



Consumers  
Health Forum  
of Australia

# ***Health Consumer Out-of-Pockets Costs Survey:***

## ***Results and Analysis***

**May 2014**

## Executive Summary

The Consumers Health Forum of Australia (CHF) has long been concerned about the rising out of pocket costs impacting consumers' access to quality health care. Beginning in January 2014, CHF ran a survey to collect consumers' experiences with out of pocket costs. This survey received over 500 responses, and the stories consumers told were startling.

Half of the survey respondents reported incurring out of pocket costs in excess of \$1,000 in the last year, with consumers who are high users of health care experiencing even greater costs. Almost one-third of consumers are delaying seeing medical professionals for health conditions because of the potential costs.

A popular proposal for containing the rise of health care costs has been to promote private health insurance schemes. Indeed, nearly three-fourths of the survey respondents reported having some form of private health insurance. However, their experiences revealed that private health insurance had little or no positive impact on restraining out of pocket costs. Fifty-six per cent of consumers with private health insurance reported paying \$1,000 or more each year in out of pocket costs, versus thirty-eight per cent of consumers without private health insurance.

However, the real story of out of pocket costs is not in the dollars and cents paid by consumers, but in the impact on their health and quality of life.

Over seventy per cent of survey respondents described a negative impact on their own or their family's health due to out of pocket costs. Their stories included avoiding visiting medical services, even when they believed it was required; stress and anxiety; prioritising the kind of care they sought, and; having to make sacrifices elsewhere in their budgets to make ends meet without losing their health.

The survey responses portray a dire future for Australians if out of pocket costs are to be increased further: fewer consumers seeking care when they need it, broken family budgets, rising stress and anxiety, and private health insurance schemes that offer little or no relief from rising costs. Consumer stories send a strong message that government, industry, and consumers must work together to immediately reduce the out of pocket pain for consumers and develop structural changes to health system financing to avoid unsustainable future consumer impacts.

## Introduction

The Consumers Health Forum of Australia (CHF) is the national peak body representing the interests of Australian healthcare consumers. CHF works to achieve safe, quality, timely healthcare for all Australians, supported by accessible health information and systems.

CHF has been researching and consulting on out of pocket costs in healthcare for some time, having recently commissioned research by health economist Jennifer Doggett, which considered the international evidence available on this topic.

This CHF survey provided consumers with an opportunity to share their experiences on the impact of out of pocket costs on their health care, beyond quantitative data and research.

The survey was conducted between 10 January 2014 and 18 April 2014. CHF utilised an online platform for consumers to participate the survey, although CHF also accepted responses by posted mail and telephone. Health consumers were made aware of the survey through CHF member organisations and regular promotion through our publications and social media platforms. There were 583 responses to the survey. While the survey was not intended to be a representative sample of Australians, the results were indicative of trends that are consistent with other findings in this sphere of health care.

The key findings of the survey are:

- Half of consumers have annual out of pocket costs in excess of \$1,000, with consumers who are high users of health care experiencing even greater costs.
- Consumers who have private health insurance are likely to face much higher out of pocket costs than those who do not.
- Out of pocket costs result in a significant percentage of consumers delaying seeking medical assistance for fear of being unable to shoulder the burden of payment.
- Inability to receive medical care, or having to pay high out of pocket costs, dramatically impacts consumers in other aspects of life, to include added stress, restricted financial flexibility, and providing basic needs for families.

Although out of pocket costs matter in terms of dollars and cents, the impact on quality of care and life is where these inflationary costs of health care hurt the most.

*“One day of a fortnight of my earnings goes to my medication alone. Just so I can work and live a life. I also have to have supplement drinks so I don't starve (gastroparesis) and I don't get any assistance with cost. It is difficult to manage a chronic illness (or more) in a medical setting that is based in acute medicine. It would be great to have support to work and be a functional member of society. Rather than having to struggle on alone in a system that doesn't support non-acute illnesses.”*  
Consumer from VIC

## Survey Respondents' Demographics

There were 583 responses to the survey, with 505 people (86.6%) completing the survey by providing answers to Q1-3 and Q6. The survey respondents were diverse across age groups, although the group most highly represented were those aged 56 to 65 (25%), followed by those aged 46 to 55 (24.2%).

Survey respondents were overwhelmingly female across age brackets (81.9% overall), with almost 50% of respondents living in NSW and Victoria.

