Breast Cancer Network Australia
Submission to The Senate Standing Committee on Community Affairs inquiry into the value and affordability of private health insurance

July 2017

About Breast Cancer Network Australia
Established in 1998, Breast Cancer Network Australia (BCNA) is the peak national consumer organisation for Australians personally affected by breast cancer. We support, inform, represent and connect people whose lives have been affected by breast cancer. We work to ensure that Australians diagnosed with breast cancer receive the very best support, information, treatment and care appropriate to their individual needs.

BCNA represents more than 120,000 individual members and 300 member groups across Australia.

Being a long term patient, my family has incurred significant expense due to my health – $50,000 out of pocket. It goes without saying that this is a tremendous financial burden for my family. – Karen, living with metastatic breast cancer

Breast Cancer Network Australia (BCNA) welcomes the opportunity to provide a submission to the Senate Standing Committee on Community Affairs inquiry into the value and affordability of private health insurance.

Our submission reflects BCNA's key area of expertise and interest – women with breast cancer. We note that around 145 men are diagnosed with breast cancer in Australia every year. As the vast majority of Australians diagnosed with breast cancer are women, this submission refers to women with breast cancer.

Over the years BCNA has heard from our membership that being treated for breast cancer in the private health care system, even with private health insurance, can result in substantial out-of-pocket costs.

In 2016, BCNA commissioned Deloitte Access Economics to undertake research on the financial impacts of breast cancer, including whether holding private health insurance results in higher out-of-pocket costs. While the findings of this research are yet to be published, this

survey of more than 2,000 Australians diagnosed with breast cancer demonstrates that women who hold private health insurance have significantly higher out-of-pocket expenses than women who do not have private health insurance.

BCNA's submission focuses on the following Terms of Reference items:

B. The effect of co-payment and medical gaps on financial and health outcomes
F. The relevance and consistency of standards, including those relating to informed financial consent for medical practitioners, private health insurance providers and private hospitals
H. The role and function of:
    i) Medical pricing schedules, including the Medicare Benefits Schedule, the Australian Medical Association fee schedule and private health insurers' fee schedules
K. Any other related matter.

BCNA Recommendations

1. That private health insurers increase the number of health practitioners with whom they have a 'no gap' arrangement to allow for more choice and fewer gap payments
2. That private health insurers better promote their lists of 'no gap' providers
3. That health practitioners provide patients having treatment in the private health system with written information about the out-of-pocket costs of any proposed procedures prior to these procedures taking place
4. That health practitioners advise patients they are entitled to a second opinion if they are unhappy with the out-of-pocket costs quoted to them
5. That private health insurers are able to provide cover for radiotherapy treatment
6. That a $5,000 trauma insurance benefit is paid by private health insurers to policyholders diagnosed with cancer to help cover out-of-pocket costs

BCNA Submission

Private health insurance and the financial impact of breast cancer

Australia has the fourth highest rate of breast cancer in the world[1] and breast cancer is the most common cancer in Australian women.[2] It is estimated that this year (2017) 17,586 women and 144 men will be diagnosed with breast cancer.[3]

Women diagnosed with early breast cancer can face up to twelve months of active treatment including surgery, chemotherapy, targeted therapy and/or radiotherapy. The majority of women, up to 80 per cent, may then be treated with daily oral endocrine treatments for a further five to 10 years. Out-of-pocket costs for treatment and care can be compounded if women need to reduce their paid work hours, or give up work altogether, for a time.

Women diagnosed with metastatic (incurable) breast cancer face additional challenges as their treatment continues for the rest of their lives. The uncertainties around their disease progression means they may have great difficulty with financial planning and budgeting, and with maintaining an income stream.

I can't work anymore, so we live on my husband's salary and we constantly 'rob Peter to pay Paul'. The financial strain hugely compounds the stress of dealing with cancer. – Tracey

In 2016, BCNA commissioned Deloitte Access Economics to conduct research into the financial impact of breast cancer. This research included an extensive financial survey completed by more than 2,000 BCNA members.

The results of this research show that women with private health insurance typically pay more than twice as much for their breast cancer treatment and care than women without private health insurance. The typical out-of-pocket cost for women with private health insurance was $7,028 compared with $3,651 for women without private health insurance. A further breakdown of costs reveals that women with private health insurance typically pay over ten times as much as women without private health insurance for direct medical costs: $3,723 compared to $355.

Given that nearly three quarters of respondents to the survey had private health insurance at the time of their breast cancer diagnosis, this financial burden impacts a significant proportion of women affected by breast cancer.

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[1] Australian Institute of Health and Welfare, *Breast Cancer in Australia: an overview*, October 2012
[2] Australian Institute of Health and Welfare & Australasian Association of Cancer Registries, *Cancer in Australia: an overview 2014*
[3] Australian Institute of Health & Welfare 2017, Cancer in Australia 2017. Cancer series no 101. Cat no. CAN 100. Canberra: AIHW.

