Consultation:
Private health insurance reforms

Reform proposals

The Government is committed to implementing a series of reforms to improve the affordability and sustainability of the PHI sector and encourages all stakeholders to engage collaboratively in the reform process. The proposals are considered low-cost, practical solutions which as a package contribute to Government's objectives to support the sustainability of the private health sector by allowing parties to contain costs and improve incentives for people to participate in PHI.

Consultation 1: Age of dependents

The government proposes to increase the age of dependents to 31, and remove the age limit for dependents with a disability, aims to encourage younger people and people with a disability to maintain PHI.

Stryker supports the objective of this proposed policy to improve **affordability** and **attractiveness** of private health insurance, particularly for younger Australians and Australians with disabilities.

The need to support younger Australians and people with disabilities to access private health care is particularly timely given the current economic climate, and the disproportionate impact younger Australians have felt as a result of the pandemic with high unemployment rates compounded by slow wage growth and increasing living expenses such as rent. Further, increasing the age of dependency reflects changing household trends such as higher proportions of Australians aged 20 – 29 still living at home.

To ensure certainty for consumers and the portability of PHI across funds, Stryker supports making this policy change mandatory for health funds rather than optional. Stryker would also hope to see insurers developing specific products appropriate for younger Australians to increase the **value** of private health insurance for this population group, and ensure that they remain insured following their 31st birthday. For example, Stryker supports a role for PHI in supporting young people to engage in regular physical activity and maintain a healthy weight, given the role these lifestyle factors play in preventing illness and disability and delivering long term health and economic benefits.

Stryker also notes the current administrative and regulatory complexity of PHI which adds to its cost and makes it more difficult for consumers to make informed choices about their healthcare. We therefore would encourage the government to ensure that any policy changes in this area are as simple as possible with minimum additional administrative and regulatory burdens.

Stryker also stresses the importance of ongoing consultation with stakeholder groups, including providers, hospitals and consumers, to ensure that outstanding questions and gaps can be addressed and that the long term policy implications and any unintended consequences of this policy change can be considered.

Consultation 2: Expanding home and community-based care

The government proposes to expand home and community-based rehabilitation in cases where is it clinically appropriate and the patient's preference to do so.

Stryker endorses this approach and notes that the integration of home and community-based rehabilitation into the private health insurance framework, will support increased value, choice and decision-making for consumers.

Rehabilitation services play a vital role after many hospital procedures in facilitating recovery, managing pain, preventing complications and improving long term health outcomes. Stryker notes that demand for rehabilitation services is growing due to an increase in the incidence of injuries, our ageing populations and increases in the rates of in obesity and other chronic health conditions. The rate of joint replacement surgery, specifically, is increasing at a rapid rate with knee replacements increasing 38% from 2005-06 to 2017-18[1]. With 1 in 11 Australians suffering from osteoarthritis in 2017-18[2], joint replacements their associated rehabilitation will place significant burden on our hospitals into the future.

Stryker recognises that there can be both positive economic and social benefits to reducing the length of hospital stays and utilising home and community-based rehabilitation. These include increasing hospital capacity and patient throughput, reducing the risk of hospital acquired infection, and enabling patients to access social supports in familiar surroundings, resume family roles, and participate in their community life.

We therefore endorse in principle the proposed expansion of clinically led home- and community-based rehabilitation services (where this is the preferred option for consumers) and believe that this has the potential to deliver benefits both to individual patients and to the community as a whole.

However, Stryker notes that further consultation with stakeholders is required to develop this policy proposal to ensure that it delivers these potential benefits. In particular, we suggest that this consultation focus on the following:

- Ensuring rehabilitation services delivered in the community are evidence-based and meet the same standards of quality as those provided in hospitals
- Developing appropriate monitoring and evaluation processes to assess whether services provided are meeting appropriate standards
- Establishing mechanisms for the coordination of care across the community health sector so that rehabilitation services are integrated and do not duplicate existing services
- Resolving issues of liability in the case of problems with the delivery of community based rehabilitation
- Assessing workforce capacity to ensure there are enough health professionals with rehabilitation experience available to meet demand
- Addressing the specific needs of rural and regional communities and other groups which currently experience lower levels of access to care.

Stryker also recognises that home and community-based rehabilitation is not always the best option for consumers and can place an increased burden on families and carers. We therefore stress the importance of involving consumers and carers (and their representative groups) in the development

[1] Australian Institute of Health and Welfare. (2020). Osteoarthritis. Retrieved from https://www.aihw.gov.au/reports/chronic-musculoskeletal-conditions/osteoarthritis
[2] Ibid.

of this policy change and in particular suggest that rebates for community and home-based care be required to take into account the additional cost burden to carers and families associated with this care, for example, compensation for carers required to take time off work to provide support for home-based rehabilitation.

Stryker also suggests that the current PHI reform process should include additional measures to support the delivery of evidence-based health care where this will result in better outcomes and a more efficient use of health resources.

For example, in the case of joint replacements the choice of prosthesis and the use of surgical techniques, such as robotics, can have a significant impact on the outcomes and costs associated with the procedure, including reducing the overall need for rehabilitation services.

Therefore, Stryker supports the use of funding and reimbursement mechanisms which incentivise the use of evidence-based best practices in these areas, such as the Superior Clinical Performance (SCP) suffix in the Prostheses List for prostheses which show exceptional results. We encourage the government to work with stakeholders as part of the current PHI reform process to develop additional measures to link PHI funding to outcomes in order to support high quality, evidence-based care.

Consultation 3: Out-of-hospital mental health services

Stryker has no formal position in this reform.

Consultation 4: Type B and C hospital admission certification

Stryker has no formal position in this reform.