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# Can Payment Reforms Give Consumers Real Buying Power? *The MyCover Plan*

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# Overview

- Where does private health insurance fit in the health system
- What consumers tell us about Private Health Insurance
- MyCover Proposal



# Where Private Health Insurance fits in the Health System

- Mixed public/private system
- Consumers value choice
- Government involvement





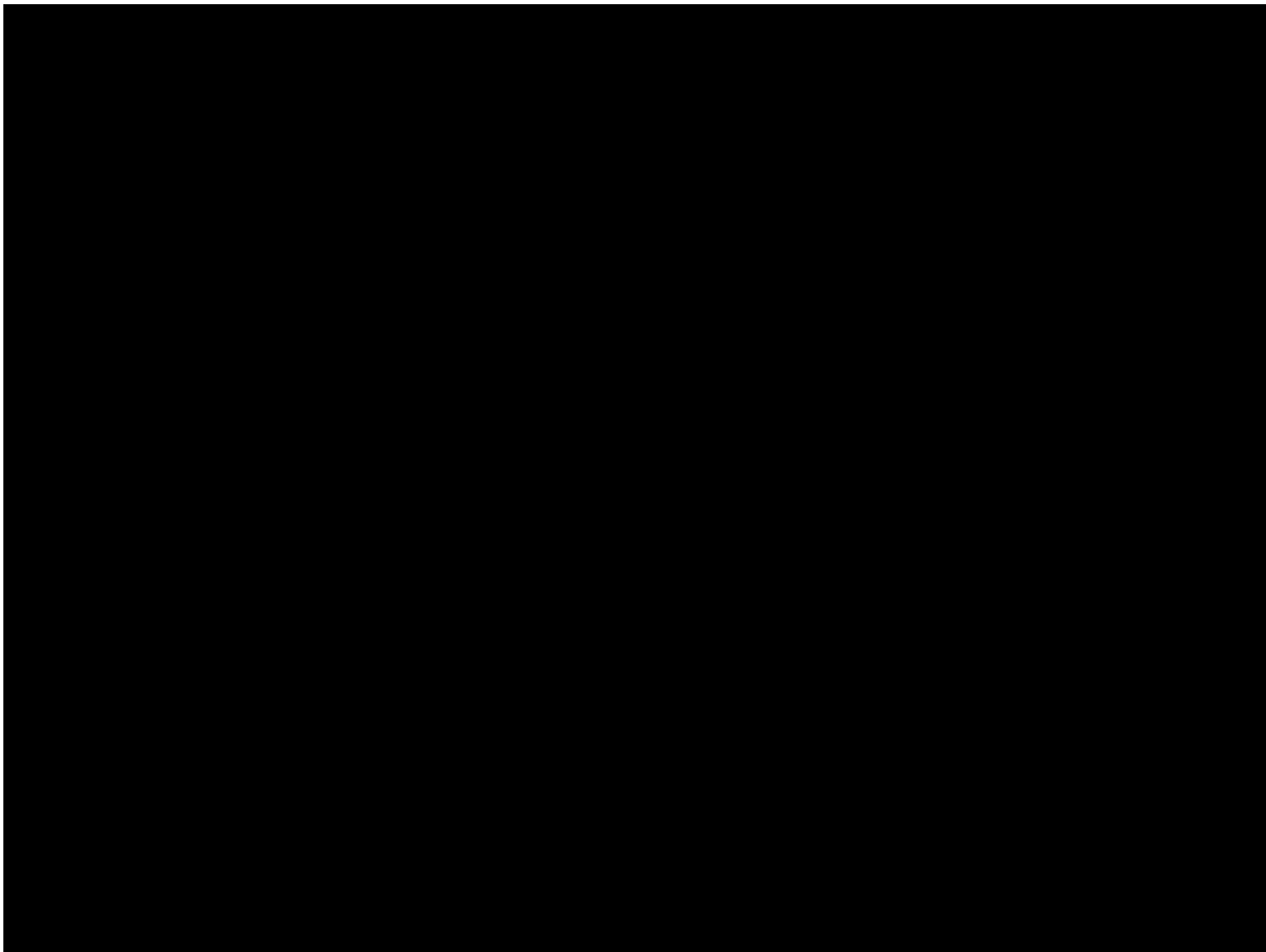
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# What Consumers Tell Us





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# What Consumers Tell Us

- **Information**
  - Capacity to make informed choices
  - Number of policies/products
- **Value for consumers**
  - Affordability
  - Benefits
  - Choice/access
- **Value for taxpayers**
  - Decreased demand on public system
  - Cost of Rebate



# Consumer Survey

- Conducted in November 2015
- 573 respondents
- **Key characteristics**
  - respondents tended to be older than the general population
  - higher incomes.
  - overwhelmingly holders of private health insurance - 87 percent
  - slightly higher users of the health system than the general population

