

Professor Tarun Weeramanthri
Climate Health WA Inquiry
Level 3, C Block
189 Royal Street

8 November 2019

Dear Tarun,

On behalf of the Chief Executive John Van der Wielen and HBF, I would like to thank you for including HBF Health Ltd in the Climate Health WA Inquiry and for further enabling this opportunity to participate through your generous extension of the submission deadline; it is greatly appreciated.

HBF History

The Metropolitan Hospital Benefit Fund was established in 1941 to help Western Australians cover the cost of hospital treatments. In 1945 coverage was extended to all WA Hospitals and our name changed to Hospital Benefit Fund. In 1983 general insurance products for home and car were added to the fund and in 2000 the name was shortened to HBF. In 2015 we consolidated our small regional holdings into HBF group and a year later merged with Health Guard to become HBF Health Ltd. Today we are proud to be WA's leading health insurer.

Our role in the health and wellbeing of Western Australians

HBF has enabled generations of Western Australians to access the best quality healthcare and as a not for profit insurer, the health and wellbeing of our members is our overriding concern.

Currently a million Western Australians place their trust in HBF as their health insurer. This is a powerful statement as to the role HBF needs to continue to play and the community recognition of the role we have played over the past 79 years.

Consistent with our purpose, we believe that through HBF we have a unique responsibility to speak and act on all issues that impact our members health, and the broader Western Australia (WA)s community and are therefore keen to play a role in understanding and addressing the health impacts of climate change.

Beyond our role as WAs leading health insurer we have a history of providing services that help our members to stay well, such as free fitness classes, health checks, influenza vaccinations and health coaching for people with chronic health conditions. While these services help Western Australians manage their lifestyle and adopt healthy habits, there are environmental and societal factors which also impact their health but which we cannot directly mitigate. Climate change is one such factor which we believe will impact the WA environment and weather patterns which will consequently affect the lifestyle and the health of our community, in ways not yet fully understood, for which we need to plan.

Consequently, HBF is expanding the scope of health services under a new comprehensive Health Strategy. Further to this, HBF launched our first Community Engagement Partnership program and more recently established Health Innovation Fund to ensure we have a range of tools and the agility to help influence the introduction of new knowledge into the WA health system.

Statements by the financial services regulator

In 2016, the financial services industry regulator, Australian Prudential Regulation Authority (APRA), considered the risks posed to APRA-regulated entities by a changing climate patterns and noted the need to promote awareness and understanding of the risks among regulated entities as well as within APRA. In 2017 APRA stated that financial-sector entities “*like insurers and banks (should) consider the impact of climate-related risks on their business*” and noted that this guidance was consistent with the international Financial Stability Board recommendations on climate related risk. Since that time there has been numerous reports and discussion papers largely focused on the financial nature of climate change risk.^{1,2,3}

Health implications of climate change in WA

Environmental changes will affect flora and fauna populations through changing ecosystems, water tables and arable land; in turn this has the potential to impact disease transmission including cross-species transmission between animals and man.

HBF acknowledges the important need for increased data to quantify the impacts of climate change on health, we believe some emerging areas of risk include, but are not limited to:

- Changing frequency, intensity and duration of seasonal epidemics [eg. the 2019 influenza season].
- New and emerging infectious and pathogenic microorganism threats, including viral, fungal, bacterial and parasitic infections and prion-like diseases; and expansion of superbugs like *Staphylococcus aureus*, *Clostridium difficile* from mostly hospital settings to broader settings.
- Increased cross-species transmission of diseases resulting from forced habit changes [eg. Australian bat lyssavirus infections in humans; Hendra virus from an infected horse; and Creutzfeldt Jacob and mad cow-like disease].
- Increased incidence of mosquito and insect borne diseases [eg. Lyme-like tick borne diseases in the greater Sydney area; re-emergence of malaria in Australian capital cities].
- Biodiversity and changes to the human and environmental microbiome, in turn driving increased adaptive pressures on animals and microorganisms may result in changing infection patterns, increasing morbidity and mortality to humans and production animals.
- Increased exposure to UV, dust, allergens, and thunderstorm and dust-storm which may induce asthma rates and increase lung and respiratory disorders, cancer risk and skin disorders.
- Increased health issues due to extreme heat/weather conditions including: anxiety/stress-of-uncertainty related mental health issues; environment induced industrial and domestic accidents; and physical risk of heart attacks, stroke and respiratory disease in outdoor workplaces.

