

# Global giant spearheads drive for further healthcare privatisation in Australia

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Bupa, a UK-based international healthcare company that operates the largest private health insurance business in Australia, last month moved to limit one of its key insurance policy products to patients treated in a Bupa-contracted hospital or clinic.

Because Bupa's insurance arm has four million customers in Australia, the change would accelerate the privatisation of health care in the country, where 45 percent of the population pays for private insurance to avoid long delays in the chronically-underfunded public hospital system.

From August 1, Bupa planned to restrict its "gap cover"—insurance against "out-of-pocket" fees that exceed Medicare benefits or insurance payments—to customers who undergo medical procedures in facilities under contract to the company.

This would be a major step toward "managed care," in which insurance companies effectively dominate all aspects of medical care, and ration access by determining which kinds of treatment patients can obtain.

Out-of-pocket expenses are a huge problem in Australia, despite supposed near-universal healthcare coverage under the government's Medicare public insurance scheme. OECD figures for 2015 showed that patients paid 20 percent of all health care expenditure out of their own pockets, compared with 10 percent in Britain, 13 percent in New Zealand and 14 percent in Canada.

Bupa also advised 720,000 "minimum benefits" policy holders that certain widely-needed services would be excluded altogether from their coverage from July, including hip and knee replacements, pregnancy, IVF, cataract procedures, kidney dialysis, obesity surgery and some plastic surgery.

The affected procedures had previously been listed as

"restricted cover," meaning there were large out-of-pocket fees to access them. The rise of such restrictions and exclusions is creating "junk" insurance policies, where patients risk having no cover at all if they need it.

Private health insurance companies operating in Australia are the beneficiaries of an annual federal government rebate—currently \$6.4 billion—to lower insurance premiums. This outlay has grown rapidly each year while federal funding for public hospitals has been reduced from 48 percent to about 40 percent of their budgets.

Despite the rebate, insurance premiums have continued to increase each year at a rate higher than cost of living increases, rising 38 percent in the five years to 2016. The 3.95 percent average increase this April 1 followed a 4.84 percent average increase in 2017.

Bupa's change to its Medical Gap Scheme caused an immediate outcry within the medical profession. Bupa denied that it was introducing managed care, but tactically retreated, if only temporarily. It said doctors and their patients opting to use the public hospital system would continue to qualify for the "gap cover" if the procedures were for pre-booked "elective" surgery.

Currently, doctors participating in the Medical Gap Scheme and their insured patients have choice of hospital. Under the new arrangements, this would be eliminated for private hospitals or day surgeries without a Bupa contract, and for all public hospitals, where many specialists have the right to private practice.

Australian Medical Association president Michael Gannon said: "That is US-style care and it will be resisted by our profession at every level. We can't have a situation where an insurer decides what care patients can and can't get. Bupa already owns dental facilities,

and to have complete control they'd own hospitals and employ doctors.”

In reality, the privatisation inroads of the corporate health insurers are already extensive, especially in dental care, where the companies use financial inducements to control the system. Many dentists have signed contracts with a private insurer, only to find themselves competing against a “superclinic” run by the insurer itself.

There is little public coverage of dental treatment, except for children of families on Family Tax Benefits or Double Orphan payments, former and current military personnel and young people with cleft palates.

Bearing the full cost of treatment for uninsured patients, or large out of pocket costs for those privately insured, means that many patients are forced to delay or forgo dental treatment, with potentially serious and even life-threatening health consequences.

In South Australia, where its market share is at least 50 percent, Bupa introduced a three-tier system of paying differential rates to privately-insured dental patients. Those who visit an independent dentist receive a lower rebate than those who use a contracted provider, while the Bupa super clinic provides some treatment for nothing to gain a greater stranglehold over the market.

From March this year, former Labor Party health minister Nicola Roxon has been chairman of Bupa Australia and New Zealand, which is responsible for 49 percent of the profits of the giant British corporation, which has operations in 190 countries. Before that, she was a non-executive director of the company.

While health minister from 2007 to 2011 in the Rudd and Gillard Labor governments, Roxon rejected calls for the abolition of the private health insurance rebate. Her latest appointment further exposes the fraud of the Labor Party's pretences of opposing continually rising private insurance premiums.

The subsidy of private insurers grew rapidly under the Rudd and Gillard governments. Now the Turnbull Liberal-National Coalition government is taking it to a new level. It is introducing Gold, Silver, Bronze and Basic Bronze categories of private insurance from April 2019. Only the Gold category would have no restrictions on healthcare coverage. The other categories would have exclusions, and deductibles or co-payments, or both.

In the United States, deductibles for lower-priced “bronze” plans now average more than \$6,000 for individuals and \$12,000 for families. Deductibles for “silver” plans, which make up 70 percent of the market, average more than \$3,000 for individuals. That is, working class people must pay thousands of dollars before they begin to receive any insurance payments.

Advances in medical technology are making possible an enormous improvement in the health of the world's population, but governments and corporations everywhere are increasingly rationing healthcare. The solution to this crisis lies in putting an end to the private ownership of health care services and establishing socialised medicine, based on providing free, first class services to meet the needs of all.



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