



MEDIA RELEASE

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Honeysuckle Health, nib buying group authorised with condition

The ACCC has authorised Honeysuckle Health and nib Health Funds (ASX: NHF) to form and operate a health services buying group.

The authorisation has been granted with a condition that major insurers Medibank, Bupa, HCF and HBF in Western Australia not be allowed to join the buying group. The ACCC has also only granted authorisation for five years, rather than the 10 years sought by Honeysuckle Health and nib, to facilitate a review of the effects of the authorisation at an earlier time, if reauthorisation is sought.

The Honeysuckle Health buying group intends to collectively negotiate and manage contracts with healthcare providers, including medical practitioners and hospitals, on behalf of nib and other private health insurers and other healthcare payers (such as travel insurance companies) who join the group.

“The arrangement is likely to have a public benefit by increasing competition between health services buying groups. We expect this is likely to result in better service and pricing provided by buying groups to smaller private health insurers, who will then be in a better position to provide reduced premiums and improved services to consumers,” ACCC Commissioner Stephen Ridgeway said.

“If the buying group expands to more of the smaller insurers, we consider that Honeysuckle Health’s Broad Clinical Partners Program is likely to help reduce uncertainty for more consumers about out of pocket expenses for certain types of procedures. It is also likely to provide more consumers with greater access to medical procedures which attract no out of pocket expenses.”

“However we were concerned about the potential effect on competition if the buying group involving Honeysuckle Health and nib became too large and gained too much bargaining power, and have accordingly imposed a condition that excludes the participation of other major health insurers. These insurers represent around 70 per cent of the market in most states and territories,” Mr Ridgeway said.

The ACCC carefully considered the concerns raised by interested parties, such as medical specialists, who opposed the authorisation, arguing that it would lead to ‘US-style managed care’.

After an extensive investigation, the ACCC was not satisfied that granting the authorisation would result in the current Australian healthcare system changing to a US-style managed care model. In reaching this conclusion the ACCC took into account a number of healthcare regulatory restrictions and policy settings. The ACCC also noted that health insurers are currently engaged in the contracting practices proposed for the buying group, and that these practices are likely to continue even if the authorisation was not granted.

“We also concluded that the condition that excludes the major insurers from membership of this buying group, and the shorter period of authorisation, are likely to address concerns about the long term effects of the authorisation,” Mr Ridgeway said.

The determination is available on the ACCC’s public register at [Honeysuckle Health and nib](#).

Notes to editors

ACCC authorisation provides businesses with protection from legal action under the competition provisions of the Competition and Consumer Act for arrangements that may otherwise risk breaching those provisions, but are not harmful to competition and/or are likely to result in overall public benefits.

Background

Honeysuckle Health is a health services and specialist data science company whose services include health analytics and health management programs. It was established in December 2019 as a 50/50 joint venture between nib and Cigna.

Under its current Clinical Partners Program, nib enters into agreements with medical specialists to not charge customers out-of-pocket costs for medical services and treatment. The program currently is only available for knee and hip replacements.

nib is Australia's fourth largest health insurer, providing insurance to Australian residents, international workers and international students.

Australia currently has 36 private health insurers, excluding nib the largest health insurers (Medibank, Bupa, HCF and HBF) account for about 70 per cent of health insurance policies nationally.

These large health insurers manage their contracting services internally. The remaining private health insurers engage in collective bargaining through one of the two existing buying groups: 27 health insurers are part of the Australian Health Services Alliance (AHSA); and 4 health insurers are part of the Australian Regional Health Group (ARHG).

nib was previously a member of AHSA and withdrew in 2011 when it built its own internal contracting function. From October 2020, nib appointed Honeysuckle Health to act as its agent to provide contracting, data analytics, procurement, and administration services in relation to nib's contracts with healthcare providers.

In May 2021, the ACCC issued a [draft determination](#) proposing to authorise this buying group.