

WAPHA SUBMISSION TO THE AUSTRALIAN GOVERNMENT REVIEW OF PRIVATE HEALTH INSURANCE POLICIES

INTRODUCTION

In this submission, WAPHA puts forward a range of recommendations to inform the Commonwealth Review of Private Health Insurance Policies. Particular focus in this submission is on the proposed involvement of private health insurers in primary care and the ensuing opportunities and risks. WAPHA is firm in the view that private health insurer moves into primary care should never result in the ability of insurers to prioritise access to primary care. Access should be based on the principle of universality and fundamentally on the basis of patient need.

BACKGROUND TO WAPHA

The WA Primary Health Care Alliance (WAPHA) is a planning and commissioning body that is contracted to operate the Commonwealth Government's three Primary Health Networks (PHNs) in Western Australia. The PHNs have been established with the key objectives of:

- Increasing the efficiency and effectiveness of medical services for patients, particularly those at risk of poor health outcomes; and
- Improving coordination of care to ensure patients receive the right care, in the right place, at the right time (specifically, reducing potentially preventable hospitalisation).

The Government has agreed to six key priorities for targeted work. These are:

- Mental Health
- Aboriginal and Torres Strait Islander Health
- Population Health
- Health Workforce
- eHealth
- Aged Care

WAPHA's vision is improved health equity in Western Australia through building a robust and responsive patient centred primary health and social care system through innovative and meaningful partnerships at the local and state-wide level. Through collaborative efforts, new service models, maximising technology and embedding care pathways, WAPHA will support and improve patient outcomes.

Australia wide, the health system remains a "complex web" with no unified design principle. Its complexity and fragmentation lead to program duplication, inefficiency and often limited emphasis on achieving meaningful outcomes to the patient. The need to prioritise limited resources and ensure future system improvements are data driven, evidence based and independently evaluated is more critical than ever, particularly given Australia's ageing population.

Within this context, WAPHA welcomes the Federal Government's Review of Private Health Insurance Policies and its commitment to ensure that consumers can access affordable, quality and timely health services into the future.



RESPONSE TO FEDERAL GOVERNMENT CONSULTATION

WAPHA acknowledges that private health insurance is important to many Australians, particularly those with complex, chronic or multiple conditions. Private health insurance can serve to support costs and increase choice and access to health services.

WAPHA endorses the Federal Government's Review of Private Health Insurance Policies and supports a review that takes into account the nature of consumer dissatisfaction with the current system. Utilising a consumer survey to inform the Review is commended and WAPHA anticipates that the survey feedback will serve as a stimulus for increasing transparency and informed consumer choice in Australia's private health insurance landscape.

WAPHA recommends that the Review undertakes a thorough analysis of issues identified through consumer feedback and industry roundtables in order to rigorously assess the full range of policy solutions. Minister Ley has already identified the complexity of consumer decision making in respect to their choice of private health insurance policy and the unexpected out of pocket costs and emergence of 'junk policies'. This will undoubtedly be articulated further by consumers.

Equity and Access

WAPHA stresses that private health insurance providers have no role in prioritising how and when patients are able to access primary health care. WAPHA's position is that such prioritisation should always be done on the basis of need, not on the ability to pay for preferential access to services or on membership of a private health fund. Underpinning the primary care system in Australia is accessibility and WAPHA would caution against a system that funds fee for service primary care and the potential consequences of over servicing and lack of follow up care. Lack of access would inevitably result in those patients who are further down the queue having poorer health outcomes.

WAPHA recommends that the focus of the Review be on the question of whether private health insurance actually does improve access to quality health care for all Australians. This fundamental question should underpin future policy change in Australia's system of private health insurance.

Community versus Risk Based Rating

In its assessment of Minister for Health, Sussan Ley's comments regarding the impetus for the review of private health insurance policies, WAPHA is concerned at the potential for a move away from Australia's current system of community rating which prevents private health insurers from discriminating between people on the basis of their:

- health;
- gender
- race
- sexual orientation or religious beliefs
- age
- place of residence
- any other characteristic of a person that is likely to result in increased need for hospital treatment or general treatment (e.g. genetic predisposition to specific disease)
- frequency with which a person requires treatment
- amount or extent of the benefits to which a person becomes entitled during a period

WAPHA does not support a risk based / preferential pricing system. The National Commission of Audit proposal that private health insurers be able to charge higher premiums to smokers and overweight Australians would be a first (and dangerous) step on the slippery slope towards discriminating on the basis of age, general fitness and genetic predisposition for particular diseases, for example. Discrimination on the basis of likely future health, or risk, is not the answer to providing the best possible outcomes for patients.