<i>Age Range</i>	<i>Per Cent of Respondents</i>
18 to 25	1.7
26 to 35	14.3
36 to 45	16.3
46 to 55	24.2
56 to 65	25.0
66 to 75	16.3
Older than 75	2.1

All Australian states and territories were represented in the group of respondents. The respondents' geographic distribution deviated slightly from that of the Australian population at large, with New South Wales under represented and the Australian Capital Territory overrepresented in particular.

<i>State</i>	<i>Survey</i>	<i>Australian Population<sup>3</sup></i>	<i>Difference</i>
VIC	24.7%	24.8%	-0.1
NSW	24.1%	32.0%	-7.9
QLD	18.7%	20.1%	-1.4
SA	11.6%	7.2%	+4.4
ACT	11.3%	1.6%	+9.7
WA	7.2%	10.9%	-3.7
TAS	2.1%	2.2%	-0.1
NT	0.2%	1.0%	-0.8

<sup>1</sup> 516 responses.

<sup>2</sup> 514 responses.

<sup>3</sup> Australian Bureau of Statistics 3101.1 - Australian Demographic Statistics September 2013, Canberra.

## Results and Analysis

### Q1: *If you have a health concern, where do you usually go?*<sup>4</sup>

The first question asked respondents to indicate which their most common point of entry for receiving health care. Overwhelmingly, consumers indicated that they turn to a doctor or general practitioner as their primary point of care. 11.2% of respondents said that they relied on multiple pathways for care; and of those, 70.8% still cited a general practitioner or doctor as the primary access point.

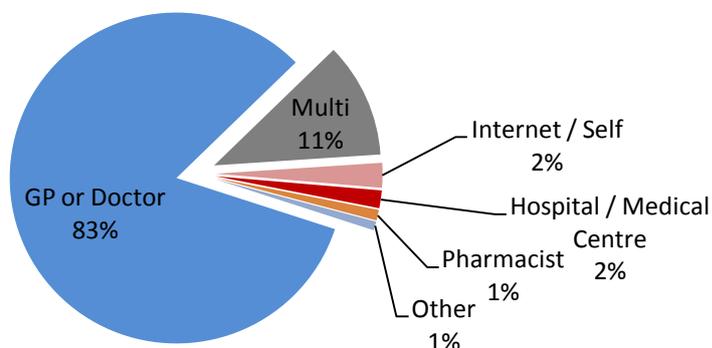
Other mentioned primary pathways included the Internet or self-diagnosis (2.4%), consulting with their local pharmacist (1%) or going directly to the hospital or emergency care centre (1.7%). For consumers who cited multiple pathways for health care, the Internet (16.9%) and alternative medicine practitioners (4.6%) were the most popular choices after a doctor or general practitioner.

<i>Point of Care</i>	<i>Per Cent of Respondents</i>
GP or Doctor	82.7
Internet or self-diagnosis	2.4
Hospital or medical centre	1.7
Pharmacist	1.0
Other	0.8
Multiple	11.2

<i>Point of Care 1</i>	<i>Per Cent of Respondents</i>	<i>Point of Care 2</i>	<i>Per Cent of Respondents</i>
GP or Doctor	70.8	Specialist(s)	29.2
Internet or self-diagnosis	16.9	GP or Doctor	24.6
Alternative medicine	4.6	Hospital or medical centre	16.9
Hospital or medical centre	1.5	Alternative medicine	13.8
Specialist(s)	3.1	Pharmacist	6.1
Other	3.1	Other	9.2

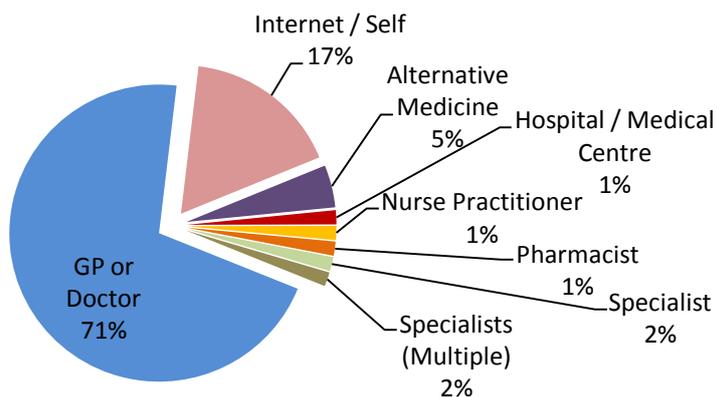
<sup>4</sup> 578 responses.

