



## SUBMISSION

Australian Government:  
Department of Health  
**Consultation paper:  
private health  
insurance reforms –  
second wave**

February 2021

**Health Care Consumers' Association**

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## Background

The **Health Care Consumers' Association (HCCA)** is a health promotion agency and the peak consumer advocacy organisation in the Canberra region. HCCA provides a voice for consumers on local health issues and provides opportunities for health care consumers to participate in all levels of health service planning, policy development and decision making.

HCCA involves consumers through:

- consumer representation and consumer and community consultations;
- training in health rights and navigating the health system;
- community forums and information sessions about health services; and
- research into consumer experience of human services.

We promote improvements to the health care system from the perspectives of consumers, with an emphasis on equity, as well as promoting and providing expertise on consumer participation in health. We support universal health care. It is through this lens that we are responding to the *Consultation paper: private health insurance reforms*.

In developing our submission we shared the *Consultation paper: private health insurance reforms – second wave* with our members through HCCA's Quality and Safety Consumer Reference Group and our Health of Older People Consumer Reference Group. Our consultation with consumers, their stories, comments and ideas, as well as HCCA's years of experience in advocating for consumers in health, have all helped to shape this submission.

We have focussed our comments primarily on Consultation 2 – Expanding home and community based rehabilitation care, as we felt that this was where the comments from our membership would best add value. We did receive some limited comments on Consultations 1, 3 & 4 which are covered briefly in section 3 of our submission.

## Executive Summary

HCCA supports universal health care and believes that both the public and private systems, and where they intertwine, need to deliver safe and high-quality care. If the Australian Government is continuing to support private health insurance, the system needs to be meeting consumer needs, achieving safe and high-quality care, and providing value for money.

HCCA is generally supportive of the proposal to expand home and community-based rehabilitation care under the proposed second wave of private health insurance reforms. However, consumers expressed some concern about exactly what these changes might look like, how to ensure that implementation of these measures can become an opportunity to improve consumer-centred care and not compromise health outcomes.

Consumers want to ensure that this model for expanding home and community-based rehabilitation under private health insurance reforms:

- Delivers consumer-centred care and involves consumers in shared decision making.
- Recognises that home and community-based rehabilitation care will not be appropriate for everyone and that consumer choice about where to complete rehabilitation cannot be removed or ignored.
- Acknowledges that there is no "one size fits all" for consumer rehabilitation care plans. Plans will need to be developed in consultation with the consumer and individualised to meet specific needs (not just a generic plan).
- Recognises that this requires a high level of coordination. There will need to be clarity about who is responsible for working with consumers/carers to coordinate all the different aspects of care and services needed.
- Ensures that the expansion of home and community-based rehabilitation care does not lead to an increase in out-of-pocket expenses, or reductions in policy coverage for consumers.
- Upholds quality of care as paramount to consumers. Evaluation of home and community-based rehabilitation care needs to consider consumer experience and health outcomes, not simply focus on activity data or number of services/treatments provided.

These key points are discussed more fully in the body of our submission.

## 1. General comments

It's not always easy for consumers to know what is covered by Private Health Insurance (PHI). Policies are complex and hard to compare, both for value for money and to minimise out-of-pocket costs. Consumers who have taken out PHI find their premiums to be ever-increasing, alongside high out-of-pocket costs, and changes to coverage. HCCA members have had a variety of experiences with purchasing and/or using PHI. This reflects a range of factors including varied health needs, expectations of the systems in place, past experiences, health literacy and financial situations. Key issues for consumers around taking up, using and maintaining PHI include:

- Affordability and cost of PHI premiums;
- Extent of out-of-pocket costs still to pay in addition to policy premiums;
- A lack of transparency from some private health practitioners and services around out-of-pocket costs when using PHI;
- A lack of outcomes data to make informed decisions about care; and
- Complexity of policies – both in choosing and using PHI.

HCCA supports universal health care and believe that both the public and private systems, and where they intertwine, need to deliver safe and high-quality care. If the Australian Government is continuing to support PHI, the system needs to be meeting consumer needs, achieving safe and high-quality care, and providing value for money.

## 2. Focus on Consultation 2 – Expanding home and community based rehabilitation care

In consulting with consumers, HCCA has focussed its discussion mainly on Consultation 2 - Expanding home and community based rehabilitation care.

Overall, consumers we consulted expressed support for expanding home and community based rehabilitation care, as long as this would be aligned with providing “consumer-centred care”<sup>i</sup>. Consumer-centred care:

- Treats consumers, carers and families with dignity and respect.
- Helps consumers, carers and families to participate in their care.
- Expects health professionals to work in partnership with consumers, carers and families throughout their lives.
- Provides safe, high-quality and appropriate services that consumers:
  - can get access to, and
  - feel comfortable using.
- Provides support to consumers to use the services, where necessary.

