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(Inq into Obesity)
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Australian Unity

Committee Secretary
Standing Committee on Health and Ageing
House of Representatives
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Inquiry into Obesity in Australia

Dear Secretary

Thank you for the opportunity to provide comment on obesity in Australia as part of the Committee's public consultation process. The comments presented by Australian Unity are made in the context of our commitment to helping our members and customers achieve wellbeing.

Who we are

The Australian Unity Group is a national health, financial services and retirement living organisation with more than 400,000 customers, including 185,000 members and more than 1,000 employees.

Australian Unity Health provides private health insurance cover for more than 305,000 Australians. We have a strong commitment to helping members stay well. Through providing a range of services and advice to help keep members healthy and out of hospital, the fund also remains healthy.

Summary and Recommendations

Obesity is a complex and multifactorial condition influenced by genetic, dietary, environmental and psychological drivers as well as socioeconomic factors. Obesity and associated health risks are not just a matter for the public health system – the health impact and costs are borne across a broad range of stakeholders including; Medicare, the PBS, public hospitals, workers

compensation schemes, employers, private health insurance funds, individuals and their families. Increased cooperation and coordination between private health insurers and state and federal governments in the development and implementation of preventative health and chronic disease management programs is critical.

1. Health insurers have a role to play in health policy development – 44 per cent of the Australian population currently have private health insurance and therefore receive regular communication from their insurer. Many insurers have some form of benefits and initiatives in place to promote weight loss and help to manage the complications of obesity.

2. Health insurers can encourage, support and reward members who improve modifiable lifestyle risk factors such as being overweight or obese.

3. Health insurers can be an additional source of credible and evidence-based health and nutrition information for members, whether delivered online, in print or by targeted programs. Insurers can help to empower their members to make better health and nutrition choices for themselves and their families.

4. Health insurers can offer evidence-based chronic disease management programs targeted to members with existing complications of their obesity, such as diabetes and coronary artery disease.

5. The activities of health insurers can complement public health campaigns and initiatives. There is currently little coordination between the public and private sectors to achieve the common goal of reducing the public health and economic burden of obesity. Australian Unity is committed, well placed and willing to participate in such an integrated initiative.

6. Longer term, there may need to be greater communication between GPs and the funds, particularly around identification of at-risk members by GPs who can refer members into appropriately funded primary prevention programs.

How does obesity affect a Health Fund?

It is difficult to measure the economic impact of obesity in private health because health insurers do not carry anthropometrical data on members, including height and weight. As a result, we are unable to measure changes in general member obesity and how this correlates to an increase in the number of hospital admissions. What we do have, however, is a proxy for measuring a correlation between obesity and hospital claims by showing the growth rates in specific diseases where we know obesity plays a major role in contributing to the underlying medical condition.

It is important to note that community rating regulations ensure that Australians can choose private health insurance irrespective of their existing medical conditions and health risk factors, including their weight.

Type 2 Diabetes

Obesity and type 2 diabetes are causally linked. Analyses by the International Obesity Task Force, undertaken for the World Health Organisation Global Burden of Disease research, indicated that approximately 58 per cent of type 2 diabetes globally can be attributed to having a BMI above 21. However, in western countries around 90 per cent of type 2 diabetes cases are attributable to weight gain (James 2003).

Australian Unity claims data has demonstrated that the number of members admitted to hospital with type 2 diabetes as either a primary or secondary admission code (ICD 10) has grown at a compound annual growth in the rate of over 17 per cent for the last five years to 2007.

Following further analysis, we estimated approximately 32 per cent of these hospital admissions were directly related to complications from diabetes (most notably vascular disease manifested as coronary artery disease, ischaemic stroke, peripheral vascular disease, kidney disease and vascular retinopathy).

Of significant concern, however, is whether a compounding effect will start to occur where the growth in the number of members diagnosed with type 2 diabetes continues at its current growth rate or even escalates.

Coronary Artery Disease

Obesity is a significant independent predictor of cardiovascular disease, including coronary death and congestive heart failure in both men and women (AIHW, 2004). Over the last five years there has been a seven percent annual compound increase in the number of Australian Unity members presenting with acute coronary syndrome or ACS (coronary artery disease

leading to chest pain, angina and myocardial infarction). This relates to the fact that obese people are more likely to develop coronary artery disease than non-obese individuals due in part to poor nutrition, higher cholesterol and lower exercise tolerance.

