



Consumers Health
Forum OF Australia

SUBMISSION

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Treasurer for Federal Budget
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RECOMMENDATIONS

Health as An Investment

That the Federal Government move away from the current budgetary requirement for all new health expenditures to be offset by savings in the health portfolio.

Prevention

CHF calls on the Federal Government to take a leadership role in the development of multi-faceted National Obesity Strategy.

CHF calls on the Federal Government to

- develop an Australian *Co-Creating Health* initiative to support people with chronic conditions to actively manage their own health. It features an expert patient program, education and training for doctors and nurses and support to service settings like general practice
- implement a *Prescriptions for Health Living* program to equip people at risk of chronic disease with practical steps they can take to stay well and lower their risk, and to provide primary care providers with skills, new services and referral pathways to help motivate and support patients
- implement a *Healthy Families, Healthy Communities* initiative to educate and support primary care providers to engage effectively with parents to support healthy early childhood development by providing them with resources, education, training and new referral options.

Private Health Insurance Health

CHF is calling on the Government to initiate a *Productivity Commission Inquiry into Private Health Insurance*. that would examine the value of private health insurance to consumers, taxpayers and the contribution it makes to the health system.

CHF is calling for action to improve transparency of out of pocket costs and quality of services, so consumer can make better informed choices of health service providers.

Social Determinants of Health

CHF is calling for an increase in Newstart, Youth Allowance and related payments of \$75 a week.

Introduction

The Consumers Health Forum of Australia (CHF) in this 2019-20 Budget submission continues to call for the Government to work towards ensuring we have a health and well-being system that is consumer centred: providing care which is accessible, affordable and for whole-of-person needs. It needs to be responsive to changes in technology and community preferences and expectations promoting innovation and always looking for better ways to provide services to ensure the long-term sustainability of the health system.

The 2017-18 Federal Budget was accompanied by an announcement that it intended to develop a long term National Health Plan. Minister Hunt described four pillars for the Plan:

- Guaranteeing Medicare and the Pharmaceutical Benefits Scheme
- Supporting hospitals
- Prioritising mental and preventive health
- Investing in medical research.

He outlined three waves of reform:

- Wave 1: underpinned by five major compacts with medical and industry bodies, a focus on guaranteeing Medicare, agreement by COAG on an opt-out model for My Health Record and some further investments in mental health psychosocial support
- Wave 2: ensuring the sustainability and affordability of private health insurance, strengthening mental health particularly in rural areas, workforce strategy, aged care reform
- Wave 3: reform of public hospitals and post 2020 agreements with the states, strengthening primary health care and strengthening preventive care.

CHF welcomed the announcement of the National Health Plan and has participated in much of the development work to help deliver it. Since the 2017 Budget there have been a raft of initiatives that helped deliver on the first two waves of reforms. The Mid-Year Fiscal and Economic Outlook Statement (MYEFO) for 2018-19 outline some further reforms which fit into third wave initiatives including the announcement of the new Community Health and Hospitals Program, the extension of the Health Care Home trial and some other primary health care initiatives, all of which provide increased investment in primary and community health which is long overdue in Australia. CHF welcomed all the MYEFO initiatives.

This submission is prepared in the context of an imminent federal election. CHF will be putting out an election priorities document which sets out our proposed agenda for health reform for through to 2025.

This submission takes a shorter-term view as it looks to fill some gaps and puts forward a series of initiatives that will lay the foundation for future longer-term reforms across the health system. We are looking at more expenditure on prevention health measures that could reduce the incidence of chronic conditions like obesity, cancer, heart disease and diabetes. which to

date has been missing ¹ from the Government agenda. We will also be looking at ways to not only address ill-health but promote wellbeing and encourage people to become more actively engaged in their own healthcare.

CHF has joined ACOSS and a wide range of other organisations calling for an increase in Newstart, Youth Allowance and related payments. It is clear that poverty is linked with poor health outcomes and that the current rates of Newstart mean people are living in poverty. We can improve their health outcomes, take pressure off the health system down the track later on and reduce health inequality by increasing Newstart.

This submission is also prepared whilst we have a Royal Commission into Aged Care Safety and Quality and a Productivity Commission Inquiry into Mental Health. CHF will be contributing submissions to both and so is not making specific Budget recommendations on either until both of these processes have been completed.

On aged care our key concerns are around access to timely and appropriate health care for older people. They have full citizenship and so should have access to both primary healthcare, specialist and allied health in the same way as everyone else in the community. We welcomed the MYEFO initiative on improved payments for general practitioners going into residential aged care as a useful first step but much more is needed.

In terms of mental health, we are wanting to see more services in the community and an increased emphasis on prevention and early intervention. There also needs to be significant resources into a campaign to reduce the stigma attached to mental health. The work of the Productivity Commission will be important to inform future directions and quantum of resourcing.

