



**Submission to the National Health and Hospitals  
Reform Commission**

**A Healthier Future for all Australians**

**16 March 2009**

CHOICE is a not-for-profit, non-government, non-party-political organisation established in 1959. CHOICE works to improve the lives of consumers by taking on the issues that matter to them. We arm consumers with the information to make confident choices and campaign for change when markets or regulation fails consumers.



We congratulate the Commission on its interim report. Given word limitations, we have only addressed areas where we believe there needs to be changes or where we wish to provide specific comments.

### **Primary care**

CHOICE believes Comprehensive Primary Health Care Centres (CPHCCs) will be positive. However, it is important that they go beyond co-located health professionals and actively promote team-based care. Appropriate incentives are needed to break down the professional barriers that in some cases are preventing this.

### **Enrolment**

We support voluntary enrolment for people with chronic disease and families with children. Voluntary enrolment does not compel consumers or reduce consumer choice. It could improve coordination of services and ensure a greater focus on patient outcomes. However, there needs to be appropriate mechanisms to transfer registration to an alternative GP or terminate the enrolment if the consumer wishes.

### **Integration of pharmacy**

The report notes that CPHCCs should have 'proximity to pharmacy'. In our view this is insufficient. Consumers would benefit from pharmacists working in the CPHCC as part of the primary care team. This would include working with GPs and other prescribing practitioners to make prescribing decisions, providing information to patients about their medicines and undertaking medicine reviews.

In addition, a dispensary should be collocated with every CPHCC. If an existing retail pharmacy did not wish to relocate, the CPHCC should be permitted to establish its own dispensary. This would enable people to purchase medicines when visiting their GP rather than needing to go elsewhere. This would provide a true 'one-stop shop'.

This should not be seen as a threat to retail pharmacies. Retail pharmacies located in large shopping centres and other high-traffic locations would continue to be a convenient source of prescription medicines and other products. They would sell a wider range of products than the CPHCC dispensaries, which would be limited to mainly prescription and OTC medicines.

### **Denticare**

Measures to increase access to and affordability of dental services are widely supported. However, we have some concerns about the proposed Denticare scheme.

People who choose not to purchase private dental insurance will be treated in the public system. It is not clear whether this is a separate system or whether the services will be provided by private dentists but paid for by the Government. If it is the former, it is not clear how the Commission believes private dentists will be attracted to the public system, given rewards are likely to be lower. If it is the latter, then we believe privately-insured patients



will continue to be more attractive to dentists. With 650,000 people on the public dental waiting list, it is not clear how Denticare will substantially reduce waiting lists.

We note this proposal has been costed by PricewaterhouseCoopers. To inform the public debate it would be useful for this to be released publicly. We would like to see a cost-benefit analysis of a range of options for dental health. In particular we would be interested in evidence to show that Denticare is more efficient and effective than funding dental services through Medicare with copayments for those who can afford them.

## **Governance**

Option A or B are acceptable, although we support a modified version of Option B as proposed in the Australian Health Care Reform Alliance's submission.

We do not support Option C. We believe that it will increase consumer complexity with limited benefit for consumers.

In the existing PHI market, consumers have great difficulty choosing between products. Standard Information Statements have been developed to address this problem. However, it is extremely difficult to distil such a complex product down to a simple statement for consumers. This makes informed choice almost impossible and reduces competition because a consumer is less likely to switch insurers. Products created under Option C are likely to be even more complex because they will cover a wider range of health services.

To provide an adequate level of consumer protection, the products would need to be highly regulated. Regulations would need to prescribe what services must be covered and which may not be covered. The products would be funded by government, so approvals for price increases would be likely to continue. Preferred provider networks may reduce consumer choice and would undermine universal coverage. This is particularly true for consumers living in areas of workforce shortage or low service who may have limited access to preferred providers.

## **Funding**

The Commission has determined that the current mix of funding from public, PHI and patient copayments should be maintained. There is little evidence provided to support this conclusion. We believe the Commission has failed to adequately consider the effect of the funding mix and in particular the role of PHI.

The mix of public and private funding can have significant effects on equity (a theme throughout the interim report). This is particularly true for PHI which allows people who can afford to pay preferential access to hospital services.

Reform direction 13.1 states 'major reforms are needed to improve the outcomes from ... spending and national productivity and to contain the upward pressure on costs.' We believe PHI is ineffective at containing costs and in any 'major reform' its roles should be considered, in particular public subsidies to private health insurers.



The evidence suggests that PHI subsidies have led to an increase in costs associated with private hospital care and a shift in health professionals from the public to private system. This has had the likely effect of increasing pressure on the public health system. When the costs of hospital admissions is projected to be one of the fastest growing areas of health spending it is important to consider how to manage this cost and the role of PHI.

### **Ongoing reform**

We believe that these proposals are the first step in health reform. The Commission has addressed some of the fundamental issues but we need a way to ensure that our health system continues to evolve and that new technologies and new ways of delivering services and care are developed and adopted.