS is the leading advocate for surgical standards, professionalism and surgical education in Australia and New Zealand. The College is a not-for-profit organisation that represents more than 7000 surgeons and 1300 surgical trainees and International Medical Graduates. RACS also supports healthcare and surgical education in the Asia-Pacific region and is a substantial funder of surgical research. There are nine surgical specialties in Australasia being: Cardiothoracic surgery, General surgery, Neurosurgery, Orthopaedic surgery, Otolaryngology Head-and-Neck surgery, Paediatric surgery, Plastic and Reconstructive surgery, Urology and Vascular surgery. www.surgeons.org