Health as Investment

Recommendations

CHF calls on the Federal Government to move away from the current budgetary requirement for all new health expenditures to be offset by savings in the health portfolio.

Why this Matters

Health expenditure is an investment in human capital. Investing in the health system not only saves lives, it is also a crucial investment in the wider economy. This is because ill-health

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impairs productivity, hinders job prospects and adversely affects human capital development.²

Australia's has a world class health system with universal access to health services through Medicare and access to a wide range of medicines through the Pharmaceutical Benefits Scheme. However, there is room for improvement. Many of the necessary reforms need additional expenditure now for society to reap the longer-term benefits.

The problem with the current approach to portfolio budgeting is that any improvements in one area of health have to be offset with savings in another within the health system. This ignores completely the fact that the benefits of the health improvement will be spread across the whole community and economy. Changing the process to allow savings which accrue in terms of other areas of the economy as a result of improved health outcomes would facilitate long term planning and whole of person approaches to health and wellbeing.

Prevention

Recommendations

CHF calls on the Federal Government to

- *take a leadership role in the development of a multi-faceted National Obesity Strategy*
- *to develop an Australian Co-Creating Health initiative to support people with chronic conditions to actively manage their own health. It features an expert patient program, education and training for doctors and nurses and support to service settings like general practice*
- *implement a Prescriptions for Healthy Living program to equip people at risk of chronic disease with practical steps they can take to stay well and lower their risk, and to provide primary care providers with skills, new services and referral pathways to help motivate and support patients*
- *implement a Healthy Families, Healthy Communities initiative to educate and support primary care providers to engage effectively with parents to support healthy early childhood development by providing them with resources, education, training and new referral options*

² Stefan Kapferer 2015 The Importance of Investing in Health World Economic Forum <https://www.weforum.org/agenda/2015/12/the-importance-of-investing-in-health/>

Why This matters

The incidence of so many chronic conditions like obesity, cancer, heart disease and diabetes could be reduced through strong and effective preventive health programs that would embed healthier diets and lifestyles from earlier in life. In Australia we have witnessed the community-wide benefits that can flow from encouraging life-enhancing changes like wearing seat belts, reducing drink-driving and quitting tobacco.

A community attitudes survey by the Australian Prevention Partnership Centre ³found a majority said the government had not gone far enough in restricting advertising of unhealthy foods to children, setting salt limits on processed food and putting health ratings on packaged food. Although most people thought personal responsibility for health was important, it did not preclude a role for government in helping people stay healthy.

Australia has often led the way on these fronts. We can do the same in bringing down our disturbingly high rates of obesity for the benefit of our physical and economic health.

The Government's increased investment in primary health care would be even further strengthened if it was extended to integrate projects and services for long term and sustainable community-based education, promotion of healthy living and patient chronic disease self-management.

Obesity is recognised as one of the greatest public health challenges of our time. It is a major risk factor for chronic and preventable conditions such as type 2 diabetes, heart disease, hypertension, stroke, musculoskeletal disorders and impaired psychological functioning. Nearly two-thirds of the Australian adult population is overweight or obese and these rates are some of the highest in the world⁴. Of more concern is that more than quarter of Australian children are overweight or obese. The health impacts of obesity are well documented with marked increases in diseases such as type 2 diabetes, cardiovascular disease and cancers.

There is an urgent need to reverse this trend and put much more effort into combatting obesity if we are not to lose many of the gains we have seen over the last decades and to see our children and grandchildren have lower life expectancy than we have.

The obesity strategy should be multi-faceted building on the approach we successfully used for tobacco control and other significant public health initiative. Ideally it would include:

- Establishing obesity prevention as a national priority, with a national taskforce, sustained funding, regular and ongoing monitoring and evaluation of key measures and regular reporting around targets

³ Australian Prevention Partnership Centre 2018. *Australian Perceptions of Prevention: Findings Brief*

⁴ OECD (Organisation for Economic Co-operation and Development) 2015. *Health at a Glance 2015: OECD Indicators*. Paris: OECD. Viewed 16 August 2016

- Legislating to implement time-based restrictions on exposure of children (under 16 years of age) to unhealthy food and drink marketing on free-to-air television until 9:30pm
- Setting clear reformulation targets for food manufacturers, retailers and caterers with established time periods and regulation to assist compliance if not met
- Making the Health Start Rating System mandatory by July 2019
- Developing and fund a comprehensive national activity strategy to promote walking, cycling, and use of public transport
- Funding high-impact, sustained public education campaigns to improve attitudes and behaviours around diet and physical activity
- Placing a health levy on sugary drinks to increase the price by 20%
- Developing, supporting updating and monitoring comprehensive and consistent diet, physical activity and weight management national guidelines.