The Burden of Chronic Disease

Private health insurance must be responsive to the changing health status of the Australian population. Of particular concern is the prevalence and worsening of chronic disease. The latest AIHW statistics report that chronic diseases are the leading cause of fatal burden of disease in most age groups and are the leading cause of illness, disability and death in Australia (accounting for 90% of all deaths in 2011). Half of all Australians have 2 to 3 risk factors for chronic disease, half of all Australians aged 45 to 64 have one or more chronic disease and 80% of premature heart disease, stroke and diabetes could be prevented.

WAPHA recommends that the Review affords serious consideration to models of bundled care for chronic disease and the potential role for private health insurance in the provision of integrated care. However, a note of caution is to ensure that the primacy of the doctor-patient relationship is recognised, with the GP as key in the provision of patient-centred primary care. WAPHA considers that private health insurance providers have an important role as enablers to help general practice in Australia operate at its full scope. Part of this conversation needs to be around the concept of the patient centred 'Medical Home' - a transition away from a model of symptom and illness based episodic care to a system of comprehensive coordinated primary care.

In a Medical Home, patients and their families have a continuing relationship with a particular GP. This partnership is supported by a practice team, and other clinical services in the 'medical neighborhood' wrap around the patient and their families as required. The Medical Home coordinates the care delivered by all members of a person's care team, which may sometimes include hospital inpatient care.

The Medical Home ensures that each person experiences integrated health care. Medical Home is a model for health care that has been demonstrated internationally to be effective, efficient and welcomed by patients and providers. However, WAPHA recognises that the proposed adoption of the Medical Home model of primary care in Australia would need careful system design and planning in order to be appropriately configured for the Australian context.

Role for Private Health Insurance in Primary Care

Private health insurers appear to be gearing towards a strong and strategic move into the primary care space in Australia. The Federal Government appears to be generally supportive of this, and WAPHA considers there to be great potential for innovation in primary care that involves private health insurers. An example of the opportunity for innovation is the CarePoint integrated care trial in WA, led and funded by Medibank Private and HBF, together with the State Government. WAPHA supports any such innovation that is informed by evidence, is GP led, patient centric and avoids duplication of services. Innovation focused on the development of practical primary care strategies that address preventative health, the problems of chronic and complex diseases and a patient history of multiple hospitalisations is an area WAPHA considers appropriate for the involvement of private health insurers. WAPHA supports the development of programs and services that assist patients to navigate their way through the health system.

WAPHA recommends further development of programs involving private health insurers that align with the 2007 Broader Health Cover (BHC) private health insurance reforms. Underpinning such programs should be the prevention or substitution of hospitalisation and the ability for patients to better manage or reduce the effects of their chronic disease and/or their risk factors. There is a body of international evidence that substantiates the positive health outcomes for patients who are supported by such programs.

Private health insurers have a role in the development of pilot programs that trial new models of primary health care service delivery. However, it would be incumbent on the Government to assess whether such innovation and program development leads to managed care or a two tiered system that exacerbates the inequity that already exists in the system. Further, there would be a commensurate need for independent and robust data that assesses and evaluates the effectiveness of these programs and services in improving the overall health of patients in the long term.

Whilst not proffering support for specific initiatives, WAPHA recommends consideration by private health insurers to offer incentives to patients who have, for example, accessed preventative health services. Incentives around the promotion of self-management, health behavioural change and the maintenance of good health may also be worthy of consideration by private health insurers.

Again, there would be equity and access considerations on the part of Government to ensure that those without private health insurance are not disadvantaged by the establishment of private health insurer funded chronic disease, self-management and preventative health programs.

Role of PHNs

WAPHA believes that Primary Health Networks have an important role in pursuing opportunities with private health insurers that recognise the health needs of all patients (both with and without private health insurance) in their regions. Respected health commentators, including former AMA President Dr Andrew Pesce, have highlighted the potentially valuable role of PHNs in any future private health insurer funded planning of the coordination of care between primary care providers and related sectors in the relevant PHN catchment.

An additional opportunity for private health insurers to work closely with PHNs is in the area of data collection and sharing, with the objective of developing better datasets to support improved needs analysis, planning and funding for primary health care services.

Policy Development

WAPHA considers that policy development in the area of private health insurance, particularly where increasing the role of insurers in primary care, must be based on well-developed and researched proposals. Policy development that focuses on the better integration of the public and private sectors is ideal and would likely facilitate a more seamless transition of health care and improved collection and reporting of comprehensive health data.

The principle of universality is paramount in such policy development, enabling all Australians to enjoy a high standard of health and access to timely care that avoids complex and costly disease.



Conclusion

National reform and policy development in private health insurance must ensure the delivery of high quality, safe health care for all Australians. WAPHA looks forward to ongoing engagement with the Federal Government on private health insurance reform and further detail and clarity around the reform process. WAPHA looks forward to reviewing the updated information on the outcomes of the consumer survey and the industry roundtables, and welcomes the opportunity to participate in future discussions.