The increasing use of coronary artery stenting has significantly increased the economic burden of ACS on the public health system and private health funds. In the past, members suffering ACS were managed by either medical intervention (pharmacological therapy), whereas now the majority of members are treated using implantation of coronary stents. This can represent a difference in cost of over $10,000 per admission, even though there is still significant academic debate around the efficacy of stents in up to 80 per cent of all cases where they are used over medical management (Boden, 2007).

In addition, obese people who undergo coronary bypass surgery have higher rates of complications including prolonged ventilation, readmission to intensive care, prolonged length of stay and higher rates of chest wound infection and breakdown (Yap, 2007). More than 46 per cent of cardiac bypass surgery takes place in the private sector, with the procedure costing upwards of $19,000.

Joint Replacement

Long term obesity increases the load on joints and can lead to severe osteoarthritis necessitating joint replacement, especially of hips and knees (Harms, 2007). Major joint replacements are the single largest hospital claims expenses for Australian Unity, representing around 10 per cent of total hospital claims costs.

In undergoing joint replacement surgery, obese people face higher risks under anaesthetic and during surgery, are more likely to develop infection and wound break down and are more likely to experience a longer length of acute hospital stay and prolonged inpatient rehabilitation (Lübbeke, 2007).

The majority of joint replacement surgery in Australia takes place in the private sector, 58 per cent of all knee replacements costing on average $21,000 and 64 per cent of hip replacements at an average of $23,000 inclusive of rehabilitation (AHSA, 2008).

Pregnancy and Obesity

Overweight women are more likely to require fertility assistance/treatment. Several studies have confirmed the association between obesity and reduced fertility. Elevated body mass index (BMI) is also associated with poorer outcomes from assisted reproduction (Nankervis, 2006). These increased costs are funded by both the public and private health systems. While IVF in Australia is primarily funded by Medicare and the Medicare Safety Net, private insurers incur costs for IVF day surgery, hospital admission and pharmacy claims that are not PBS funded.

Furthermore, pregnant women who are overweight or obese are more likely to develop complications of pregnancy including pre-eclampsia and gestational diabetes. They are also more likely to require a caesarean section, experience a pre term delivery, or have their baby admitted to a special care unit (Jensen, 2005). More than 21 per cent of Australian hospital births take place in private hospitals (DOHA, 2007). Diabetes Australia advises that 30 to 50 per cent of women who develop gestational diabetes will go on to develop type 2 diabetes within 15 years of the birth of their baby.

Bariatric Surgery

Meta-analysis by the Monash Centre for Obesity Research and Education confirmed that the weight loss achieved after any bariatric procedure (including, but not limited to Lap-Banding) is well in excess of what may be achieved with conservative or pharmacological therapy (O'Brien, 2005). More than 90 per cent of bariatric surgery is performed in the private sector (Peters, 2005) with the procedure costing at least $9,000.

What do we know about our members?

There is a perception that Australians with private health insurance are generally middle class, well educated, health literate and therefore perhaps much less likely to be overweight or obese. While the Australian Institute of Health and Welfare research positively correlates higher rates of obesity with lower socio economic status, member sampling conducted by Australian Unity demonstrates that reasonable levels of health literacy often do not translate into action. Sampling of our member base indicates we have rates of overweight and obese people approaching those demonstrated by recent public health data. We now assume that the compounding effect of advancing age and rates of obesity in the general population (Cameron, 2003) are positively correlated with the increasing rates of chronic diseases which are closely linked with obesity such as coronary artery disease, type 2 diabetes, osteoarthritis and stroke in our claims data.

Why would a health fund want to assist members better manage obesity?
Australian Unity is a wellbeing company – we recognise that we have a role to play in assisting our members to manage their health and the health of the fund. Our member sampling demonstrates that members see their insurer as another source of credible health information and understand why helping members stay well and out of hospital is mutually beneficial. Furthermore, we have an older cohort of members compared to many health funds. The ageing population and increasing rates of obesity make effective interventions for our members imperative.