Put succinctly, consumer-centred care ensures that patients receive *the right care in the right place at the right time*. Receiving the right care in the right place at the right

time remains a remit of Australia's Primary Healthcare Networks (PHNs) as part of improving the coordination of care for consumers across primary health care services<sup>ii</sup>. This principle must be similarly applied to the current considerations of PHI to the context of expanding home and community based rehabilitation care.

### Care Coordination:

Consumers told us that the coordination of care is important:

*"If we accept that people [tend to] recover more quickly in their home environment, then it must be better for recovery than sitting in a hospital bed day after day. It could work for some patients but not necessarily all as it would require a level of proactive engagement from the patient. For it to improve care coordination and consumer centred care it would need a coordinator who understood the health system at all levels and who could communicate that well to the patient, to ensure that the patient got the right services, from the right providers, at the right time".*

*"It's important that those coordinating care really know the patient and ask the right questions in order to be able to provide the right care for the individual. Could more information and discussion about how it works be integrated into pre-admission – individual or group advice sessions too?"*

*"I have not had personal experience of this, but I would assume that a care coordinator should be allocated to the patient as a point of contact for the patient and anyone involved in their care"*

*"The HITH [Hospital in the Home] model considers that the patient is still the responsibility of the health service, even though they are not physically occupying a hospital bed. The coordinator would ensure that records of services are kept, and appointment arranged, to keep the rehab on track and amended as appropriate".*

*"Some insurance policies already include selected "hospital in the home" services as part of their cover. These kinds of services can be good "where it is safe to do so... for people who can get home sooner and free up hospital beds for other patients. [However] this may not work quite so well for someone who needs other forms of support at home that are not covered [by PHI] or not available [either not in the consumer's area, or where there is a wait for the service that would impact on the care required]"*

For these arrangements under PHI to meet the needs of consumers and make improvements to the quality of care, consideration must be given to:

- The opportunity for this change in PHI to improve care coordination and consistent quality of health care services delivered.

- Application of principles of “Choosing Wisely Australia”<sup>iii</sup> – including care that is evidence-based, multidisciplinary (especially, in this context, includes allied health professionals), and uses consumer-focused communication for shared decision making between health professionals and consumers.
- The broad range of services that may be required for home or community rehabilitation care, including Nursing, Occupational Therapy, Physiotherapy, Nutrition and Psychology.
- The care coordinator taking the time to really know their patient and the individual circumstances so the right model of care and services needed can be chosen to achieve the best health outcomes.
- Ensuring accountability and responsibility for the care plan, as well as contact details for consumers who are receiving home and community based rehabilitation care to be able to reach help if their care isn’t going well (such as experiencing deterioration, services not turning up, additional needs identified, return to inpatient care etc.).
- Consumers receiving a care plan where the right services are set up for the consumer to receive the care that’s needed in the right place at the right time.
- Transparency from care coordinators about up-front costs for various options so that consumers/carers can make informed decisions.

### **Costs:**

Consumers expressed concern that:

- Agreement by consumers to receiving home and community rehabilitation care might lead to ‘bill shock’ or a range of unanticipated out-of-pocket costs for services that may not be received through inpatient care. There was suspicion that the proposal may evolve into a cost-shifting exercise.
- If care coordination was not comprehensive, consumers could be discharged and left without access to the rehabilitation services we need, lacking appointments for necessary services and without contact details for further follow-up about care. This could include consideration about an individual’s capacity or support for travel to services, if care is not provided at home. It may be better for some patients to remain in inpatient care and this should be available.
- Those consumers who are older or living with dementia may need extra support and will not necessarily be good candidates for home or community rehabilitation care.
- Introducing these changes may artificially increase the cost of services – this has happened in ‘My Aged Care’ where a two-tier cost system has evolved.

## High Quality Care and Outcomes:

Consumers expressed concern to ensure that:

- Reiterating the commitment to providing the right care in the right place at the right time, there is a need to ensure that expanding home and community based rehabilitation care does not take away consumer choice. Consumers need to be at the centre of the decision making about where their rehabilitation care should be provided to most appropriately address their needs.
- The end point of a consumers' care plan is the agreed health outcome for the individual – not simply the number of consultations, services or treatments provided. How can PHI ensure that the focus is on the care goals and patient outcomes, who will be responsible and how will it be evaluated? Where will consumers go if they have concerns or complaints?
- In cases of traumatic injury or other dramatic ability change, consumers returning home early are likely to need greater support, especially during the initial stages of recovery. Consumers may be facing a range of unknown adjustments. In an inpatient facility this support is provided as part of the regular care provided. It is important that access to this kind of support is not lost in the transition to in home or community care.
- The broader context of the environment that the consumer is returning to also needs to be taken into account. For instance if a consumer needs more intensive assistance it may not be appropriate to simply return them home as they may not have access to the support they need in that environment.