The effect of co-payment and medical gaps on financial and health outcomes

Women with private health insurance paid approximately ten times as much as women without private health insurance for their direct medical costs: $3,723 compared to $355. Expenditure on 'other' cost categories – items such as wigs, travel and transport, physiotherapy and counselling – was almost the same across women with and women without private health insurance at $3,305 compared to $3,296 respectively.

This indicates that the greater financial burden for women with private health insurance does not come from accessing extra supportive care items or choosing more expensive products – for instance, a $2,000 wig as opposed to a $400 wig. Rather, it comes from higher out-of-pocket costs for direct medical expenses (including surgeries, chemotherapy and radiotherapy treatment), breast MRI and other diagnostic tests, and specialist consultation fees.

One of the drivers for high medical costs for privately insured women with breast cancer is co-payments or 'gaps'. 'Gap' payments in the private system can come as a shock for many women with breast cancer. While some health funds have 'no gap' arrangements with particular providers, these may not be the providers to whom the woman has been referred. Choosing to have treatment with a doctor recommended to them by their GP or another trusted health professional can mean that women with private health insurance pay a 'gap' fee.

I queried the gap with the private health fund and they said to me: 'Well you've got the wrong surgeon' and I said: 'Well when you're told you've got breast cancer, you don't say "hold on a minute, I'll go find another surgeon"'. You're sort of overwhelmed by the diagnosis and you want to get the treatment. I had confidence in him (the surgeon) but not in his bills. It was a lot of money that we weren't expecting to have to pay. – Penny

'Gap' payments often need to be paid upfront. This can mean substantial amounts need to be found in a short space of time. Women with breast cancer often have to use savings, borrow money or refinance their home mortgage to pay for treatment. This can add to the stress and worry of the breast cancer experience.

We used the redraw facility on our mortgage because we had to pay the plastic surgeon upfront. We had to pay $24,000 dollars for the plastic surgeon. We had to pay $6,000 for the anaesthetist upfront. We did get some of it back but I think all up we're probably $13,000 out of pocket just on the surgery. – Susan

In the Deloitte survey, women with private health insurance most often nominated out-of-pocket or 'gap' payments as their greatest source of financial difficulty (44 per cent) followed by loss of income (36 per cent). 'Gap' payments are a significant source of financial distress and for this reason BCNA recommends that private health insurers:

- increase the number of practitioners with whom they have a 'no gap' arrangement to allow for more choice and fewer gap payments
- better publicise their list of 'no gap' providers.

Informed financial consent

Women report to us that they do not always receive comprehensive information about the out-of-pocket costs of their treatment and other procedures and feel that their financial consent is not fully informed. A 2017 BCNA survey of more than 10,000 women who had been diagnosed with breast cancer found that six per cent had none of their information needs for managing the financial costs of breast cancer met and seven per cent had only some of their needs met.

Before we went to see the plastic surgeon I would have liked to have known how much it was going to cost. It'd be nice to know the average price range of this operation with or without private health cover. – Susan

We believe many people are not aware that they can choose to have some of their treatment in the private health system and some in the public system. Choosing to have outpatient procedures that are not covered by private health insurance, such as radiotherapy, as a public patient is a way that people with private health insurance can reduce their financial burden. However, privately insured patients may not be made aware of this option.

Even though I said to my surgeon that I'd go public with the radiation, when she referred me to the radiation oncologist they assumed I was a private patient. – Susan

Women may not be advised they can 'shop around' to compare prices.

It is important for women to realise that even though they have private health insurance they may still be potentially significantly out of pocket. The best way to alleviate financial stress during this time is to ask questions of the doctors before treatment or when trying to make decisions about treatment options. – Jill

We would like all health practitioners to provide written information about the out-of-pocket costs to patients being treated through the private health system prior to treatment taking place so that patients can make an informed financial decision. We also believe health practitioners should advise patients that they are entitled to a second opinion if they are unhappy with the written quote/s they have received.

The role and function of medical pricing schedules, including the Medicare Benefits Schedule, the Australian Medical Association fee schedule and private health insurers' fee schedules

Private health insurance fees are rising disproportionately compared to growth in wages. Private health insurers' fee schedules have increased significantly: in 2016 the average premium increase was 5.59 per cent[4]. The wage price index indicates wage growth across all sectors of 1.9 per cent after two years of slowing wage growth.[5]

Many women choose to pay a higher fee schedule for top level cover on the basis that this will offer more benefits if and when they need to use it. Some women report that they do not receive the benefits they are entitled to as part of their cover, such as a private room.

We were in top cover and I was entitled under that top cover to have a private room. There was no private room available for me, so I didn't even have a private room. – Penny

After paying premiums for a top level cover - sometimes for many years - women in this situation are frustrated when they do not get the level of benefit to which they are entitled.

