

Consultation paper: private health insurance reforms – second wave

Included in this submission:

- 1. Increasing the age of dependents to encourage younger people and also people with a disability to maintain private health insurance;*
- 2. Expanding home and community based rehabilitation care;*
- 3. Expanding funding to at home and community based mental health care; and*
- 4. Applying greater rigour to the certification for hospital admission.*

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Introduction

Thank you for the opportunity to comment on the recently released *“Consultation paper: private health insurance reforms – second wave”*

HBF is a not for profit health insurer with an 80-year history. HBF is WA based but a national membership base of nearly 1 million, HBF is a member focused organisation and we are there for our members in the moments that matter.

HBF welcomes initiatives that will sustainably grow penetration into private health insurance, while making it more affordable for members across all age groups to get cover.

While HBF supports the Department of Health’s overall intent, we have made specific comments around each of the consultations.

Consultation 1: Increasing the age of dependents to encourage younger people and also people with a disability to maintain private health insurance.

Proposed age

HBF’s view is that members should be “dependants” until their 31st birthday, as opposed to aligning the qualification of “dependant” with when LHC kicks in (1 July after their 31st birthday). This maintains separation between their “dependant” status and LHC implications. Where dependants don’t transition into policy owners, the drop will be spread across the year as opposed to member numbers dropping on a specific day. There are also other operational efficiencies attained when processing is not concentrated on a single specific day.

Aligning to their birthday is a straightforward rule that is unlikely to be misinterpreted. Given the lack of understanding around LHC rules, alignment may further contribute to the confusion.

Dependant Categories

- HBF’s view is that these changes should still offer the flexibility to allow funds to determine categorisation and definition of dependants between 18 and 31. However this level of flexibility also means provisioning new PHIS scale codes for all permutations of categorisation.
- Funds can set their own rules or any other criteria – rules must still ensure compliance with the PHI Act and not breach community rating principles
- Funds should maintain the ability to be able to charge a higher premium depending on their dependant categorisations.

Definition of “disability”

HBF is of the view that an industry wide definition of disability is preferable as it would:

- o ensure a level playing field for all funds,
- o remove complexity in trying to determine disability,
- o provide easier portability and
- o a better consumer experience.

Since the objective is to provide cover where affordability is constraint, the criteria should further ensure that those who are financially dependent can be supported rather than also those who may have a disability, but who are otherwise financially independent.

Consultation 2 Expanding Home and Community Rehabilitation care

HBF agrees that the current regulatory regime does not present significant barriers to the PHI's funding alternatives to in hospital rehabilitation. In relation to the proposed policy of creating rehabilitation plans HBF offers the following comments;

- HBF is generally supportive of the principal of these proposals, and any initiatives that increase competition, efficiencies and drive innovative models of care that meet clinical guidelines and offer better member outcomes.
- HBF is supportive of a model where funds have ultimate discretion as to who they contract with to provide the rehabilitation plan. Funds should not be forced to pay benefits for a rehabilitation plan without having a contract with that provider. There should not be second tier minimum default style scheme for this service as this will drive up costs and defeat the purpose of the reforms.
- Rehabilitation guidelines should remain the same as now, and any rehabilitation plans that seek PHI payments should meet the guidelines as a minimum.

Consultation 3 Out of Hospital Mental Health Services

HBF welcomes proposals which deliver greater flexibility for Insurers to fund services that drive better outcomes for those members with mental health conditions.

Funds need to have the ability to select which services they contract with in relation to delivering out of hospital mental health services. HBF notes the comment in the consultation document that insurers would need to negotiate agreements for the supply of these services, it is important funds retain the ultimate decision on whether to contract for any of the additional services made eligible for funding under the proposed changes.

HBF is supportive of expanding the range of allied health services in other areas outside of mental health that could be funded under Chronic Disease Management Plans (CDMP). This should be subject to the development of minimum standards in relation to accreditation and professional memberships. In addition, the decision as to whether pay benefits or fund a program or modality must rest with the insurer.

HBF supports amendments to the legislation around both CDMP and other out of hospital services which allow flexibility for funds to offer these services directly to their members using their own health care professionals.

Consultation 4: Applying Greater Rigour to Certification for Hospital Admission

HBF notes the proposals in the area of certifications, this is a low volume issue in relation to overall spend on hospital admissions and HBF has a dispute process for managing issues with Type B & C certifications with hospitals. Therefore, HBF does not support creation of a

new industry panel for certification escalation as this would add no value to the existing process.

HBF does however see benefit in the proposal for Medical Colleges to assist in clarify Type C procedures with the introduction of guidelines by speciality area, however this process should be administered by an Independent body such as the MBS Review Taskforce.

Impact of the changes proposed in these Consultations

HBF will need to conduct analysis on the impact of adopting the changes to understand delivery feasibility, impact on revenue, premiums, and membership.