## Key findings

### Reasons to have Private Health Insurance

- Lack of confidence in the public system's ability to provide timely, coordinated care
- Better access to elective procedures
- Control over their choice of provider
- Avoid out of pocket costs for private services





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## Key findings

### Satisfaction with Private Health Insurance

- Overall satisfaction 38 per cent.
  - 60 per cent satisfied with choice of providers
  - 64 per cent gave timely access to elective procedures
  - 43 per cent that policies covered their health needs
  - 30 per cent kept out-of-pocket costs low





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## Key findings

- Only 51 per cent were confident that they understood what their policy covers
- Almost half (48 per cent) had their policies for 11 years or longer
- 24 per cent reported having had a claim denied by their health insurer



# Carrot or stick?

- **Carrots**
  - Private Health Insurance Rebate
  - Community Rating
- **Sticks**
  - Medicare Surcharge Levy
  - Lifetime Health Cover





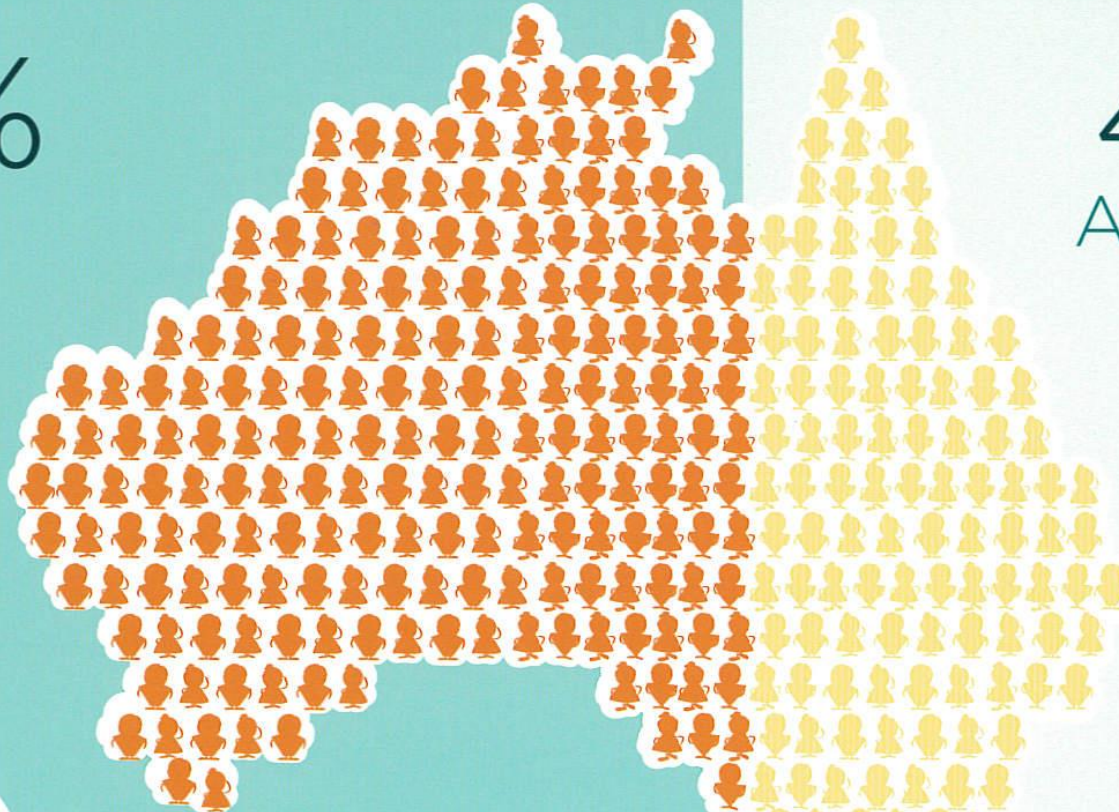
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***Goal:* Make it easier for  
consumers to decide what  
is best for them.**



60%

Low  
level



40%

Adequate  
level





# Improved Health Literacy

- Health literacy is about how people understand information about health and health care, and how they apply that information to their lives, use it to make decisions and act on it
- Individual
- Environmental



## Why MyCover

- Helping consumers make informed choices
  - Easier comparison of products
- Improving value for money for consumers
  - Choice
  - Access
  - Affordability
- Improving value for money for taxpayers





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# MyCover Key Features

- **Information**

- Legislating and enforcing plain language and financial disclosure standards
- Information on fees, performance and availability of providers
- Clear and timely communication about changes to policies





# MyCover Key Features

- **National standardised product**
  - Evidence based set of services that must be covered
  - Different product for different stages of life
- Other products could be offered

# MyCover Key Features

- **PHI Rebate reform**
  - Only MyCover compliant hospital policies
  - General Cover - treatments and procedures with evidence to show clinical benefit.
  - Maintain indexation of Medicare Surcharge Income thresholds

## Where to from here

- Need more than payment reforms
- Establishment of Private Health Sector Reform Committee
  - ***Consumers at centre of reforms***
- Release of results of Government survey