Private Health Insurance Consultation December 2015

AAPM Position

Introduction

The Australian Association of Practice Management (AAPM) is the professional association for business managers of all healthcare practices including general practice, specialists, dentists and allied health as well as multi-disciplinary clinics. AAPM provides education, support, advice and advocacy for healthcare practice managers. Our aim is to ensure that they are able to effectively manage healthcare practices, that they are able to have the infrastructure and systems in place to provide a high quality health services to the Australian community, and that they are up to date with changes in the health sector. Consequently, AAPM is ideally placed to assist in implementing the government's primary healthcare reforms.

Healthcare Practice Managers have the responsibility of explaining fees and charges to patients, ensuring compliance with obtaining Informed Financial Consent and compliance with contracts between providers and PHI companies. They are very aware of the difficulties the current situation with Private Health Insurance causes for consumers and providers and are well placed to provide input for the Private Health Insurance Consultation.

This position paper is written in response to the request for Stakeholder submissions regarding the Private Health Insurance Consultations 2015-16.

Key Issues raised by Health Care Practice Managers

- **Lack of patient information on their entitlements**
  The coverage of different private health insurance policies needs to be clarified. Most patients don't know their level of coverage until a hospital admission. There needs to be transparency so patients admitted to hospital don't end up being charged huge bills after the fact when they thought they were covered. Consumers don't understand the gap terminology. Consumers don't realise that hospitals enter into contracts with private health insurers and that the hospitals charge a gap depending on the patient's level of coverage.

- **Gap Fees for surgeons are not transparent**
  Surgeons participate in the gap scheme on a case by case basis. Generally an insurance company will allow up to $500 to be charged for a gap. However, doctors set their own fees which may not fall inside the gap scheme. The issues are ensuring the patient understands their personal level of cover and the patient gaining enough information to be able to give fully informed financial consent prior to surgery. Practice Managers need to be gatekeepers on what gaps the specialists are charging so need a clear understanding of the agreements between surgeons and health insurers.

- **Variety of products and confusion (covert and deliberate) for policy holders**
  Policies are confusing and complex. The average person purchases their insurance coverage based on the premium. They quite often don't understand that they are not covered for many procedures or services such as radiology, pharmacy and prosthetics when having surgery. The policy may also leave patients with very little assistance post discharge from hospital and no access to home nursing services. Private emergency departments are not covered by health insurance but most patients are not aware of this.
  It is often the Practice Manager, who is responsible for obtaining informed financial consent from the patient, to explain what their "out of pocket" expenses will be for medical and surgical procedures. With so many different policies available it is difficult to determine what this may be and often the health insurance company staff don't know what will be covered.
  To reduce confusion, the number of policies needs to be streamlined with some uniformity across the industry.

T: 1800 196 000 | **M** 0417 823 006 | **F**: 03 9329 2524 | **E**: Gleach@aapm.org.au

- **Cost of Private Health Insurance**
  Many patients speak out about the fact that it is a financial stretch in paying premiums and even more of a stretch when also required to pay excess. In some states, high unemployment has meant that many are unable to sustain their private health insurance. Our members in surgical practices report that the average bowel cancer patient is out of pocket approximately $10,000 once they have all their treatment including surgery, chemotherapy and radiotherapy, if it all goes smoothly. If there are complications, wound infections or readmission due to surgical complication, the out of pocket expenses increase further. Large gaps for obstetrics, orthopaedics and complex surgery are common.
  AAPM Members report that they believe patients may be willing to accept higher premiums if additional out of pocket expenses were either capped or eliminated.

- **Discrimination against policy holder – the aged and smokers**
  There have been some proposals to increase premiums for smokers and the elderly. In our experience, smokers normally fit into the lower socioeconomic category and usually rely on the public system. This is substantiated by Department of Health: Tobacco Key Facts and Figures, August 2015. (http://www.health.gov.au/internet/main/publishing.nsf/content/tobacco-kff)

  The elderly are normally the ones who have struggled for many years to keep their health insurance up, even without claiming in their younger years, precisely so they can have coverage in their later years. Often older people have paid into health funds since their twenties.

- **Impact on Strategies to improve Integrated Care and Chronic Disease Management**
  With the increased focus on integrated care and chronic disease management, many ancillary benefits should be included in the basic premium of Health Insurance coverage. The evidence supporting the role of physiotherapy, podiatry, optometry, dietitians and many others is clear in the optimum management of chronic disease. Correct dental care has also been shown to prevent deterioration of health in many chronic diseases. However, many people forego visiting the dentist regularly because of the cost. If this was included as part of the Private Health Insurance with a smaller gap, it would contribute to effective chronic disease management.

- **Coverage and access – rural health**
  Lack of access to specialists and hospital beds particularly impacts rural consumers. The funding of Telehealth should be included in Private Health Insurance to alleviate these impacts. This would assist in decreasing hospitalisations which have a major impact on the whole family for this sector of the community.

- **Increased pressure on public hospital system**
  Private health insurance means that many patients can have access to health care sooner rather than later. This is especially important since public hospitals are struggling to cope with current patient numbers. If more people drop out of private health insurance this will only add to the pressure.
  Elective Surgery wait times are constantly increasing with some public hospitals reporting a wait time of well over 12 months for a screening colonoscopy. This will only worsen once the government increases the time frames for screening colonoscopy over the next few years. There are many other areas where proposed increases in screening will result in more day procedures and increase wait times even further. Across the country, public hospitals which experience large waiting lists are tendering these lists to be performed in private hospitals. With an increase in chronic disease incidences as the population ages, the impact on public hospitals will escalate if there is not a robust Private Health Insurance uptake.
  Lack of complete hospital cover from private health insurers can mean that many people will go to a public hospital for obstetrics, for example, where their post-natal physiotherapy and other extra treatments is free. They don't have to disclose that they have health insurance and so take up a bed to avoid the payment gap.

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Summary

In summary AAPM recommends that:

Lack of patient information on their entitlements

- The coverage of policies needs to be clearly articulated.
- Healthcare providers should be supplied with details of the coverage of each type of policy so that they can adequately explain fees and costs to the consumer.

Variety of products and confusion (covert and deliberate) for policy holders

- Private health insurance companies are required to streamline the number of policy types that they offer.
- Procedures commonly associated with hospital admissions for surgery and cancer treatment such as radiology, chemotherapy should be covered by private health insurance.

Discrimination against policy holder – the aged and smokers

- Community Rating should remain as a key feature of Australia's private health insurance industry.

Impact on Strategies to improve Integrated Care and Chronic Disease Management

- Ancillary benefits which have evidence of improving chronic disease management and which should be a part of integrated care should be covered in the basic premium for private health insurance.

Coverage and access – rural health

- Telehealth should be included in Private Health Insurance for rural consumers.

Increased pressure on public hospital system

- Private health insurance should cover complete hospital care and post admission care to encourage more people to maintain their private healthcare insurance cover. Increased gaps are making more consumers question the value of private healthcare insurance.

Further clarification may be sought from

Gillian Leach | Chief Executive Officer
Australian Association of Practice Management Ltd (AAPM)
Level 1, 60 Lothian Street, North Melbourne. VIC 3051
T: 1800 196 000 | **M** 0417 823 006 | **F**: 03 9329 2524 | **E**: Gleach@aapm.org.au
Web: www.aapm.org.au