



Dear PHMAC Secretariat,

Catholic Health Australia (CHA) is pleased to respond to the Department of Health's Private Health Insurance (PHI) reforms forum that was held in December 2017. CHA members support the Department's approach to hold an open and transparent forum with health stakeholders to consider the recent private health reforms with potential impacts on the health system.

CHA is Australia's largest non-government not-for-profit grouping of health, community, and aged care services accounting for around 10% of hospital based healthcare in Australia. Our members also provide around 30% of private hospital care, 5% of public hospital care, 12% of aged care facilities, and 20% of home care and support for the elderly. CHA values the goal of a health system that respects human dignity, is person-centred, supports vulnerable populations, and supports the appropriate stewardship of resources. Our members invest heavily in expanding services to those in need and represent one of the predominant groups for private hospital services in regional and rural areas. As the largest grouping of not-for-profit hospitals and aged care services in Australia, we hope our feedback will provide valuable insight for the Department through the next stage of reforms.

CHA hospital members welcome the development of standard clinical definitions as part of the process to enhance transparency and reduce confusion in services covered under PHI policies. Our hospital providers will continue to participate in this consultation process into the New Year following the finalizing of the Department's corresponding procedures list.

Catholic not-for-profit hospital providers have expressed concerns regarding the minimum product requirements for Basic, Bronze, Silver, and Gold product categories. The minimum requirements outlined under Bronze and Silver categories do not cover a sufficient range of services for hospital and general treatment under the key design parameters. This, combined with the recent approval for restrictions in Bronze and Silver categories, could result in a predominance of public hospital only policies where Gold is the only comprehensive plan that patients will be able to utilize in the private system. In addition, allowing restrictions in Bronze and Silver may see Bronze products with no restrictions provide a higher level of cover than a



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restricted Silver product for the minimum required range of services covered under both categories. This would run counter to the aim of the product categorization intended to offer consumers better transparency and reduce confusion in the range of PHI products.

Under the new mental health upgrades without a waiting period, insured patients will be able to access rapidly medical health cover during periods of acute need. CHA members support the waiting period exemption provided the insurance providers allow for a transparent process whereby the insured patient will be able to access this exemption in a timely manner during a time of crisis. CHA will continue to participate in consultations involving the Standard Clinical Definitions for “mental health service” and “services for drug and alcohol related issues” as these two categories have a synergistic relationship where further treatment may be dependent on clinical assessment.

CHA supports the development of a minimum data set to assist patients in comparing health fund information and enhancing transparency around the costs of private health insurance. In the presentation delivered at the forum, the *out of pocket costs/doctor's fees* category in “essential information” recommends patients ask their doctor or hospital about whether any out of pocket costs apply. As the health system stands currently, this process is often easier said than done. Whilst some health funds have commissioned new websites and online calculators to assist patients in determining out of pocket costs, the consumer group CHOICE recently conducted a survey on surgeon out of pocket costs. One third of doctor offices surveyed refused to provide information about fees, making it difficult for surveyors to determine potential out of pocket costs. The inability for patients to access price data for surgeons and the large discrepancies in surgeon fees have made it prohibitively difficult for insured patients to have transparency in the health costs associated with their care.

The development of the Improved Models of Care Working Group (IMOC) and the expert committee on Out-of-Pocket Medical Costs will assist the private health sector in identifying issues in need of clarity and reform. Identifying best practices models and innovative funding arrangements for private health services will allow hospitals, clinicians, and private health insurers to find more effective collaborative arrangements that improve outcomes and





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efficiencies in the system. We look forward to the final nominations for the Out-of-Pocket committee and to the Department's release of the IMOC terms of reference.

CHA has been extensively involved in the consultations relating to Prostheses List Reform and we look forward to participating in further engagement with the sector to develop a more equitable and transparent Prostheses List Framework.

With the October announcement of the new PHI reforms, Minister Hunt announced reductions to the Prostheses List benefit in the amount of \$1.2 billion over the following 4 years equating to a 1% reduction in premium increases each year. This large reduction in prostheses funding was designed to put downward pressure on insurance premiums that are continuing to grow higher than the Australian cost of living. CHA is confident that the Minister will continue to monitor insurer applications during the annual private health insurance premium round process to ensure these reductions in the prostheses benefit are passed on to consumers in the form of lower premium increases and will not be absorbed by health insurers to be distributed to shareholders.

If you have any additional questions regarding CHA's feedback to the new PHI reforms, we would be happy to discuss these details further. Thank you for allowing CHA to contribute to this forum and we look forward to future collaboration on the new PHI reforms.

Sincerely,

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