WORKING TOGETHER FOR BETTER PATIENT OUTCOMES
The increasing costs of the health system and what’s driving this

The challenge for healthcare

Creating sustainability through a focus on health outcomes
MEDIBANK AT A GLANCE

**Largest private health insurer in Australia**

- **29.1%** Market Share
- **1.8m** Memberships
- **3.8m** People Covered

**Large healthcare contractor**

- **450** hospitals
- **>100,000** ancillary providers

**One business. Two brands.**

- **Medibank**
- **AHM by Medibank**

**Large telehealth provider**

- **700** health professionals
- **2 million** health triage calls

**Significant payer for services $4.9b**

- **$3.7 b** hospital outlays
- **$1.2 b** ancillary expenditure

**Innovative population health operator**

- Key competency: comprehensive national integrated health service management

**Extensive national footprint**

- **>90** retail stores
- **35** clinics

**Award winning business**

- **7 years** in a row
- **3,000** employees
AUSTRALIAN HEALTHCARE EXPENDITURE AND CLAIMS HAVE OUTGROWN GDP OVER 10 YEARS

Average annual growth rate (%) from 2003-04 to 2012-13

- Private health insurance claims paid: 8.65%
- Total hospital expenditure: 5.01%
- Total health expenditure: 5.07%
- GDP: 3.00%
- Population: 1.61%

Sources:
- Population – ABS
- Hospital & Health expenditure - Health expenditure Australia 2012-13: analysis by sector, supplementary tables and figures & AIHW health expenditure database
While Australia has some of the highest costs

<table>
<thead>
<tr>
<th>Hospital Spending Per Discharge</th>
<th>CAN</th>
<th>AUS</th>
<th>FRA</th>
<th>NZ</th>
<th>GER</th>
</tr>
</thead>
<tbody>
<tr>
<td>$14,896</td>
<td>$9,531</td>
<td>$8,049</td>
<td>$7,856</td>
<td>$5,192</td>
<td></td>
</tr>
</tbody>
</table>

Cost of a C-section

- USA: $7449
- AUS: $7082
- FRA: $5820
- CAN: $4820
- GER: $3732

Source: Juniper Roundtable Event – Comparison of costs in OECD countries

Hip replacement cost in Australia

- $15,198

- 45% cheaper in Germany,
- 30% cheaper in France and Canada.

Australia has the 3rd highest cost of generic drugs – 40% more than the UK.
INCREASED ADMISSIONS DRIVING COSTS AT MEDIBANK

HOSPITAL USE

14%

2011

2014

HOSPITAL BENEFITS

2011

$1.92bn

22%

2014

$2.35bn

HIP OPERATION

Admissions

2011

$27,052

12.9%

2014

$27,949

3.3%
MEDIBANK FY15 ANNUAL RESULTS

- Group NPAT $291.8m
- Inaugural dividend of 5.3 cents per share
- Record $5.1 billion paid in member benefits
WHAT’S DRIVING THIS TREND?

- Our growing but ageing population
- New technologies
- Increasing prevalence of chronic disease

A sustainable healthcare system continues to innovate and delivers efficiencies to offset these growing cost pressures

201-2014 MPL data excluding ahm
THE CHALLENGE FOR HEALTHCARE

Reduce Costs
Reducing the per capita cost of health care

Enhance patient experience
Improving the patient experience of care (including quality and satisfaction)

Improve Health Outcomes
Improving the health of populations

Reference: Institute for HealthCare Improvement
REVERSING THIS TREND

Helping deliver quality and affordability within healthcare

Ensuring payment integrity

Improving patient outcomes

Supporting our members and their doctors outside of hospital
HELPING ENSURE PAYMENT INTEGRITY

Ancillary

- Program identifies variations in service patterns
- Medibank investigates variations to see if they are reasonable
- If they are found not to be, we can employ ongoing monitoring, suspend the provider’s recognition status or re-coup payments

Hospitals

- Hospitals have limited coding resources and tight timelines resulting in rushed completion and high error rates
- DRG coding errors in hospitals across the country – audits have uncovered complexity and diagnosis code errors
- Hospitals subject to audit as a contractual obligation
- On average 24% of audited claims were found to be incorrect
“Far too many patients in some Australian hospitals get a treatment they should not receive, against all evidence that the treatment is unnecessary or does not work.”