Until March 2007, the role of health funds was largely restricted to paying bills associated with hospital admissions. Opportunities for preventative health and chronic disease management were limited until the Broader Health Cover legislation was introduced, giving insurers the opportunity to pay for services that prevent or substitute for hospital admission. Australian Unity was an active contributor to the Federal Government's consultation on private health reform, and we are taking advantage of the new rules to support smarter and better ways of preventing health problems or getting members back to health.

Challenges to health insurers impacting members' obesity
Health insurers only see one piece of a member's "health picture" – claims data. Typically, an insurer only becomes aware of a member's medical condition when they are admitted to hospital as a result. Clearly, in the case of type 2 diabetes, by the time an individual is admitted to hospital for complications of their diabetes such as vascular surgery or renal failure, many opportunities to intervene to assist a member to better manage their diabetes have been lost.

Encouraging, promoting and supporting behavioural change in our members is complex and challenging, requiring a range of programs, incentives and rewards to suit different people and personality types. Member engagement and participation is an important barometer of success.

Broader Health Cover allows insurers to pay for chronic disease management programs and preventative health initiatives in members diagnosed with chronic illness, however, the legislation does not allow insurers to re-insure the costs of health screening or early interventions, which is necessary if we are to address primary prevention of chronic disease. While there is evidence for some chronic disease management programs, especially secondary prevention relating to coronary artery disease, the evidence supporting many preventative interventions and primary prevention is less clear. Insurers have

a financial imperative to ensure that interventions or programs offered to members are based in evidence and are cost effective.

What are we doing about obesity?
Australian Unity undertakes detailed evaluation of chronic disease management programs and applies the National Health and Medical Research Council (NHMRC) levels of evidence for clinical interventions to determine the most appropriate programs for our members. We also utilise the services of the Monash University School of Epidemiology and Preventative Medicine to assist in our evaluation of proposed programs and interventions. Australian Unity is a foundation and ongoing sponsor of the Australian Disease Management Association, assisting in the provision of advocacy for the disease management industry to promote programs which improve chronic condition outcomes and quality of life, and reduce acute healthcare utilisation.

In March 2007, Australian Unity was the first organisation to implement a coronary artery disease program in the private sector, which focuses on the identification and subsequent management of coronary risk factors. The program adopted had been shown to reduce secondary hospital admissions in the public health sector by 12-16 per cent in two separate randomised controlled studies. The majority of Australian Unity members who have been admitted to hospital with a cardiac condition, and subsequently enrol in the program, were overweight or obese at the time.

Australian Unity provides a weight loss incentive and reward program that encourages and supports weight loss with approved providers such as Weight Watchers. We also provide a "doctor health check" benefit, which allows for a fully funded and comprehensive GP check-up not covered by Medicare. Members are actively encouraged to take up this opportunity to better manage their health and be aware of risk factors such as obesity, which can lead to chronic disease.

We also offer Wellplan Online, an interactive web based health and wellbeing program, to all Australian Unity health members. Wellplan Online provides interactive health workbooks, the opportunity to undertake detailed health risk assessments, personalised emailed newsletters and a detailed medical encyclopaedia. Wellplan Online encourages members to improve their health literacy, identify their risk factors and provides information and tools to help address health risks. Wellplan Online also provides valuable member data to allow us to design programs to meet the health risk and disease management needs of our member base. The member response to Wellplan Online has been positive, with 85 per cent of members who completed an online health

risk assessment providing their consent for Australian Unity to provide them with information and invite them to participate in programs to manage risk factors identified.

Where to?

With nearly half of all Australians currently holding private health insurance, the sector has a key role to play in health promotion. Obesity is a growing problem for health insurers, particularly in relation to the correlated conditions: coronary artery disease, type 2 diabetes, osteoarthritis and reduced fertility in women. The costs of these conditions are a joint responsibility of the public and private health systems and a close working relationship in the development and implementation of prevention and chronic disease management programs would benefit all.

The inclusion of representatives of the private health insurance sector in the policy development and implementation of public health promotions programs has the potential to add to the body of knowledge and experience through member data, claims experiences and, over time, the experience and outcomes of Broader Health Cover preventative health and disease management programs in the private sector.

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