Any other related matter

Confusion around levels of cover
Women may be directed towards the private health system because they have private health insurance, regardless of their level of cover. The Australian Medical Association reports that patients who hold private health insurance often believe they are covered for a treatment when they are not.[6]

Women often tell us that after paying private health insurance premiums – sometimes for many years – they are angry and disappointed when they find their private health insurance either does not fully cover the costs of their breast cancer treatment or does not cover a particular treatment or procedure at all. Given the number of different policies available and the difficulties comparing complex policies across different insurance providers it is hard for women and their families to understand what is and isn't covered by a particular policy. As the Private Health Insurance Ombudsmen noted:

[4] Private Healthcare Australia 2016. 'Understanding Private Health Insurance Premiums', http://www.privatehealthcareaustralia.org.au/have-you-got-private-healthcare/why-private-health-insurance/understanding-private-health-insurance-premiums/. Accessed 3 July 2017.
[5] Australian Bureau of Statistics 2017. 'Wage Price Index, Australia, March 2017' http://www.abs.gov.au/ausstats/abs@.nsf/Latestproducts/6345.0Main%20Features2Mar%202017?opendocument&tabname=Summary&prodno=6345.0&issue=Mar%202017&num=&view=. Accessed 3 July 2017.
[6] Australian Medical Association 2017. Private Health Insurance Report Card 2017. https://ama.com.au/sites/default/files/documents/010417%20-%20AMA%20Private%20Health%20Insurance%20Report%20Card%202017%20PDF.pdf .Accessed 7 July 2017.

Confusion over understanding the terminology used by health insurers and what these mean to an individual consumer when they are seeking to claim from their policy are the overriding themes of most of the complaints received by the PHIO. – Private Health Insurance Ombudsman [7]

This can result in a woman choosing to be treated in the private health system believing her costs will be covered by her private health insurance, only to find there are significant out-of-pocket costs.

Private health insurance cover for radiotherapy treatment

The Deloitte survey found that out-of-pocket costs for radiotherapy (radiation) treatment were second only to out-of-pocket costs for breast reconstruction. The average out-of-pocket cost for radiotherapy was $2,465, however women reported out-of-pocket costs ranging up to $9,750 for radiotherapy treatment.

Radiotherapy is provided as an out-patient procedure and as such is not covered by private health insurance. While acknowledging this would require a change in legislation, BCNA believes allowing private health insurance funds to cover radiotherapy would help to reduce this sometimes significant out-of-pocket cost for women and their families.

Proposal for trauma insurance benefit

A recent report co-authored by the Prostate Cancer Foundation of Australia and the Actuaries Institute proposed that private health insurers provide a trauma insurance benefit of $5,000 to a policyholder diagnosed with cancer to help cover their treatment and care.[8] This amount is suggested because a recent study of men who had prostate cancer found that median out-of-pocket expenses for privately insured men was around $6,000. This figure is similar to the typical out-of-pocket cost for women in our survey (around $4,800) and other studies conducted by Access Economics (around $5,000).[9]

BCNA supports the Prostate Cancer Foundation of Australia in recommending that a $5,000 trauma insurance benefit is made by private health insurers in the event of a cancer diagnosis to help cover out-of-pocket costs. To be beneficial, this payment should be in addition to the current cover provide by a person's private health insurance. We believe this will help women with breast cancer to reduce the significant burden of the out-of-pocket costs of their treatment and care.

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[7] Private Health Insurance Ombudsman 2016. *State of the Health Funds Report 2016*. http://www.ombudsman.gov.au/__data/assets/pdf_file/0020/43355/2016-State-of-the-Health-Funds-Report.pdf Accessed 12 July 2017.

[8] Institute of Actuaries of Australia 2017. *Private health insurance bill shock: what can insurers do to help*. https://actuaries.asn.au/Library/Miscellaneous/2017/TheDialogueIssue1Embargo2.pdf. Accessed 12 July 2017.

[9] Paul et al 2017. *Impacts of financial costs of cancer on patients – the Australian experience*. In Costs of Cancer to the Patient, vol. 41 iss. 2. http://cancerforum.org.au/forum/2017/july/impact-of-financial-costs-of-cancer-on-patients-the-australian-experience/. Accessed 12 July 2017.

Conclusion

BCNA has made six recommendations as outlined on page two of our submission.

1. That private health insurers increase the number of health practitioners with whom they have a 'no gap' arrangement to allow for more choice and fewer gap payments
2. That private health insurers better promote their lists of 'no gap' providers
3. That health practitioners provide patients having treatment in the private health system with written information about the out-of-pocket costs of any proposed procedures prior to these procedures taking place
4. That health practitioners advise patients they are entitled to a second opinion if they are unhappy with the out-of-pocket costs quoted to them
5. That private health insurers are able to provide cover for radiotherapy treatment
6. That a $5,000 trauma insurance benefit is paid by private health insurers to policyholders diagnosed with cancer to help cover out-of-pocket costs

BCNA also calls on the Senate Community Affairs References Committee inquiry into the value and affordability of private health insurance to recommend changes that will lead to increased transparency and accountability by the sector as a whole.

It is BCNA's hope that increased transparency and accountability will help women to be able to make better informed financial decisions for their breast cancer treatment and care and thus reduce the financial burden of their disease.

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