**Chart A: If you have a health concern, where do you usually go?**



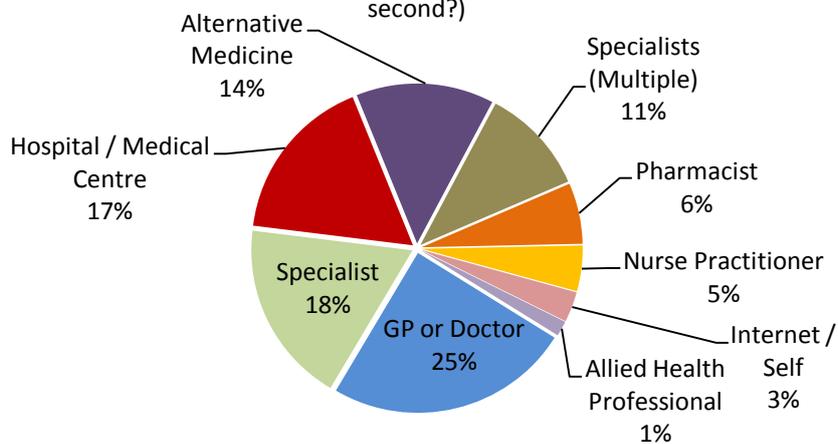
**Chart B: If you have a health concern, where do you usually go?**

(If describing multiple points of access, which did the respondent mention first?)



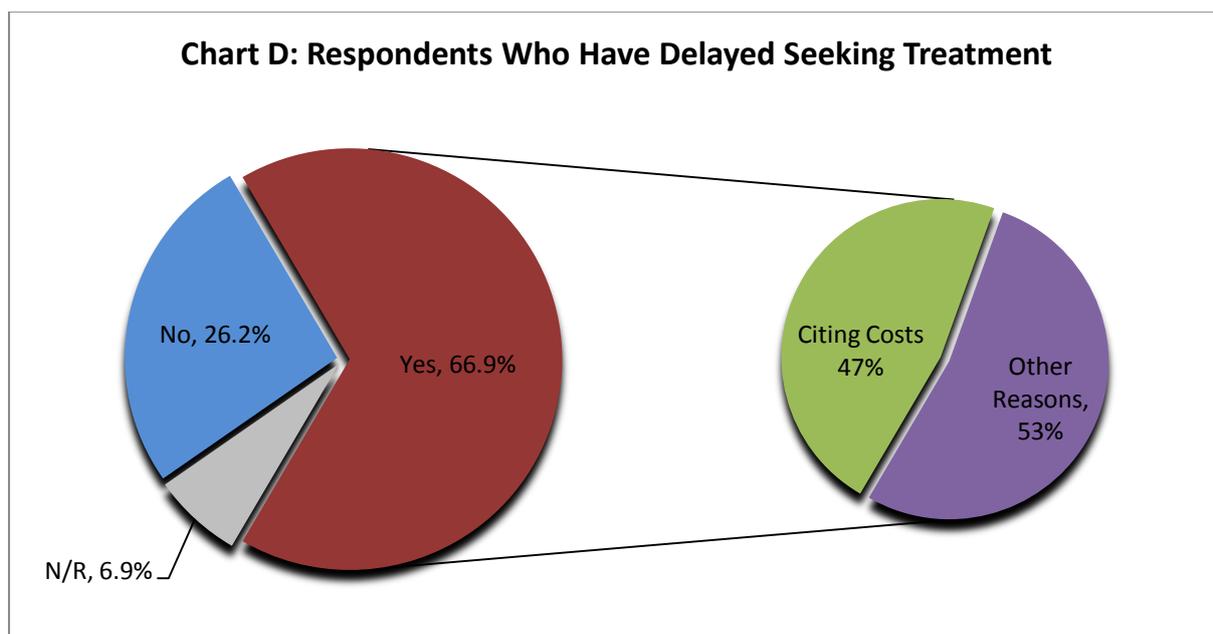
**Chart C: If you have a health concern, where do you usually go?**

(If describing multiple points of access, which did the respondent mention second?)