CHF has been funded by the Department of Health to undertake a survey using the Patient Activation Measure® to look at how engaged people are in their own health. The results from this survey will enable us to look at more targeted strategies which could focus on what people are willing to do to manage their own health and what extra supports they need to do this.

We will also have some new information on health literacy levels in Australia as the ABS National Health Survey results will be available in March 2019. This will show if there has been an improvement since 2008 and provide insights as to how the above recommended measures could be conceived and delivered.

In Australia, more than one in five children are considered developmentally vulnerable at the time they enter school. This vulnerability is often due to socioeconomic and psychological adversity early in life, with rates among school starters almost three times higher in poorer areas. It is these children who so often continue to fall further behind at school rather than making up ground to their cohort. It is therefore essential that the foundations for a healthy life are put in place in early childhood.

Every parent wants the best for their child; one way of enhancing opportunities for a healthy start in life is to improve parent capacity to support their child as he/she develops. At present Australia has few programs of this kind; most are not evaluated. The initiatives we have recommended are based on what we consider to be the best buys to fill the gap. Funding programs like this is definitely an investment in the future.

Private Health Insurance

Recommendation

CHF is calling on the Government to initiate a Productivity Commission Inquiry into Private Health Insurance that would examine the value of private health insurance to consumers, taxpayers and the contribution it makes to the health system

CHF is calling for action to improve transparency of out of pocket costs and quality of services so consumer can make better informed choices of health service providers

Why this matters

Private health insurance (PHI) is important to the Australian health care system: it is intended to assist with the costs of care in the private system, to support choice of private provider and to help take the pressure off public hospitals. However, it is also overly complex, confusing to consumers and costs the federal government more than \$6 billion per year⁵. It affects a considerable proportion of Australians, with 45.8% of the population currently having hospital policies and over half (54.8%) having extras, or general policies⁶.

While rising premiums have reflected surging health costs, Government policy including regulation, tax incentives and a rebate over the past 17 years has failed to translate into effective protection for consumers from rising premiums and out-of-pocket costs. The system and the government policies that underpin it should take pressure off the public health system not contribute to it. We acknowledge that the average 3.5 per cent rise in premiums announced in late December 2018 offers some respite for consumers.

We welcomed the introduction of standards categories and the gold/silver/bronze/basic classification system which come into effect on 1 April 2019. These measures will make it simpler for people to understand what their insurance provides and to make a more informed decision on the value it brings to them. Many of the other reforms have the potential to deliver better value for people who have private health insurance and may encourage retention and possibly uptake by groups who have previously not seen value in the products.

CHF's concern is that the recent round of reforms did not pay enough attention to the value taxpayers get from the Government subsidies to private health insurance and the impact on the health system as a whole. The inquiry would need broad terms of reference and look at the value to taxpayers, value to consumer and value to health service providers.

Our 2018 survey on out-of-pocket costs showed that people wanted more information both on the fees they were to be charged and on the quality of the service they were going to get.⁷ Consumers often say they do not know how to judge which doctor would be best for them and often use price as a proxy for quality. There is no easy ready to use measure of quality but

⁵ Commonwealth Government of Australia (2016) *Budget Paper number 1: table 8.1* Commonwealth of Australia, Canberra: Australia

⁶ Australian Prudential Regulation Authority (2017) *Private Health Insurance Quarterly Statistics, September 2017*

⁷ CHF 2018 *Out of Pocket Pain and Hear Our Pain reports*

there is an imperative to come up with some agreed indicators that will help consumers make a more informed choice.

The work being done on patient recorded experience and outcome measures may be a good starting point. If these measures were made publicly available consumers could use them to a look at how their doctor and/or hospital are assessed by other consumers.

Social Determinants of Health

Recommendation

CHF is calling for an increase in Newstart, Youth Allowance and related payments of \$75 a week

Why this matters

Australia has the lowest rate of unemployment payments in the OECD and the evidence shows that the payments are not adequate to meet the costs of housing, food, basic healthcare and transport. This means that people relying on these payments are living in poverty.

There are currently more than three quarters of a million people living on unemployment and student payments which means they are living in poverty. There is substantial evidence that links poverty with lower health outcomes⁸. Not only can people on low incomes not afford to pay for visits to doctors or for medicines that are prescribed but their general standard of living in terms of nutrition, poor housing and other factors contribute to lower levels of health.

Even though we have a universal primary health system through Medicare many people do not seek or delay care because of the cost. The most recent estimate by the Australian Institute of Health and Welfare (AIHW) showed more than one million people put off going to a doctor because they could not afford it⁹.

Raising the rate of Newstart and related payments would mean that people moved out of poverty and would be more able to fund adequate housing, better food and health care as and when they need it. It would make a difference in helping to reduce health inequities and improve the health outcomes for a significant group in the population.

⁸ M.G Marmot and Richard G Wilkinson (2005) Social Determinants of Health

⁹ AIHW Australia's Health 2018