One demonstration of HBFs significant role in the public and wider health system was during the 2019 influenza season. HBF was able to respond quickly and in a coordinated manner with WA Health Department’s response to an unprecedented early onset influenza season. Through our

¹ Geoff Summerhayes, ‘Australia’s New Horizon: Climate Change Challenges and Prudential Risk’ (Speech delivered at the Insurance Council of Australia Annual Forum, Sydney, 17 February 2017) <https://www.apra.gov.au/media-centre/speeches/australias-new-horizon-climate-change-challenges-and-prudential-risk> Site accessed 16 September 2019

² Financial Stability Board Task Force on Climate-related Financial Disclosures, *Final Report: Recommendations of the task force on climate-related financial disclosures* (June 2017) p 25 <https://www.fsb-tcfd.org/publications/final-recommendations-report/> site accessed 16 September 2019

³ APRA Information Paper Climate Change: Awareness to action. <https://www.apra.gov.au/media-centre/media-releases/apra-step-scrutiny-climate-risks-after-releasing-survey-results;20-March-2019> Site accessed 16 September 2019 [see also Hutley, N and Hartford-Davis, S, *Climate Change and Directors’ Duties*, Memorandum of Opinion (7 October 2016) <https://cpd.org.au/wp-content/uploads/2016/10/Legal-Opinion-on-Climate-Change-and-Directors-Duties.pdf> . Site accessed 16 September 2019]

pharmacy alliance HBF were able to align our resources to support demand for vaccines and played a crucial role in coordinating efforts across pharmacies to ensure access to the appropriate vaccine. This facilitated access to vaccine stocks and created capacity to meet the demand from high risk cohorts for timely vaccination. Overall HBF pharmacy alliance delivered >45,000 vaccinations, a 2 fold increase from the 2018 influenza season, and preliminary data showed that over 60% were to those at high risk and chose to come to a pharmacy rather than attending other clinical settings. HBF has subsequently expanded our pharmacy alliance under the Pharmacy 777 (P777) group.

Economic implications of climate change

APRA's *Information Paper Climate Change: Awareness to action (2019)* survey data and report advised regulated entities, "the implications of a changing climate will have a long-term impact and the time horizon for the risks can be uncertain". The paper stressed that 'uncertainty does not justify inaction'. What was considered certain was that financial risks would materialise, and that private health insurers, general and life insurers, should be working now to mitigate the magnitude of the impacts of these risks. One of the key challenges for private health insurers is ensuring premium increases are contained. Financial impacts of climate change on the community, individuals or on the cost of health services will put undue pressure on health insurance premiums, and therefore affordability; which will, in turn have negative knock-on effect to the public health system.⁴

Addressing healthcare's carbon footprint

Not surprisingly, but somewhat ironically, the delivery of health care itself has been shown to contribute to climate change. A recent study on the carbon footprint stemming from the health care sector showed it was responsible for 7% of Australia's carbon emissions; or 36 million tonnes of CO₂ equivalents. Hospitals are highly energy intensive and consuming large amounts of resources. Data showed that our hospitals, public and private, were responsible for about half of these emissions.⁵

The cost of health care is increasing, and waste is contributing to these costs and the CO₂ emissions. Hospitals produce a large amount of waste. Some areas of unnecessary waste include but are not limited to single use products that span from stainless steel surgical instruments that clinicians discard after use; to gowns, surgical drapes and covers for patients, anesthetic breathing equipment, face masks and bed mats.

HBF has been exploring the health outcomes and improved experience HBF members would have if we reduced, where appropriate, our reliance on low-value hospital-based health care and replaced it with the provision of alternative care, including services closer to home and in-home care services. In concert with this, HBF is expanding the scope of health services under our Health Strategy. We believe, monitoring changing health service patterns will help identify impact of climate change and inform mitigation strategies. Further to this, HBF launched our first Community Engagement Partnership program and more recently established Health Innovation Fund to ensure we have the tools to influence the introduction of new knowledge into the WA health system.

Summary and proposed actions

HBF as the largest and longest serving health insurer in WA is acutely aware of its corporate obligations and societal responsibilities. HBF is developing a comprehensive Health Strategy for our members and addressing our broader societal commitment through our community engagement partnerships and innovation.

There is enough data and evidence from trends for HBF to acknowledge that the operations of WA's hospitals and health care facilities are, and will continue, to negatively impact climate change.

⁴ APRA Information Paper Climate Change: Awareness to action. <https://www.apra.gov.au/media-centre/media-releases/apra-step-scrutiny-climate-risks-after-releasing-survey-results>; 20 March 2019 Site accessed 16 September 2019

⁵ Malik *et al* The carbon footprint of Australian health care. *The Lancet Planetary Health* 2:1 27-35 2018. [https://doi.org/10.1016/S2542-5196\(17\)30180-8](https://doi.org/10.1016/S2542-5196(17)30180-8) Site accessed 16 September 2019

Consequently, in time, insurers will be impacted financially by the effects of climate change, through increased premiums and declining affordability for members, which will add pressure on the public health system. Furthermore, many of the diseases and emerging disease and health threats are likely to result in changes to the patterns of acute disease presentations and severity and chronic disease morbidity and associated complications due to environmental changes.

As part of HBF's diligence in relation to the potential impacts on our organisation it is proposed that HBF will be giving due consideration to the health outcomes and the improved experience HBF members would have if we reduced our reliance, where appropriate, on hospital-based health care and replaced it with the provision of care closer to home or via in-home care services.

In relation to HBF data and the climate change review process, our commitment will be through in-kind contributions; and any consultation for complex analytics will be considered on request or on a case by case basis and with due consultation with the relevant stakeholders.

Once again thank you for this opportunity to contribute to this important review and participate in the ongoing consultation process.

Kind regards and best wishes



Professor Hugh Dawkins
Chief Health Advisor