

2.10.2017

Sustainable Health Review Secretariat
189 Royal Street
EAST PERTH WA 6004

Dear Secretariat

Re: Submission to the Western Australia Sustainable Health Review

Thank you for the opportunity to contribute to the Western Australia Sustainable Health Review.

Medibank is one of Australia's largest providers of private health insurance, with 40 years' experience delivering better health to Australians. We look after the health cover needs of 3.8 million Australians through our Medibank and ahm brands and deliver a range of programs to support health and wellbeing in the community.

Medibank is committed to improving the value of health insurance and to strengthening our health system.

Medibank's Contribution to the Western Australia Health System

Medibank looks after the health cover needs of around 377,000 Australians living in Western Australia.

Approximately 15 per cent of West Australian residents have private health insurance with Medibank.

More than 179,000 couples and families in Western Australia have private health insurance with us.

Last year we paid \$439 million for the health care needs of the individuals and families covered by Medibank in Western Australia. The benefits we paid included nearly \$209 million for hospital admissions, \$45 million for medical benefits, \$46 million for prostheses, and nearly \$139 million for ancillary benefits.

We covered more than 84,000 hospital admissions and more than 135,000 days in hospital for our customers in Western Australia.

Western Australia's health system will be stronger through greater investment in effective chronic disease management programs, more informed consumer choice for patients, and recognition that private health insurance delivers significant value for families, governments, and the health system.

Medibank's Commitment to Chronic Disease Management in Western Australia

Medibank's CareComplete program is working to help people with chronic disease in collaboration with local GPs in Western Australia and across the country.

CareComplete focuses on improving the outcomes and quality of life for Australians living with chronic conditions. CareComplete also aims to support general practice, keep people out of hospital, and take pressure off the healthcare system.

Medibank is investing over \$20 million per annum in our CareComplete programs to improve chronic disease management, collaborating with more than 3,600 GPs to reduce avoidable hospitalisations for people with chronic and complex health needs.

CareComplete comprises three programs: CarePoint, CareFirst and CareTransition – which provide tailored and extended support to eligible patients with a variety of chronic health conditions.

The programs are the first of their kind at scale with good uptake and feedback from patients and GPs alike and are intended to deliver better health outcomes for patients.

CarePoint, for example, aligns with the Western Australian Government's vision of placing patients at the centre of care and improving their healthcare outcomes and experiences.

Medibank, HBF, and the Western Australian Government (the Western Australian Department of Health) co-funded a trial of CarePoint.

The pilot commenced in October 2014 and operated in the North metropolitan corridor in Perth. Patients participated in the program for an 18-24 month period, up to 31 March 2017.

The pilot had over 1,150 patients enrolled across 195 participating GP clinics (approximately 420 public patients, 480 HBF patients and 250 Medibank patients).

To be eligible for the pilot program, individuals were required to be Medibank members, HBF members or public patients from West Australia, who have a chronic disease with one of three of the following criteria:

- four or more hospital admissions in a two year period; or
- two recent admissions in the last six months; or
- a sentinel event, which is the first unplanned admission, diabetes, asthma, heart failure and chronic obstructive pulmonary disease

The pilot was designed to support private and public patients with chronic and complex (co-morbid) conditions that are identified as being high cost users of the health system, and it will examine whether a GP-led integrated healthcare plan tailored for individual patients may improve the health of the patient and reduce overnight emergency admissions.

In terms of results, the pilot program delivered excellent health outcomes and experiences for patients, with significant improvement in blood pressure, physical activity, waist circumference, health-related quality of life and decreased risk of hospitalisation. Changes in blood pressure were equivalent to commencing an anti-hypertensive medication.

Significantly, participants in the program have a life expectancy three times longer than people with similar conditions not taking part in the trial.

Participants are also reporting improvements in their confidence to manage their health condition and appreciated the access and time spent with a broad range of health professionals.

The pilot is being independently reviewed by the University of Western Australia to determine qualitative and quantitative benefits for patients, providers and funders. Evaluation will be provided at the end of 2017.

Early indicators are showing positive results, including increased patient self-efficacy, patient activation, increased medication adherence and stabilisation of conditions.

Medibank has partnered with the Western Australia Primary Health Alliance and HBF to deliver CareFirst, which is a six-month behaviour change program for people recently diagnosed with long-term chronic conditions like heart failure, chronic obstructive pulmonary disease, osteoarthritis, type 2 diabetes or cardiovascular disease. The program will be delivered in select locations across metropolitan and regional Western Australia.

The CareFirst program is targeting around 2,500 participants, including around 1,200 public patients, 800 Medibank members, and 500 HBF members enrolled in the program through their GPs.

The CareFirst program commenced in December 2016 and will conclude in June 2018. The program will be independently evaluated to assess its success in improving participants' health status and risk of future hospitalisations.

Programs like CareComplete have significant potential to improve outcomes for chronic disease patients and help relieve pressure on the public health system.

Medibank will be delighted to provide the review with any additional information or briefings on our chronic disease management programs in Western Australia.

The Importance of Informed Consumer Choice

Australia's health system is strong precisely because it is a mixed system that relies on both public and private providers. All Australians benefit from private health insurance as it takes pressure off the public health system, provides greater consumer choice, and reduces costs for taxpayers.

Medibank supports informed choice for consumers when they consider using their private health insurance in public hospitals.

Public hospitals often encourage patients with private health insurance to use their private health insurance when seeking treatment in the public system.

The problem is that public hospitals often fail to properly inform these patients that they have the right as Australian citizens to receive the exact same treatment at no cost through the public system.

The consequences are a lack of informed financial consent and informed choice by consumers, as well as cost shifting from the public system to the private system that contributes to higher overall health costs of private health insurance.

In effect, privately insured patients are paying twice (as patients who opt to use private health insurance in public hospitals will have paid for their private health insurance premiums and for public healthcare through taxation and the Medicare Levy).

Public hospitals in Western Australia – and nationally – should be required to disclose to patients that they can receive treatment as public patients at no cost and that a decision to use private health insurance in public hospitals will affect neither the quality and type of care provided nor the health outcomes.

This is an important step to improving consumer health choices.

Even when patients use their private health insurance in public hospitals they are not guaranteed any additional options or services that may be associated with their private hospital insurance coverage, although they may receive procedures sooner.

For example, Medibank estimates that up to 57 per cent of all private admissions at public hospitals begin in the emergency department, but patients admitted in such a manner do not get to choose their doctor or access other benefits associated with private health insurance.

Patients should be informed of these consequences when they are given the option to use their private health insurance in public hospitals.

The Importance of Private Health Insurance

The private health insurance system delivers tangible benefits for all Australians by taking pressure off the public system, providing greater consumer choice, avoiding lengthy waitlists, and reducing costs for taxpayers.

Private health insurance funds two in every five hospital admissions in Australia – admissions that would otherwise be borne by an already pressured public health system.

Around 90 per cent of day admissions for mental healthcare, 50 per cent of all mental health admissions, 70 per cent of joint replacements, 60 per cent of chemotherapy, and 88 per cent of retinal procedures take place in the private health sector and are supported by private health insurance.

Given private health insurance pays nearly \$20 billion in benefits to consumers, this means that for every \$1 spent on the rebate, around \$3 does not have to be spent in the public system.

Western Australia's health system – and our national health system – is stronger because of private health insurance.

Medibank is passionate about improving value and outcomes in the Western Australia health system and we look forward to working with you to deliver on that objective.

Yours sincerely,

A handwritten signature in black ink, appearing to read 'Craig Drummond', with a large, sweeping flourish extending to the right.

Craig Drummond
Chief Executive Officer