

Media Release

22 November 2024



Insurer greed to inflict more financial pain on patients

Following Bupa and the Australian Health Services Alliance (AHSA)'s refusal to acknowledge the viability crisis impacting private hospitals by addressing Healthscope's funding concerns, Healthscope has today advised that it has no choice but to terminate its contracts with these funds.

The terminations will come into effect from 21 February for Bupa, and from 4 March 2025 for the AHSA funds. The termination will impact all Bupa customers as well as the customers in the Alliance Group, which includes Australian Unity, GMHBA, Health Partners, Westfund and HIF.

In October, after failure of protracted negotiations, Healthscope had proposed a modest fee which attempted to go some way towards bridging the gap between the chronic underfunding from these insurers as against the rising costs of providing high quality care.

The current step is the result of both insurers pursuing legal threats to stop the introduction of this fee.

CEO Greg Horan said Bupa and the AHSA's refusal to sustainably fund hospitals in this high cost environment meant Healthscope was left with no option but to issue the termination notices.

"Healthscope cares for over 650,000 patients every year and we are absolutely committed to providing the best possible care. But we can only do this if we are adequately funded," Mr Horan said.

"We were proposing the hospital facility fee following Bupa's and the AHSA's failure to recognise and fairly fund the rising cost of care. In the absence of fair funding, this Fee was Healthscope's best option.

"The response from the insurers was lawfare, and we are not prepared to engage in protracted and expensive legal challenges.

"In order for us to remain viable, we are left with no choice but to terminate the contracts."

Mr Horan said he was deeply disappointed that the insurers' actions to oppose the fee will potentially inflict further financial hardship on their members needing hospital treatment.

"There is a viability crisis impacting private hospitals across the country. Hospitals are losing money, and cannot attract new investment. Private Health Insurers are banking record profits – Bupa, in particular, has delivered enormous profits to its UK

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parent, while refusing to pay fairly for the care of its Australian members at Healthscope hospitals.

“Bupa and the AHSA’s action will mean their members may now pay even more to be treated in a Healthscope hospital, potentially in the hundreds of dollars or more.”

Mr Horan said Healthscope stood ready as always to negotiate a fair funding agreement with both Bupa and the AHSA that properly and sustainably addresses the rising costs facing private hospitals.

“In an environment of rising costs and private hospital closures, it is unacceptable for insurers to fail their core purpose – funding the care of their members, particularly those like Bupa who are boasting of record profits.”

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Background:

Healthscope is Australia’s only national private healthcare provider, operating 38 hospitals across the country, and employing over 19,000 people. Healthscope offers world-class patient care, including medical and surgical services, mental health treatment and rehabilitation services.