

Australian Unity's response:

A Healthier Future for all Australians National Health and Hospital Reform Commission Interim Report

Introduction

Australian Unity is a national health, financial services and retirement living organisation with more than 400,000 customers.

In this paper, we have responded to the four strategic reform areas that have the most relevance to our private health insurance and retirement living businesses: governance, preventative health, aged care and dental.

Our overarching philosophy is that Australia needs a quality health system that is economically sustainable. Debate about the health system is often focused on its rising costs. A more sophisticated and useful approach would be to link these costs (and the debate) with acceptable health outcomes – in other words to demand more accountability from the system for its results. Followed to its conclusion, this approach would be patient-centred and improve safety and quality.

Governance

Australian Unity recognises the need for governance reform. We believe Option A which proposes continued shared responsibility between governments, with clearer accountability and more direct Commonwealth involvement is not radically different from the current status quo and may not constitute reform.

Option B, which advocates that Commonwealth responsibility for public funding, policy and regulation would simplify the governance framework as it makes one body accountable. However, the delivery of health services through regional health authorities has the potential to replace one bureaucracy with another.

Option C, or social insurance, provides the ability to create an efficient purchasing system that would link both public and private financing, while expanding consumer choice and retaining universal coverage. It is the reform recommendation that has the most potential to support the economic sustainability of the system. The advantages to consumers include greater transparency of health costs and the abolition of “cost-shifting” between different funders of the health system. An efficient Option C would continue and refine the current system of risk equalisation to ensure that the important principle of community rating is retained. Concerns raised in the report that the proposal could increase transaction costs are likely to be countered through the effects of transparency, sensible markets where none today exist, and a system-wide bias to outcomes and quality improvements.

Our ultimate goal should be an efficient governance system that is person-centric. We could learn much from the Netherlands' health care reform experience. With a similar age, wealth and health expenditure profile to Australia, the Netherlands reforms were built incrementally and engaged stakeholders. Australia, too, can take the same approach, but needs to take an exceptional and flexible alternative approach to indigenous health in remote areas. We urge consideration of something akin to Option B as a pathway towards the more significant reform of Option C as Option B would help to create the culture of discipline in purchasing (in this case through public costs) in each particular region and this discipline could be later extended as part of wider reform.

Safety and transparency

The Interim Report has useful information regarding the strengthening of health and healthcare governance, particularly with regard to funding and the public's right to know who to hold accountable.

We believe that patients would benefit greatly if clinical outcomes and consistent data were publicly available to allow informed choice. Only in this way can Australians be confident in the accountability of individuals and institutions to respond to the data and create improvements such as reduced hospital acquired infections and adverse events.

A good outcome-based measurement system supported by a robust electronic record system would ensure that the best possible outcomes for each individual are objectively measured, resulting in healthier and happier patients, and a better use of precious funding resources.

Preventative health

With chronic diseases accounting for 80 percent of health expenditure we need a major evolution of our healthcare approach to help reduce the incidence of preventable illness.

Behavioural change is the biggest challenge as a reasonable level of health literacy does not always translate into action. Australian Unity is investigating and trialing different methods of delivering programs, benefits and information to members at different stages of readiness for change. We are well positioned to work in partnership with the public sector to promote consistent preventative health information, and to facilitate a call to action for our members and the broader community.

One way for health costs to come down is for people to stay healthy. Australian Unity has recently launched market leading preventative health programs and benefits to help our members to stay well. We believe the governance option of Option C would encourage programs to enhance fund member wellness, as these programs would help offset the rising costs associated with chronic disease.

Aged care

Australian Unity agrees with the Interim Report's recommendations around increasing choice in aged care to better meet the needs of ageing Australians. More specifically, we support the proposal that aged care planning ratios be based on people rather places, with funding mechanisms also becoming more person-centric.

Current aged care funding structures are clearly not adequate to meet service demand or foster a competitive aged care industry. Many operators are declining to fund places because they do not adequately cover building and maintenance costs. The current system is unsustainable. The separation of accommodation and care costs, along with planning ratio reform, is a principle that we would support.

Dentcare Australia

Australian Unity supports the call to expand dental services to all Australians. We believe this is achievable through better access to both public and private dental services.

The Interim Report emphasises the area of dental care. We note that the Report has specified some items such as crowns, bridges and implants as 'elective' or cosmetic care. However, these are often the best treatment for badly degraded teeth. Rather than an inclusive list of dental item numbers to be funded under Dentcare, Australian Unity would prefer to see a capped amount for clinically required procedures. This would better meet individual needs without excluding some services.

Conclusion

Australian Unity endorses the government's goal to build Australia into the healthiest country by 2020. The Interim Report constitutes an ideal launching pad for further discussion and debate as we validate the direction for the new health agenda.

Designing a national health strategy is a complex and rigorous task. The Interim Report contains many useful general reform directions, and we look forward to more comprehensive information that will allow industry stakeholders to better analyse the impact of the proposals.

Health is a significant economic issue which is compounded by the growth in chronic diseases, the special needs of an ageing population and the increasing costs of health care services. The new health agenda must be person-centric by offering Australians an outcome-based, transparent and safe healthcare system.

Despite the challenges we all face, however, Australian Unity is confident that together we can deliver a quality and cost effective national health strategy for all Australians.