

CEDA Health Reform

Beds and Bills: Health Costs and Insurance

Hon. Dr Michael Armitage

Australian Health Insurance Association 2008



Beds and Bills: Health Costs and Insurance

- PHI Overview – what we pay for!
- Rising Health costs – why?
- Controlling health costs – how?



Private Health Insurance – Relieves Pressure on Public System

- 56% of surgery and 40% hospital procedures are performed in private hospitals
- Relieves pressure on the public system
- Premier Anna Bligh publicly urged Queenslanders to hang on to Private Health Insurance. On ABC Radio she said:

"I don't want to see any increased pressures on our public health system. I encourage people, even in difficult times, to stick with their private health insurance." (March 7, 2008)



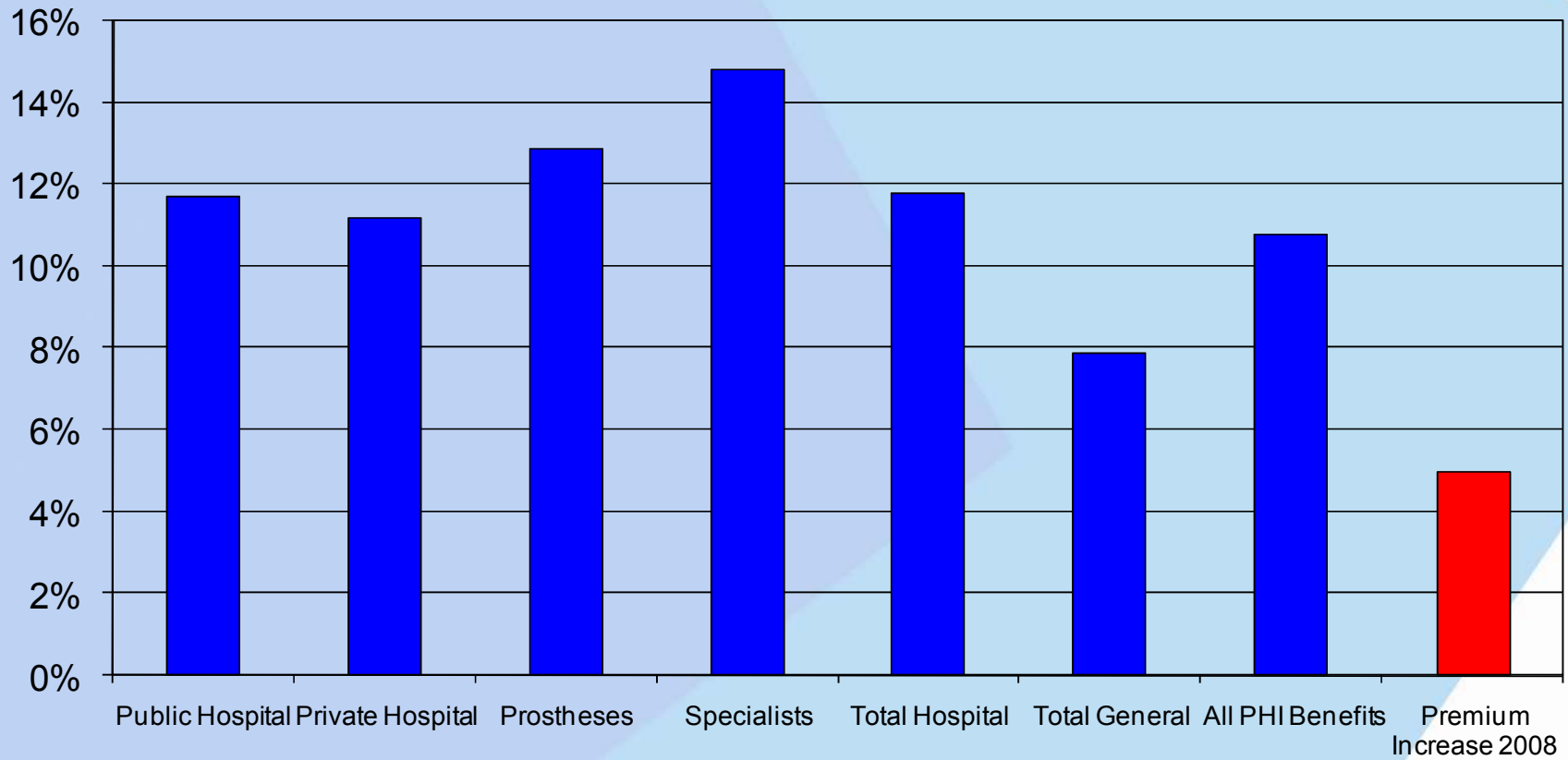
Private Sector Contribution

Selected Episodes: Proportion Performed in Private Hospitals
AIHW Hospital Statistics 2006-07 (published 2008)

Major procedures for malignant breast conditions	55%
Cancer Therapy (Chemotherapy)	55%
Hip Replacements	55%
Other major joint replacement & limb reattachment	63%
Mental health treatment, sameday	70%
Lens procedures	73%
Complex Middle Ear Infection	70%
Other Knee Procedures	77%