Source: Grattan Institute, Questionable care: avoiding ineffective treatment
MEDIBANK’S APPROACH - 28 DAY READMISSION AND ADVERSE EVENTS

Two key risk sharing initiatives driving quality outcomes for patients
# Identifying the Adverse Events

## Adverse Events

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Pressure Injury</td>
<td>Stage II ulcer</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>Stage III decubitus ulcer &amp; pressure area</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>Stage IV ulcer</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>Stage IV decubitus ulcer &amp; pressure area</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Falls resulting in fracture and intracranial injury</td>
<td>Intracranial injury</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>996.00 Concussion</td>
<td>with W00-W29 and Y92.22</td>
<td>Fall occurring in health service area</td>
<td></td>
</tr>
<tr>
<td></td>
<td>996.01 Loss of consciousness of unspecified duration</td>
<td>with W00-W29 and Y92.22</td>
<td>Fall occurring in health service area</td>
<td></td>
</tr>
<tr>
<td></td>
<td>996.02 Loss of consciousness of brief duration (less than 30 minutes)</td>
<td>with W00-W29 and Y92.22</td>
<td>Fall occurring in health service area</td>
<td></td>
</tr>
<tr>
<td></td>
<td>996.03 Loss of consciousness of moderate duration (30 minutes to 24 hours)</td>
<td>with W00-W29 and Y92.22</td>
<td>Fall occurring in health service area</td>
<td></td>
</tr>
<tr>
<td></td>
<td>996.04 Loss of consciousness of prolonged duration (more than 24 hours) with return to pre-existing conscious level</td>
<td>with W00-W29 and Y92.22</td>
<td>Fall occurring in health service area</td>
<td></td>
</tr>
<tr>
<td></td>
<td>996.05 Loss of consciousness of prolonged duration (more than 24 hours) without return to pre-existing conscious level</td>
<td>with W00-W29 and Y92.22</td>
<td>Fall occurring in health service area</td>
<td></td>
</tr>
<tr>
<td></td>
<td>996.1 Traumatic cerebral contusion</td>
<td>with W00-W29 and Y92.22</td>
<td>Fall occurring in health service area</td>
<td></td>
</tr>
<tr>
<td></td>
<td>996.20 Diffuse cerebral and cerebellar brain injury, unspecified</td>
<td>with W00-W29 and Y92.22</td>
<td>Fall occurring in health service area</td>
<td></td>
</tr>
<tr>
<td></td>
<td>996.21 Diffuse cerebral contusions</td>
<td>with W00-W29 and Y92.22</td>
<td>Fall occurring in health service area</td>
<td></td>
</tr>
<tr>
<td></td>
<td>996.22 Diffuse cerebellar contusions</td>
<td>with W00-W29 and Y92.22</td>
<td>Fall occurring in health service area</td>
<td></td>
</tr>
<tr>
<td></td>
<td>996.23 Multiple intracerebral and cerebellar hematomas</td>
<td>with W00-W29 and Y92.22</td>
<td>Fall occurring in health service area</td>
<td></td>
</tr>
<tr>
<td></td>
<td>996.28 Other diffuse cerebral and cerebellar injury</td>
<td>with W00-W29 and Y92.22</td>
<td>Fall occurring in health service area</td>
<td></td>
</tr>
<tr>
<td></td>
<td>996.20 Pons cerebellar and cerebellar injury, unspecified</td>
<td>with W00-W29 and Y92.22</td>
<td>Fall occurring in health service area</td>
<td></td>
</tr>
<tr>
<td></td>
<td>996.21 Facial cerebellar contusion</td>
<td>with W00-W29 and Y92.22</td>
<td>Fall occurring in health service area</td>
<td></td>
</tr>
</tbody>
</table>

---

**Note:** The codes and descriptions are for illustrative purposes only and should be verified with the latest medical guidelines and codes.
CLINICAL QUALITY DASHBOARDS

