

Summary of the first meeting of the Private Health Ministerial Advisory Committee – Contracting and Default Benefits Working Group, 2 February 2017, Department of Health offices (Scarborough House), Canberra

Attendees

<i>Members</i>	<i>Secretariat</i>
Steve Somogyi, Chair	Charles Maskell-Knight, Secretariat
Andrew Sando, Australian Health Service Alliance	Susan Azmi, Secretariat
Luke Toy, Australian Medical Association	Vanessa Sheehan, Secretariat
Michael Roff, Australian Private Hospitals Association	
Darryl Goldman, Catholic Negotiating Alliance	
Jane Griffiths, Day Hospitals Australia	
Jamie Reid, Finity Actuaries	
Jennifer Solitario, HBF	
Cindy Shay, HCF	
Jenny Patton, Healthe Care	
Matthew Koce, hirmaa	
Scott Bell, Nexus Group	
Dr Rachel David, Private Healthcare Australia	

Apologies

Allan Boston, The Bays Healthcare Group Inc.

1. Welcome, apologies and introductions

- The Chair opened the meeting and provided members an opportunity to introduce themselves to the Working Group. The Chair noted an apology for this meeting.

2. Opening statement

- The Chair discussed the culture of the Working Group. He acknowledged that there would be a range of views, and asked members to be respectful and to work in a productive way.
- The Chair reminded members that the Private Health Ministerial Advisory Committee had established the Working Group to provide advice to the Committee on issues around contracting and default benefit arrangements. He advised that the Working Group would meet three to four times and that he would provide advice to the Committee in March 2017.
- The Chair reminded the Working Group that consideration of issues must be consumer focussed.
- The Chair reminded the Working Group that its consideration of issues was confidential and that Working Group members could not disclose discussion with their organisations/members. He also mentioned that Working Group members are assured that their views would remain within the confines of the Working Group and thus discuss issues freely.
- In line with the Private Health Ministerial Advisory Committee process, to provide transparency of the process, the Secretariat will publish a meeting summary for each meeting, which members can share with their organisation/members. The summary will be high level and will not identify the views of individual members.
- The Chair noted that he may speak individually with Working Group members outside of meetings, but that timeframes would prevent him from consulting more broadly.

3. Declaration of Conflict

- The Chair noted that he had considered members' declarations of their interests, and did not consider that there were any conflicts which would prevent participation in the Working Group.

- One member declared an additional potential conflict of interest. The Chair noted the declaration and advised that he did not believe it to be a barrier to participating in the Working Group. All other members confirmed they had no new conflicts of interests to declare.

4. Issues Paper overview and data presentation

- Mr Maskell-Knight provided an overview of a contracting and default benefits issues paper referred to the Working Group by the Committee, and provided a presentation on the contracting environment including data relating to contracting and default arrangements.
- The Working Group discussed the data provided and noted that the vast majority of separations were paid under contracts.

5. Member Perspectives

- Each member shared their experience and role in the contracting environment and provided a detailed summary of their views on contracting and the second-tier default benefit arrangements.
- Members discussed a range of issues including:
 - how the private hospital and health insurance markets had developed over time;
 - the importance of relationship building between sectors;
 - considerations for hospital market entry;
 - the tensions between the benefit of transparency in the system and commercial confidentiality; and
 - the role of medical specialists in the operation of the market.
- The Working Group acknowledged that the market is not homogenous, and in particular the private hospital sector and private day only sectors are quite different from each other.
- Members provided a range of contrasting views on the current regulated default benefit arrangements, and whether the default benefit type of protection is required in the existing private hospital/health insurer market.

6. Meeting Plan

- The Working Group discussed and agreed a Meeting Plan for each of the second and third meetings. The Group agreed to focus on contracting arrangements for the remainder of the first meeting and consider default benefit arrangements in detail at the second meeting.

7. Contracting

- Working Group members shared their views on health insurer/hospital contract negotiations, the aspects of contracting arrangements that were working well and also areas of challenge.
- Members advised that in general it was not in either sector's interest to go out of contract.
- Members discussed each sector's approach to contacting, priority areas of consideration, and experiences of the environment and negotiations.
- It was put to the Working Group that a number of day hospitals and some smaller overnight hospitals have experienced difficulty gaining contracts.
- Members discussed the complexity and variation of contract requirements and, noting the commercial nature of contracts, considered whether there was merit in standardising some aspects.
- A number of members considered that lack of transparency on the average contract price settings was an impediment in negotiations.

8. Next Meeting

- The Working Group noted that its next meeting is scheduled for Thursday 9 February 2017.