**Q2: Have you ever not seen or delayed seeing a health professional when you needed to? Why was this?**

A large majority of respondents (66.9%) indicated that they had delayed seeing a medical professional at some point in time even though they felt they needed to. Of these respondents, 47% cited cost as a factor in their decision to delay seeking treatment.

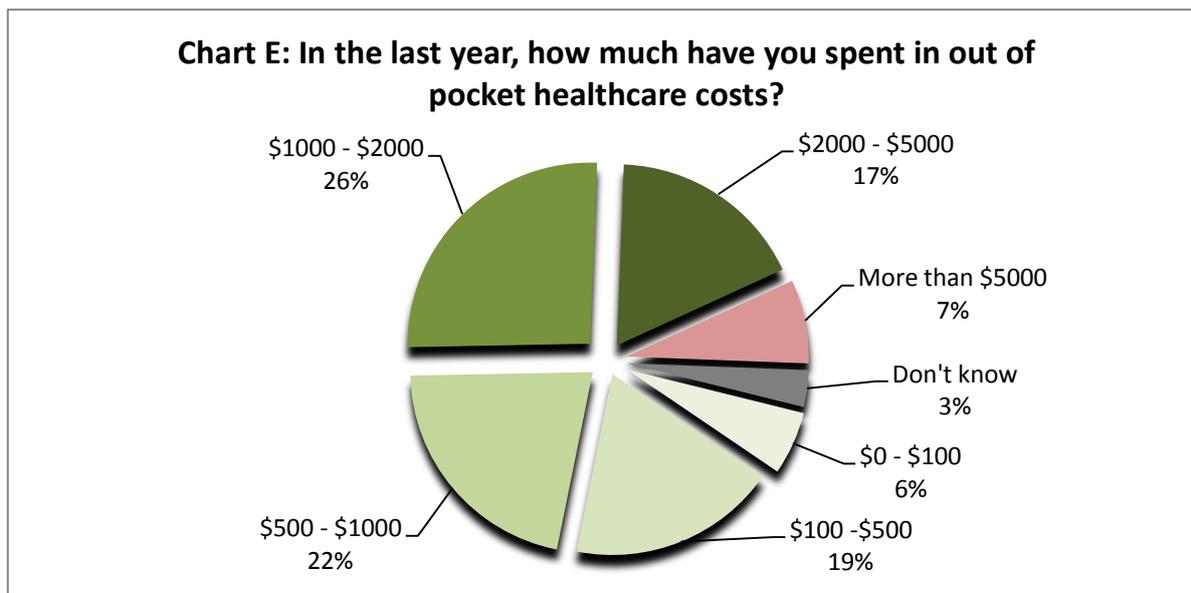


**Q3: In the last year, how much have you spent in out of pocket healthcare costs?<sup>5</sup>**

*"Despite private health, I am out of pocket a large amount for general medical and prescription medications. I feel I am sluggish for additional costs when I already pay over \$160 a month for private health."*  
Consumer from NSW

More than half of respondents (50.9%) said that they had incurred out of pocket costs equal to or greater than \$1,000 in the last year.

<sup>5</sup> 548 responses.



In most age groups, the most common amount of out of pocket costs was between \$1,000 and \$2,000 in the last year. Out of pocket costs rose significantly for respondents who had private health insurance (68.1%) than for those who did (25%). 37.7% of respondents who did not have private health insurance reported having out of pocket costs equal to or greater than \$1,000 in the last year, versus 55.9% of respondents who reported having private health insurance.

The number of respondents with private health insurance was fairly consistent across age groups (within 5 points of the average 72.6%) for respondents who provided both age and their level of coverage<sup>6</sup>. However, and as might be expected, the number of respondents who had some level of concession card varied between age groups, from very high percentages among the elderly (above 70%) to very low (20% or less for ages 26-55).

**Table 5: Out of Pocket Costs by Age**

	<b>\$0 - \$100</b>	<b>\$100 - \$500</b>	<b>\$500 - \$1000</b>	<b>\$1000 - \$2000</b>	<b>\$2000 - \$5000</b>	<b>\$5000+</b>	<b>Don't know</b>
18-25	11.1%	0.0%	33.3%	11.1%	44.4%	0.0%	0.0%
26-35	0.0%	23.3%	16.4%	34.2%	13.7%	9.6%	2.7%
36-45	2.4%	15.5%	29.8%	26.2%	15.5%	9.5%	1.2%
46-55	4.9%	21.1%	19.5%	24.4%	17.1%	11.4%	1.6%
56-65	7.0%	19.4%	20.2%	24.0%	20.2%	5.4%	3.9%
66-75	9.6%	14.5%	24.1%	25.3%	19.3%	2.4%	4.8%
75+	10.0%	30.0%	10.0%	20.0%	20.0%	10.0%	0.0%

<sup>6</sup> 516 responses.