Hip Replacement

Acute Length of Stay - Days

Rehab Length of Stay - Days

% Inpatient Rehabilitation

% admitted to ICU
THE CHRONIC DISEASE CHALLENGE IS INCREASING

Note: Chronic conditions are self reported and comprise of; asthma, type 2 diabetes, ischaemic heart disease, cerebrovascular disease, arthritis, osteoporosis, COPD, depression and high blood pressure

Sources: AIHW analysis of the 2007-2008 National Health Survey, Figure 6.22: Number of selected chronic conditions, by age group, 2007-08, Intergenerational Report 2015 (ABS + Treasury)
OUR OWN MEMBERS SHOW SIMILAR TRENDS TO WHAT WE SEE NATIONALLY

2.2% of Medibank members

- Consume 1/3 of all hospital and medical expenditure
- 69 years old on average
- Approx. 13 hospital separations in 4 years
- 40% of all hospital bed days
- 3 Major Diagnostics Categories in 4 years

70% of this group have underlying chronic disease
More work in primary care is needed to “join the dots” for high-risk patients with complex health needs

- Move from fee for service and short consults to longitudinal care
- Help our most vulnerable patients to ensure coordinated and ongoing care
OUR CARE SUITE OF PROGRAMS

- **Integrated Care**
  - Integrated care program targeting people who experience chronic & complex conditions.
  - Program integrated into the hospital discharge process that addresses the care needs of those most at risk of unplanned readmissions to hospital.
  - Behaviour change focused model supported by telephonic & online education & navigation.

- **Health Promotion for Healthy Populations**
  - (no target healthcare needs)

- **Chronic Disease Management**

- **Discharge assistance**
SYSTEM-WIDE COORDINATED CARE FOR HIGH UTILISERS, LED BY GPs

Virtual Layer
- Nurse Triage
- Web, Mobile & Remote Monitoring
- Care Navigator
- Virtual Health coaching, and Specialists

Physical Layer
- General Practice
- Nurse
- Pharmacy
- Outpatient Specialist
- ED In-patient
- Outpatient Rehab
- Hospital Liaison
- Community Care
- Home care & nursing
Belle – a CarePoint case study

Belle is a confident and organised 81 year old woman. She has history of falls, Osteoarthritis, Osteoporosis, Bilateral knee joint replacements and recurrent Urinary Tract Infections. Belle lives with her elderly husband and spends most of her day in bed.

Home visit
- Revealed a history of falls and a wrist fracture (Belle’s GP was unaware of frequent recent falls).
- Frequent Urinary Tract Infections – Belle does not usually report these to her GP until she is acutely unwell.

Interventions
- An urgent OT home assessment organised and funded by CarePoint (the wait list for community OT was 8-12 weeks). OT assessment completed within three days of referral, subsequent implementation of falls minimisation education and strategies.
- OT recommendations implemented by CarePoint Clinician which include referral for council funded personal care support to assist with energy conservation, and minimise falls risk due to fatigue. Introduction of a walking frame to support mobility and reduce falls risk, funded by patient.
- Provision of OT recommended equipment to reduce risk of pressure areas and increase Belle’s comfort and safety whilst in and out of bed. Funding to be a combination of community and brokerage.
- CarePoint Clinician received call from Belle, reporting that she had a temperature, no appetite and thought she should go to hospital because she had no way to get to the GP.
- CarePoint Clinician consulted with a GP who arranged for a Practice Registrar to visit Belle at home that day. Antibiotic therapy was commenced and further investigations scheduled as an outpatient. Hospital presentation was avoided.
- Belle was unaware of supports available to her, including urgent GP appointments, afterhours GP visits and a Nurse on-call. The service suite was explained to Belle and her husband, with supporting brochures and fridge magnets placed in prominent positions in the home.
- Feedback provided to GP regarding the falls who will reinforce recommendations of OT and Physiotherapist with the view to a Neurological review.
CREATING SUSTAINABILITY THOUGH A FOCUS ON HEALTH OUTCOMES

MEDIBANK
Shared value for our policyholders and shareholders

We keep our members healthy and out of hospital

The quality and affordability of private healthcare is strengthened and our business is kept healthy

It will take true collaboration from all parts of the health system to create sustainability
THANK YOU