**Senate Community Affairs References Committee**
**Public hearing – Tuesday, 31 October 2017**

# Value and affordability of private health insurance and out-of-pocket costs

Opening Statement

National Rural Health Alliance

The National Rural Health Alliance is the peak health advocacy body for people living in rural and remote Australia. The Alliance comprises 36 council member organisations including consumer groups, professional associations and service providers each of which has a direct involvement in the provision of health care services in rural and remote areas.

Over seven million people live outside Australia's capital cities and major urban centres. The health outcomes experienced by country people are inferior to those experienced by people living in larger population centres.

For many country people, private health insurance provides a level of security in providing the opportunity to choose the timing and provider of specialist, hospital based health care at a hospital away from where they live. Generally, the other benefits that could be accessed under most insurance policies are inaccessible to country consumers – either because private hospital facilities do not exist in close proximity to where they live, specialist care is similarly not locally accessible or the raft of preventative and early intervention allied health services are just not represented in their local community.

The Alliance welcomes the Minister's recent announcements regarding various initiatives to address many of the community concerns regarding private health insurance. In particular, changes to access to mental health care, increased transparency and consistency of classification of private health insurance products and the inclusion of transport and accommodation costs as legitimate costs incurred by country people in accessing services are all commendable initiatives. The Alliance would welcome the opportunity to work with the Minister to ensure that these and other proposed changes address the real issues of concern to country people.

From our submission to this Committee provided in July this year we would like to emphasise five key things that together would provide more effective targeting of privately provided services to address the health needs of country people:

1. **Expand the range of benefits for non-hospital based services for privately insured people in rural and remote areas.**

   Country people have higher rates of morbidity associated with diet, exercise and smoking. This results in a higher incidence of diabetes, obesity and cardio-pulmonary disease. Country people are older and the rates of age-linked chronic disease associated with multiple health conditions is higher than in metropolitan areas. The prevention and early intervention services required to address the onset and management of these conditions are often not accessible in country areas. The allied health professionals that provide these services while common in urban areas are hardly present in most rural and remote locations. This initiative would result in an enhanced, targeted response to improving the health outcome experienced by country people as well as addressing the present maldistribution of the allied health workforce across Australia.

2. **Inclusion of Transport and Accommodation costs as a health fund requirement.**

Access to health services is the single most common concern expressed by country people. Where travel to the next largest population centre for treatment is required, often only a fraction of the cost involved is met by the state-based patient assistance transport schemes. For family members needing to access secondary and tertiary services for prolonged periods and/or on a frequent basis the cost of transport and accommodation can be a major component of the total cost of care.

3. **Continued access to public hospital services as a private patient.**

   The Minister has announced that the ability for a person to be admitted to a public hospital as a private patient is to be reviewed. In many instances the ability to be admitted as a private patient in their local public hospital is the main benefit that country people see in having private hospital cover. Country people have an almost universal concern about the viability of their local public hospital and are very much aware of the financial benefit to the hospital of being admitted privately.

4. **Progressive reductions, based on geographic remoteness, in the financial incentives and penalties applying to the cost of private health insurance for country people.**

   The ability of country people to access private health care services is severely limited. Private hospital services do not exist or are inaccessible to many country people and the distribution of allied health practitioners results in an inability to access claimable 'extra's cover' services. It is clear that privately insured country people cross-subsidise their metropolitan peers and bare a disproportionate burden of this insurance cost. This proposal recognises that without an enhancement to the range and accessibility of health insurance products, country people should not be required to pay the same premiums as their metropolitan counterparts for services that they cannot access. Our submission proposes a way forward in being able to bring this into effect.

5. **Introduce viability supplements to encourage more private fund investment in country areas.**

   As applies in the aged care sector, the provision of viability supplements based on rurality and remoteness has proven that aged care services can be sustained despite the absence of economies of scale and workforce availability. A similar approach could be adopted to assist private providers in providing more accessible services to rural and remote communities. More details of this are in our submission and we would be pleased to work with government to explore options surrounding this.

On behalf of the National Rural Health Alliance I would like to thank the Committee for the opportunity to contribute to this inquiry.

John Dennehy, Deputy Chair

Mark Diamond, Interim CEO