**Table 6: Respondents with Private Health Insurance and/or Concession Cards by Age**

Age	Has PHI	Concession Cardholder
18-25	77.8%	55.6%
26-35	70.3%	20.3%
36-45	69.0%	19.0%
46-55	72.0%	19.2%
56-65	71.3%	30.2%
66-75	75.0%	76.2%
75+	72.7%	72.7%

*“The rising cost of private health cover will force us soon to reduce our cover. Without the Medicare safety net, we would have difficulty paying for our health costs due to having chronic illness.”*  
Consumer from NSW

*“My GP's clinic stopped bulk billing for Health Care Card holders. After almost 20 years, I had to find a new GP who bulk billed. I cannot afford any specialist treatment, despite needing it.”*  
Consumer from VIC

The type of private health insurance held by the respondents had some impact on the amount of out of pocket costs incurred. The overwhelming majority of respondents with private health insurance had Combined Cover (75.9%), followed by General Treatment (13.1%) and Hospital Cover (11.1%).

Half of respondents with Combined Cover paid between \$1,000 and \$5,000 in out of pocket costs, whereas 46.2% of respondents with General Treatment coverage reported paying between \$100 and \$1,000 in costs, and just over half (52.3%) of respondents with Hospital Cover paid between \$500 and \$2,000 in costs.

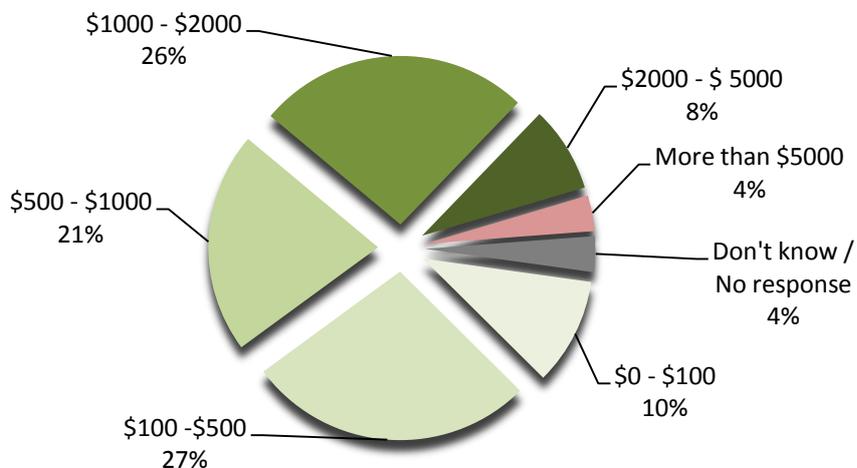
**Table 7: Out of Pocket Costs by Type of Private Health Insurance Coverage**

Type	\$0 - \$100	\$100 - \$500	\$500 - \$1000	\$1000 - \$2000	\$2000 - \$5000	\$5000+	DK/NR
Combined cover	3.0%	14.9%	18.9%	28.5%	21.5%	9.9%	3.3%
General treatment	7.7%	21.2%	25.0%	15.4%	19.2%	5.8%	5.8%
Hospital cover	6.8%	11.4%	31.8%	20.5%	15.9%	9.1%	4.5%

