



1 August 2014

Committee Secretary
Senate Standing Committees on Community Affairs
PO Box 6100
Parliament House
Canberra ACT 2600

Private Health Insurance Amendment (GP Services) Bill 2014

Via email to: community.affairs.sen@aph.gov.au

Dear Secretary,

Thank you for considering our feedback on the Private Health Insurance Amendment (GP Services) Bill 2014 ("GP Services Bill"), please find our submission below.

Bupa believes that while the intent of this bill is sound, this bill is unnecessary as it duplicates a number of protections already in place that have been effectively safeguarding the integrity and efficiency of Medicare, for some time.

In addition, we believe this proposed legislation would have unintended consequences that would disadvantage healthcare consumers by unnecessarily restricting healthcare innovation.

About Bupa Australia and New Zealand

Bupa Australia and New Zealand's purpose is *longer, healthier, happier lives*.

Bupa is Australia's largest privately managed health insurer, covering over 3.6 million people. Our products and services include hospital cover, medical, ancillary and ambulance services; as well as access to travel, car and home insurance.

Bupa's private health insurance business is regarded as an industry leader in the promotion of preventive health and wellness via health phone coaching (Bupa Health Dialog), corporate health services (Bupa Wellness), eye care (Bupa Optical) and dental (Dental Corporation).

Bupa is also the largest private operator of residential aged care facilities in Australia. Our employees provide care and services to more than 5600 residents across 62 homes; and we offer respite, low, high and dementia care, enabling residents to age respectfully and in peace.

Further, we are also the leading private residential aged care provider in New Zealand with 55 care homes as well as 22 retirement villages. In addition, we operate a post traumatic brain injury rehabilitation service and have 11,500 personal medical alarm customers.

Bupa focuses on providing sustainable healthcare solutions that represent real value. Bupa's Australian and New Zealand businesses are part of the international Bupa Group, which cares for more than 22 million people in over 190 countries.

Access to high quality healthcare, for all

Bupa is committed to improving people's access to high quality, affordable healthcare. We believe everyone should be able to obtain healthcare services, when they need them.

Medicare plays a vital role in ensuring that even the most vulnerable people in our society are able to continue to access quality healthcare. This is a role in which we strongly support and will continue to complement.

Bupa feels that protections are in place to ensure that every Australian, despite their financial means, can access healthcare should they need it. Given these protections already exist, and have been working well, we believe that the GP Services Bill is unnecessary and simply provides additional regulation with at best no benefit and in fact, as set out below, a potential significant detrimental outcome.

Similarly, we do not seek to interfere with the relationship doctors have with their patients. We also note that this is something which is also explicitly and adequately outlined in the PHI Act (2007):

172-5 Agreements with medical practitioners

Medical purchaser-provider agreements

*(1) If a private health insurer enters into an agreement with a *medical practitioner for the provision of treatment to persons insured by the insurer, the agreement must not limit the medical practitioner's professional freedom, within the scope of accepted clinical practice, to identify and provide appropriate treatments.*

Practitioner agreements

*(2) If a hospital or day hospital facility enters into an agreement with a *medical practitioner, under which treatment is provided to persons insured by the insurer, the agreement must not limit the medical practitioner's professional freedom, within the scope of accepted clinical practice, to identify and provide appropriate treatments.*

Unintended negative consequences for consumers

We are concerned that the GP Services Bill would have unintended consequences that will negatively impact healthcare consumers. If passed, this additional regulation would have the effect of restricting private sector innovation that could benefit all Australians.

For our health system to deliver improved patient outcomes and experiences as well as remain sustainable, it is essential that innovation and development of new or improved models of health care in the primary care setting are actively encouraged.

It is well accepted that the private sector is often better placed to drive innovation with access to capital, high appetite for risk and high levels of flexibility. Furthermore, innovative programs developed and tested by the private sector can then be taken up by the public system.

While health funds provide healthcare benefits, through various products, to their members - all Australians can benefit from greater private sector investment in healthcare, or through the facilitation of new or improved models of integrated care. Additionally, more than half of the population are currently privately insured – when these people experience better health outcomes and reduced hospitalisations because of such innovative treatment models, savings are made as a result of the reduced demand for expensive, acute services. These savings, and increased capacity, can then be used to improve or expand health services to all Australians, whether it is through Medicare or other programs.

However, the GP Services Bill will result in a barrier to such innovation and could even mean that existing programs that have been developed and which have been successfully provided to our customers and presented to the Government for use with the wider population, would become unlawful.

If this bill passes, successful programs that have been shown to improve our members' health outcomes could be deemed to be providing 'preferential treatment' to some patients. This is because while a GP refers a patient into various programs, eligible Bupa members can participate in some programs at no cost, while non-members are likely to face out of pocket costs to take part. We strongly believe that no health program or intervention should be prohibited by legislation if it provides, or has the potential to improve anyone, member or non-members with improved health outcomes or access to health services/programs. Not only would such a prohibition detrimentally affect our members' health, it would also mean that such programs could never be rolled out and adopted for use more broadly in the public sector, for the wider population.

Additionally, opportunities for health professionals to work together with insurers to improve a person's health outcomes should not be restricted and therefore payments from insurers to healthcare professionals for such collaborative efforts should not be prohibited.

Bupa's Integrated Osteoarthritis Management Program is an example of a program that could be inadvertently restricted as a result of this proposed legislation, as outlined above. This specialised program combines weight loss, lower limb muscle strengthening and pain management strategies to help people with knee and hip osteoarthritis to improve joint mobility and improve pain management. Doctors can refer their patients to the program, regardless of whether the patient is a Bupa member or not. However eligible Bupa members can participate at Bupa's expense. The program has shown to be very effective – participants have shown significant improvements in their symptoms of osteoarthritis, have reduced symptoms of co-morbidities, and a reduced need for medication. As a consequence, participants have shown an improved readiness for fitness and for surgery, when required. Importantly, there has been a consistent decrease in the rate of surgical intervention in those that have undergone the program, compared to the natural history of those with similar clinical descriptors – surgery in the next 12 months may have been reduced by an astounding 50%, with longer term outcomes still being followed up.

Due to these exceptional outcomes, we have sought to extend access to this program more broadly, and even made a submission to the Department of Health recommending consideration of extending this program to the public sector so that all Australians can better access it. The (formerly known as) Department of Health and Ageing indicated that they had some interest in the program, but we understand that change of personnel has left this issue in abeyance. Even so, this is just one example of how innovation in healthcare delivery can be developed by the private sector and extended to improve health outcomes for not only private health insurance members, but also for the whole population. This bill could inadvertently prohibit our members from continuing to have access to such programs because they are not universally available from day one. As such, it could also lead to the Australian population – both insured people and the uninsured - being deprived from being able to access services like this in the future.

For the reasons set out above, Bupa believes that the GP Services Bill represents unnecessary regulation which would limit innovation and restrict the future development, improvement and modernisation of the Australian health care system, which in turn will restrict consumers' healthcare experiences and outcomes, for the long term.

Consumers, health professionals, providers and funders both public and private must retain the ability to work together to identify, develop, deliver and participate in solutions that deliver better care, better patient experiences and ultimately better health outcomes for all Australians.

Yours sincerely,

Ayela Thilo

Head of Government, Policy and Regulatory Affairs
Bupa Australia