

## **Inquiry into Private Health Insurance Bill 2006 (provisions) and related Bills**

### **Senate of Australia (Community Affairs Committee)**

**January 2007**

Many members of the Consumers' Health Forum of Australia (CHF) understand that they need access to the health system and try to maintain health insurance as long as possible. Although uptake of private health insurance varies across the membership of CHF, we hear of people who have cut down on food purchases, and rationed power use, simply to maintain their private health insurance. Having maintained the insurance, the consumer may find that they are liable for a significant gap payment, or limited access to some services. CHF welcomes improvements to the private health system that will improve the quality and affordability of care to health consumers. CHF provided a submission to the exposure draft of the Private Health Insurance Bill (2006).

Over the past 6 months, CHF has consulted with a wide range of health consumers about the proposed legislation, to gather a range of consumer perspectives on the Bill. These consultations identified a high level of health consumer interest in the changes, as well as an acknowledgement of the complexities associated with the issues. The proposed reforms have the potential to improve the meaningful information about private health insurance products and the range of health care services available for the Australian health consumer through the private health insurance system. However, CHF urges that the implementation of the changes takes place only through consultative mechanisms that include consumers.

#### ***Improving Continuity of Care***

Consumers are looking for flexibility in health of care between hospital and the community. They see value in the Broader Health Cover arrangements, but are wary about its impact on:

- health professional availability and
- equitable access to health and allied health services

among both private and public patients. Consumers identified a broad range of services that could be considered for out-of-hospital delivery, noting that the services must be appropriately coordinated and evidence-based. When choosing out-of-hospital treatments, key considerations for consumers include;

- Quality and safety of services,
- Cost and affordability,
- Availability,
- Access and convenience, and;
- Impact on family and carers.

#### ***Access to Health Care***

It is important that access to health care for the most disadvantaged health consumers is improved, not diminished, by the new arrangements. This includes people living in rural and remote areas of Australia, where access to private health facilities is limited or non-existent, as well as people living with chronic conditions requiring a high level of on-going care.

#### ***Safety and Quality***

CHF understands that the accreditation standards for services across the range of health care settings will not be in place until July 2008, under the auspices of the Australian Commission for Safety and Quality in Health Commission. This creates a delay between the implementation of the Broader Health Cover services and application of the quality accreditation and standards framework that needs to be in place to protect health consumers. CHF believes that any aspects of

broader health cover arrangements that cannot guarantee the safety of, and quality of the service to, consumers should not proceed prior to the legislation.

### **Consumer involved in choice about treatment options**

Consumers reported to CHF that they want the right to choose whether to have treatment in the hospital or at home, based on their health and broader support needs. They also want to be fully informed about the costs, the type of service being offered, and the kind of medical and health care assistance that they may expect if they agree to be treated out-of-hospital. The decision to offer out-of-hospital services must be undertaken in consultation with the patient and their carers. Consent should be gained only after the patient (and their carers) have had the opportunity to consider and discuss all the necessary information about the available alternatives, including the financial implications of the available choices, with the treating doctor.

### **Availability of Comparative Product Information**

To make informed choices about private health insurance, consumers need effective comparative information. CHF consultations with health consumers found that they wanted information that would provide informed and appropriate guidance about which products would be most suitable to their requirements. This includes information on:

- premiums,
- list of benefits,
- excesses,
- explicit information about exclusions,
- limits of cover before dropping to a lower rate,
- claim limits,
- gap payments,
- discounts,
- waiting times,
- incentives, and;
- extras/ ancillary benefits.

In addition, the specifications for standard product information on Broader Health Cover should also be provided by the private health insurance funds for inclusion on the new Public Health Insurance Ombudsman's website.

### **Web Access to Product Information**

Consumers suggested that an interrogation function on the Private Health Insurance Ombudsman's website would greatly assist in making the comparative information broadly available. However, they also expressed their need for very specific information relevant to their personal situation and current health care needs, and how health insurance products might best meet their needs. For people without web access, and for help with the website, an ongoing independent telephone support service will be needed.

### **Certainty about Financial Costs**

One of the key issues for consumers is the actual costs associated with accessing private health services, in excess of the cover provided by health insurance. It is important that health providers are proactive and clear about what services cost. Similarly, health consumers need encouragement and support to question the expected costs. A detailed information strategy for consumers, as well as ensuring that health professionals provide detailed financial assessments of the planned service, is required. This communication strategy should build on the promotion of the Private Health Insurance Ombudsman's website and the private health reforms.

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## **Background**

The Consumers' Health Forum of Australia Inc (CHF) is the national voice for health consumers. It helps shape Australia's health system by representing and involving consumers in health policy and program development.

CHF, established in 1987, is an independent member-based non-government organisation for health consumers. It receives funding from the Australian Government Department of Health and Ageing, membership and specially-funded projects.

CHF is the only national organisation that can reach nearly 1 million Australians across a wide range of health interests and health system experiences. It provides government and policy makers with a consumer perspective on health issues and balances the view of health care professionals, service providers and industry.

Health consumers have a unique and important perspective on health. They include patients and potential patients, carers and organisations representing consumers' interests.

CHF voting members are from all areas of the community and health sectors. They include illness-based and self-help groups, population groups, health interest groups and special interest groups. Non-voting members include individuals, organisations and corporations interested in health consumer issues.

CHF health policy is developed through extensive consultation with members. This ensures a broad representative health consumer perspective, rather than a narrow political or sectional interest.

CHF is working on priority consumer health issues including safety and quality in health care, safe and appropriate use of medicines and effective health care for people with chronic conditions.

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