### 3. Brief comments on Consultations 1, 3 & 4

#### ***3.1 Consultation 1 – Increasing the age of dependents to encourage younger people and also people with a disability to maintain private health insurance***

HCCA supports the removal of the age limit for dependents with a disability to remain covered by their family's private health insurance policy.

In terms of encouraging younger people more generally to take up and maintain private health insurance, feedback suggested a need to look at the current disincentives:

- With the rising costs of living PHI premiums are not affordable for many younger people, and may not be considered to be a value-for-money expense.
- For those consumers, such as younger people, who tend not to need many health services, it can be hard to see any real individual benefit for the significant cost involved.

- Consumers are aware of the significant costs of PHI premiums, and then additional out-of-pocket costs – few services are fully covered.
- It is still very difficult to compare PHI policies as there are so many variables in coverage to consider.

A consumer told us:

*“the idea of trying to encourage young people to take out PHI before the age of 30 or face higher premiums has not worked... [if we want] to entice young people to take PHI early... there has to be something in it for them at an earlier point or they could be paying [premiums] for years before seeing a benefit. We should also consider that many younger people do not join the full-time workforce until they have completed their university studies. When they do, their wages will not be high initially and they will have a HECS debt to repay as well as possibly a mortgage and, at some point, childcare costs. All of these push PHI further down the priority list for where their income is spent”.*

The consultation paper outlines options to increase the maximum allowable age for dependents in PHI from 24 years to 31 years. HCCA did not receive any specific comments on these options, but notes that the more complicated the categories become across PHI (such as the need to further define ‘dependents’, and ‘students’) the more difficult it can be for consumers to be able to compare policies and find a product to suit individual circumstances. A consumer did tell us of their concerns that creating more generous provisions for young people and families might adversely affect premium costs for singles or other policy provisions.

Consumers who do take out PHI told us they do so for their peace of mind in accessing timely care and choice of providers, but at significant expense - such as this comment:

*“Those consumers who take out PHI recognise it is generally expensive, but join to ensure that they will be able to get the surgery they need when they need it... [there is an understanding] there will still be out-of pocket expenses [but] care will be timely... not only do the premiums rise each year, so too do the out of pocket expenses as the Medicare rebate values of services are not keeping pace with the cost of providing the service... the cost of services that do not have an MBS item, such as some surgical assistant services, are fully paid for by the patient”.*

HCCA continues to support the principle of consumer access, including timely care, to be provided by both public and private health services in Australia. Access is one of the key consumer rights outlined in the Australian Charter of Healthcare Rights<sup>iv</sup>.



### **3.2 Consultation 3 – Out of hospital mental health services**

Briefly, consumers told us that there is always work to be done in improving mental health services. However, it is not always appropriate to deliver these services in the community, so, similarly to Consultation 2 (Expanding home and community based rehabilitation care), serious consideration needs to be given as to how to ensure consumer-centred care so that individual patient needs will be taken into account when considering care arrangements.

### **3.3 Consultation 4 – Applying greater rigour to certification for hospital admission**

A consumer told us that they felt independent review is always better, as self-regulation does not always lead to adequate outcomes. The three-part procedure outlined in the consultation paper provides some level of control and appears to be a reasonable approach.

## **4. Concluding remarks**

We thank you for the opportunity to provide input to the consultation on the *Australian Government Private Health Insurance Reforms – second wave*. We have a keen interest in ensuring value for money, appropriate care and support for consumers, high standards of safety and quality in our health care services, public or private.

HCCA is happy to be contacted to clarify any issues we have raised in our submission and looks forward to continued involvement. Please do not hesitate to contact us if you wish to discuss our submission further.

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<sup>i</sup> HCCA Position Statement on Consumer-Centred Care (2018) [Consumer-Centred-Care-Position-Statement-FINAL-.pdf \(hcca.org.au\)](#) [accessed 2 Feb 2021]

<sup>ii</sup> Primary Health Network - Background (last updated 19 July 2018) <https://www1.health.gov.au/internet/main/publishing.nsf/Content/PHN-Background> [accessed 2 Feb 2021]

<sup>iii</sup> Choosing Wisely Australia <https://www.choosingwisely.org.au/what-is-choosing-wisely-australia> [accessed 2 Feb 2021]

<sup>iv</sup> Australian Charter of Healthcare Rights (2<sup>nd</sup> ed. 2019) <https://www.safetyandquality.gov.au/publications-and-resources/resource-library/australian-charter-healthcare-rights-second-edition-a4-accessible> [accessed 1 Feb 2021]