

12 October 2017

Ms Kate Medwin
Director, Medical Indemnity Section
MDP 951
Department of Health
GPO Box 9848
CANBERRA ACT 2601
Via email: Medical.Indemnity@health.gov.au

Dear Ms Medwin,

RE: RANZCO submission to Medical Indemnity First Principles Review

The Royal Australian and New Zealand College of Ophthalmologists (RANZCO) thanks the Department for the opportunity to comment on the First Principles Review of the Indemnity Insurance Fund (IIF) discussion paper (August 2017).

RANZCO's mission is to drive improvements in eye health care in Australia, New Zealand and the Asia Pacific Region through continuing exceptional training, education, research and advocacy. Underpinning all the College's work is a commitment to best patient outcomes; providing contemporary education, training and continuing professional development; evidence-based decision making; collaboration; and collegiality.

RANZCO is following the development of the indemnity insurance fund (IIF) and related schemes with some concern. In particular, RANZCO is concerned that a fruitful policy which supports clinicians in doing their work to the best of their abilities is facing the possibility of significant changes, after 15 years in which the policy has proven to be a success, both to clinicians and, ultimately, to patients.

RANZCO notes that changes which were already announced prior to this review and consultation process are already expected to have negative impact on both clinicians and patients. In particular, the change of the threshold of the High Cost Claims Scheme, one of the schemes that comprise the IIF, from \$300,000 to \$500,000 is already expected to increase premiums for clinicians by about 5%.¹ Given the continued freeze on MBS indexation for specialist consultation and procedural items, an increase in indemnity insurance premiums will impact clinicians by raising the overhead expenses they are required to pay to maintain a clinic, and this may ultimately limit the accessibility of services to patients.

Another issue RANZCO wishes to address is the potential entry to the market of external insurers who are not bound by the insurance safety net arrangements, which were first introduced following the 2002 insurance crisis. This is likely to mean that such new insurers may attempt to target low-risk specialties/ practitioners, at the risk of the stability of the overall medical indemnity insurance industry.

RANZCO supports reviewing any existing health policy scheme, however any such review should focus on two principles:

- (1) ensuring that clinicians have the best conditions to carry their work; and
- (2) ensuring that patients have affordable and accessible services.

RANZCO also calls on the Department of Health to work closely with the medical sector organisations, including the Australian Medical Association (AMA) and Medical Colleges, to understand the possible impact of any changes to the IIF and related schemes, following the key principles listed above.

Should you require any further information about this matter, please contact RANZCO Policy

Yours sincerely,



David Andrews
RANZCO CEO

¹ AMA NSW. (2017) The Future of Medical Indemnity. Available from: <https://www.amansw.com.au/the-future-of-medical-indemnity/> (accessed: 3 October 2017)