Private Health Insurance: Annual Change in Benefits Paid

Data Source: *PHIAC Quarterly Statistics*
CY 06 cf CY 07



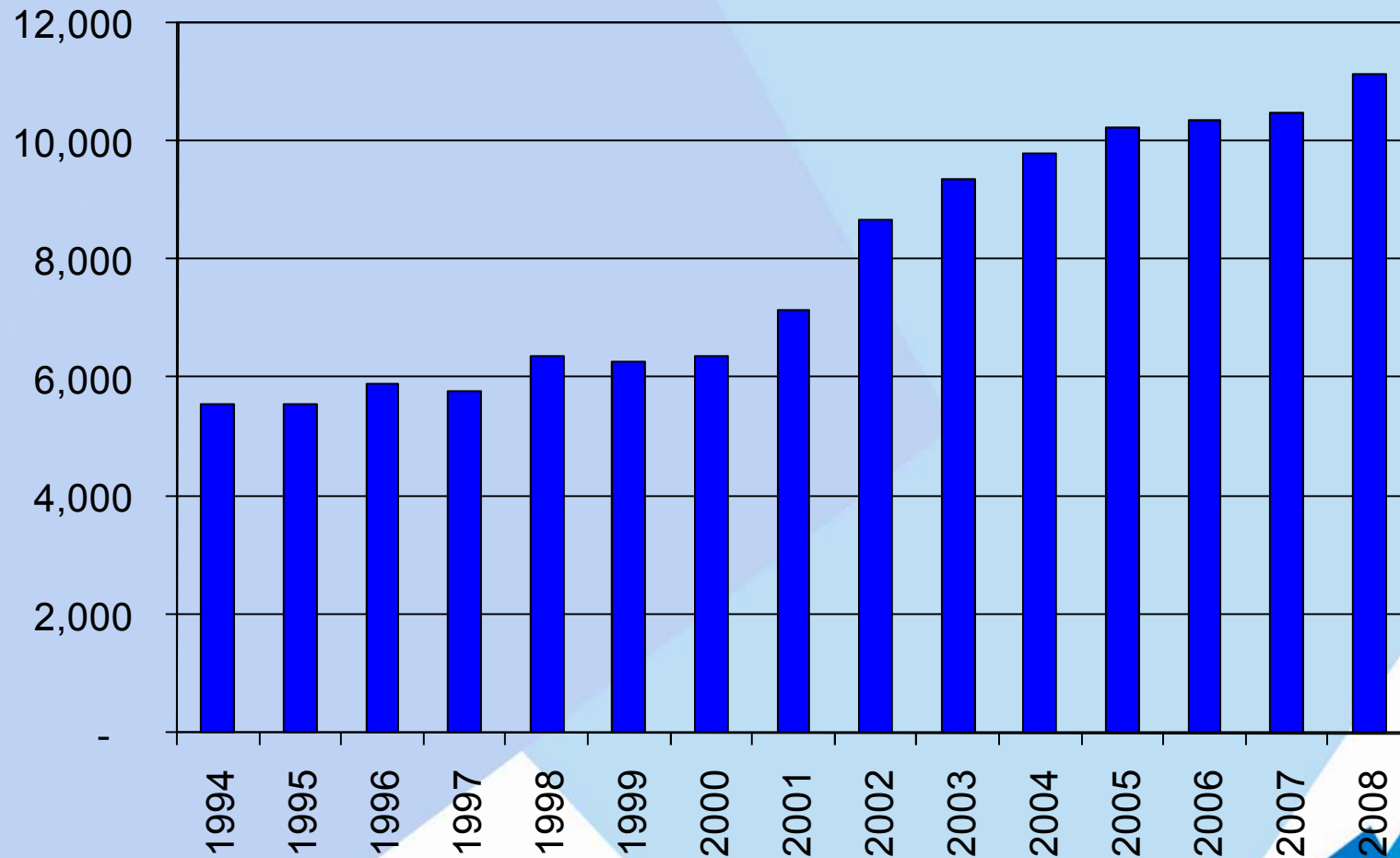
Cost Pressures

- Private Health Insurance will become increasingly significant given health trends
 - Ageing population
 - Chronic Disease increasing
 - Concerns about drug and treatment quality and safety increasing
 - Health care costs – new and emerging medical treatments and technologies
- 2008 Private Health Funds will inject more than \$10 billion into the health care system



Annual Total Hip Replacements arthroplasty of, including minor bone grafting

Data Source: HIC (MBS 49318), Financial Years



National Joint Replacement Registry

Address  <http://www.dmac.adelaide.edu.au/aoanjrr/index.jsp>

Links  AHIA Intranet

AOA NATIONAL JOINT REPLACEMENT REGISTRY



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Data Management

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'Review of Joint Replacement Surgery and its Outcomes'

- Of the 100 new components recently tested, none has performed better than previously approved prostheses
- Up to 1 in 4 hip and knee prostheses in Australia fail
 - 1 in 10 in Sweden
- If Australia's rate of revision was equal to Sweden, there would be 3250 less revisions each year (a saving of up to \$162 million pa).



Controlling Health Costs?

- Transparency drives quality and safety
- IPSOS Survey: 65% of privately insured people approve of funds monitoring the quality of care in private hospitals (2007)
- Score cards/league tables
- Unified standards of reporting should be put in place across public and private sectors (MRSA)



Controlling Health Costs?

- Working with Government on:
 - Privacy Principles
 - Informed Financial Consent
 - Payments linked to outcomes
 - Clinically agreed guidelines

= BETTER HEALTH OUTCOMES



Controlling Health Costs

- IN EVERYONE'S INTEREST,
except
- WHO CAN DO IT?
Politicians?
Other Funders?



CEDA HEALTH REFORM

THANK YOU,

AND GO THE CROWS!