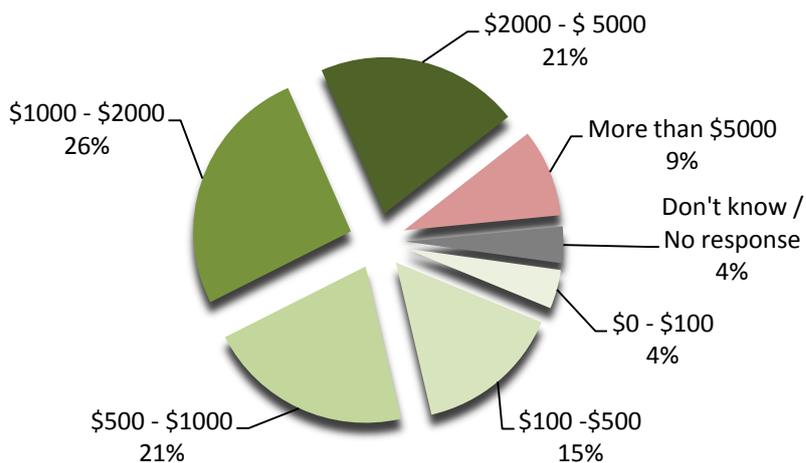
Of the 505 respondents who provided their annual out of pocket costs, level of private health insurance, and concession card status, 14.1% had neither private health insurance nor concession cards. 40.9% of these respondents reported having annual out of pocket costs in excess of \$1,000 per year. Of these, 66.2% said that they had delayed seeing a medical professional when they felt it was necessary because they could not afford the costs.

*“We pay for private health, which keeps going up every year; but we still keep being more and more out of pocket each year. The things that you can claim have [either] gone down, or the prices have gone up. I have significant health problems that impact on my daily health.”*  
Consumer from SA

**Chart F: Out of Pocket Costs for Respondents without Private Health Insurance**



**Chart G: Out of Pocket Costs for Respondents with Private Health Insurance**



**Q6: What impact has out of pocket costs had on your health, or on your family's health?<sup>7</sup>**

365 respondents (70.9%) described a negative impact on their or their family's health due to out of pocket costs. The impacts they cited were widely divergent, but included issues such as:

- Avoiding visiting medical services, even when required

*“Out of pocket costs usually means delaying seeing a health professional until funds are available. It has a greater effect on destabilising my mental health in addition to the absence of treating whatever physical conditions I may have at that time.”*  
Consumer from VIC

<sup>7</sup> 515 responses.

- Stress and anxiety

*“My GP practice does not bulk-bill and there is a big gap between what I pay for a visit and what is rebatable [sic] by Medicare. I have serious and on-going medical problems which need constant monitoring and the financial stress is causing mental health problems. My mentally ill adult son avoids GP contact because he is on a disability pension and cannot afford treatment.”*

Consumer from ACT

- Prioritising the kind of care they seek

*“We don't go to the doctor unless it's absolutely concerning. If it's me or my partner, we just use over the counter medication to avoid going all together; which means we don't always get the treatment we need.”*

Consumer from WA

- Having to make sacrifices elsewhere in their budgets

*“It gets more difficult as the cost of living rises. We are considering giving up private health care to meet our everyday expenses.”*

Consumer from SA

## Conclusion

This survey provides a valuable look at the impact of out of pocket costs on consumers. Half are paying in excess of \$1,000 per year, with almost one-third of consumers delaying necessary health treatments in order to avoid costs. As general practitioners remain the primary point of access for consumers, and recent proposals to increase co-payments for visits to GPs will have deep, negative impacts on consumers across the health care spectrum.

Private health insurance provides no relief from high out of pocket costs, and in fact exacerbates the situation by adding expensive health insurance premiums on top of health costs. These expenses are putting significant strains on the consumer's day-to-day living by decreasing the quality of their health, introducing stress and anxiety, and forcing consumers to make choices between their health and other necessary expenses.



### **Background information**

The Consumers Health Forum of Australia (CHF) is the national peak body representing the interests of Australian healthcare consumers. CHF works to achieve safe, quality, timely healthcare for all Australians, supported by accessible health information and systems.

CHF does this by:

1. advocating for appropriate and equitable healthcare
2. undertaking consumer-based research and developing a strong consumer knowledge base
3. identifying key issues in safety and quality of health services for consumers
4. raising the health literacy of consumers, health professionals and stakeholders
5. providing a strong national voice for health consumers and supporting consumer participation in health policy and program decision making

*CHF values:*

- our members' knowledge, experience and involvement
- development of an integrated healthcare system that values the consumer experience
- prevention and early intervention
- collaborative integrated healthcare
- working in partnership

CHF member organisations reach thousands of Australian health consumers across a wide range of health interests and health system experiences. CHF policy is developed through consultation with members, ensuring that CHF maintains a broad, representative, health consumer perspective.

CHF is committed to being an active advocate in the ongoing development of Australian health policy and practice.

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