

Managing Director

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Minister for Health
19 AUG 2013

Reply by
 Minister
 Chief of Staff
 Adviser

Action
 Acknowledged
 Response
 Phone Call
 Information
 Urgent by

Sec for Min
 Department

Other
 Invite
 Campaign
 Constituent
 Background
 Information
 Required

Comments:
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medibank ^{MINOV pkg} (10) For Better Health

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14 August 2013

The Hon. Tanya Plibersek
Minister for Health and Medical Research
PO Box 6022
Parliament House
Canberra ACT 2600

RECEIVED
19 AUG 2013
MINISTER FOR HEALTH

(9) MB-PH
TP-COME (10)
PHI

Dear Minister,

On 22 July I wrote to you to advise you of a potential out of contract situation with Little Company of Mary Health Care (LCM), the owner of a number of private hospitals in South Australia, Tasmania, the Australian Capital Territory and New South Wales.

I am pleased to advise you that, through hard work and goodwill, Medibank and LCM have managed to agree a new contract, meaning Medibank members attending LCM facilities will continue to receive hospital services with no additional out of pocket expense.

However I must also inform you that an even larger challenge looms for Medibank. Ramsay Health Care, Australia's largest private operator with 67 hospitals nation-wide, is requesting a substantial increase in the rates we pay for services they provide our members. While we remain in negotiations with them and hopeful for a mutually agreeable outcome, they have advised us that unless their demands are met they will not renew contracts with us at any Ramsay hospital, meaning we will be out of contract nationwide from 1 September.

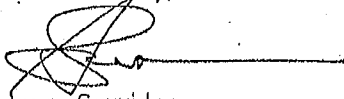
Should Ramsay maintain this position our agreement with them provides protection for members with pre-booked treatment, for an agreed period after contract end, depending on the nature of the service to be provided. Members who are not pre-booked and receive services in Ramsay hospitals from 1 September onwards may be charged an additional fee by the hospital.

Medibank understands the cost of living pressures faced by Australian families and our responsibility to ensure hospital rates are sustainable and do not result in increased pressure on private health insurance premiums for our members. We therefore simply cannot blindly accept rate increases such as proposed by Ramsay. We firmly believe our offer is fair comparable to rates offered to similar hospitals.

Based on what we have observed in its dealings with other private health funds, Ramsay may mount a campaign via the media, using doctors and vulnerable patients to attack Medibank's reputation. We will do what we can to protect our reputation.

Our primary objective is to act on behalf of our members to keep health cost increases contained and ensure private health insurance remains affordable for our 3.8 million members.

Yours sincerely,

A handwritten signature in black ink, appearing to read 'George Savvides', is written over a horizontal line.

George Savvides
Medibank