

22 February 2016

Hon. Simon Corbell MLA
Minister for Health
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Dear Minister,

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Patron-in-Chief
His Excellency General
The Honourable Sir Peter Cosgrove AK MC
(Retired)

Patrons
Lady Margaret Brabham
Mr Normie Rowe AM

As you will recall, we've previously written to you in May 2015, and subsequently met with your advisor in June 2015, to discuss out of pocket electricity expenses for those on home dialysis. In our meeting we also discussed how receiving assistance to maintain a home dialysis routine through adequate electricity subsidy levels is an issue our consumer committees have told us would go a long way in improving their quality of life.

As we discussed, the cost to government to increase the rebates to an adequate level is small, especially in comparison to the overall size of the health budget. Increasing the rebates would go a long way in removing financial burdens and improving quality of life, and can encourage the use of a more cost effective methods of dialysis.

To that end, noting you are soon to meet with the Treasurer, we've reattached our proposal for consideration which would help ease the burden of kidney disease for both patients and carers.

The proposal attached does not represent all issues that need attention in the kidney community, however it represents a highly relevant and targeted investment that could be made within the health portfolio in the forthcoming state budget. Thank you in advance for your consideration.

Yours sincerely



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**KIDNEY
HEALTH
AUSTRALIA**

The Impact of Increased Power Costs on Home Haemodialysis Australian Capital Territory

1. Purpose

The purpose of this discussion paper is to illustrate the potential impact of increased power costs on the number of people choosing to undertake or remain using home haemodialysis within the Australian Capital Territory (ACT).

2. Background

Increases in the cost of electricity continue to contribute to the situation where home haemodialysis patients face significant out-of-pocket costs of up to approximately \$600 per annum (refer attached analysis – Appendix B).

Points worth noting include:

- The total number of dialysis patients in the ACT increased 57% from 184 in 2004 to **288** in 2013.
- The percentage of people dialysing at home significantly decreased from 42% to 21% of the total population between 2004 and 2013.
- The total number of home dialysis patients declined from 78 in 2004 to 60 in 2013.

The Australian Capital Territory has a low number of home haemodialysis patients and shows a very marginal increase not synonymous with the growth of total dialysis patients during the same timeframe. An important step to improve the uptake of patients choosing to dialyse at home would be to alleviate some of the significant out of pocket electricity costs they are currently facing.

As at December 2013, there were 31 home haemodialysis patients in the ACT (ANZDATA). It can be calculated that the 31 patients who have chosen home haemodialysis instead of satellite dialysis currently reduce health budget costs by \$501,518 annually in the ACT (based on a \$16,178 cost difference in modalities explained below).

Using the annual costs of **\$65,315 for satellite haemodialysis patients** and **\$49,137 for home haemodialysis patients** (KHA 2010 prices), the likely costs to the ACT Health budget as a result of either existing home patients switching to satellite dialysis or potential new home patients choosing satellite dialysis because of the power costs associated with home dialysis can also be calculated.

This is a conservative calculation as the annual cost of **hospital haemodialysis is \$79,072** and while some hospital haemodialysis supports acute patients, it also provides dialysis to patients who would be suitable for satellite or potentially home haemodialysis.

Since 2004, an additional 104 people or 57% are now undertaking dialysis. The 2013 numbers show a total of 288 patients on dialysis with 228 of those on satellite or hospital dialysis. The ACT has an average rate of home haemodialysis in the county at 10% of total dialysis patients compared to the national figure of 9%. The highest percentage of all states and territories is in NSW, with 12%. If the ACT government had home dialysis rates consistent with the NSW rate, the savings would increase to a total of **\$550,052** per annum (refer to Appendix A for analysis explanation). If the ACT were to show leadership and lead Australia with a higher rate home haemodialysis compared to other jurisdictions, the savings would increase further.

3. Discussion

It is well recognised that home haemodialysis provides the best outcomes for appropriate patients and is also the most cost effective.

For a patient to take up home haemodialysis there are many considerations, including personal competence, availability of a carer, convenience, set up costs and running cost for power and water. These factors need to be weighed up against transport time and transport costs to available satellite or hospital centres, where utility costs and incidentals are all covered, food provided and professional medical staff are available.

The ACT Renal Health Services Plan 2010-2015 states:

There are also specific equity concerns related to renal dialysis associated with the costs associated with frequent travel to hospital/satellite sites for dialysis and/or the water and electricity costs associated with home dialysis.¹

Further to the concern of costs associated with home dialysis, the ACT Renal Health Services Plan 2010-2015 identifies key objectives for actions. Under the objective *“Expand and enhance treatment options for patients with end stage kidney disease”*, it lists the action:

Explore and pursue options to minimise costs for patients who choose home dialysis or community home dialysis options (particularly utilities and required refurbishment of home).²

In 2011 Kidney Health Australia published its *“Report on Consumer Perspectives on Dialysis – First National Census.”* Analysis of the data from the Australian Capital Territory about the willingness of those not currently dialysing at home to change to home dialysis was surveyed and the results are shown in Figure 1. There are a considerable number of respondents who indicated their willingness to consider home dialysis if expenses were reimbursed.

¹http://www.health.act.gov.au/sites/default/files/Policy_and_Plan/Renal%20Health%20Services%20Plan%20010-2015.pdf

²http://www.health.act.gov.au/sites/default/files/Policy_and_Plan/Renal%20Health%20Services%20Plan%20010-2015.pdf

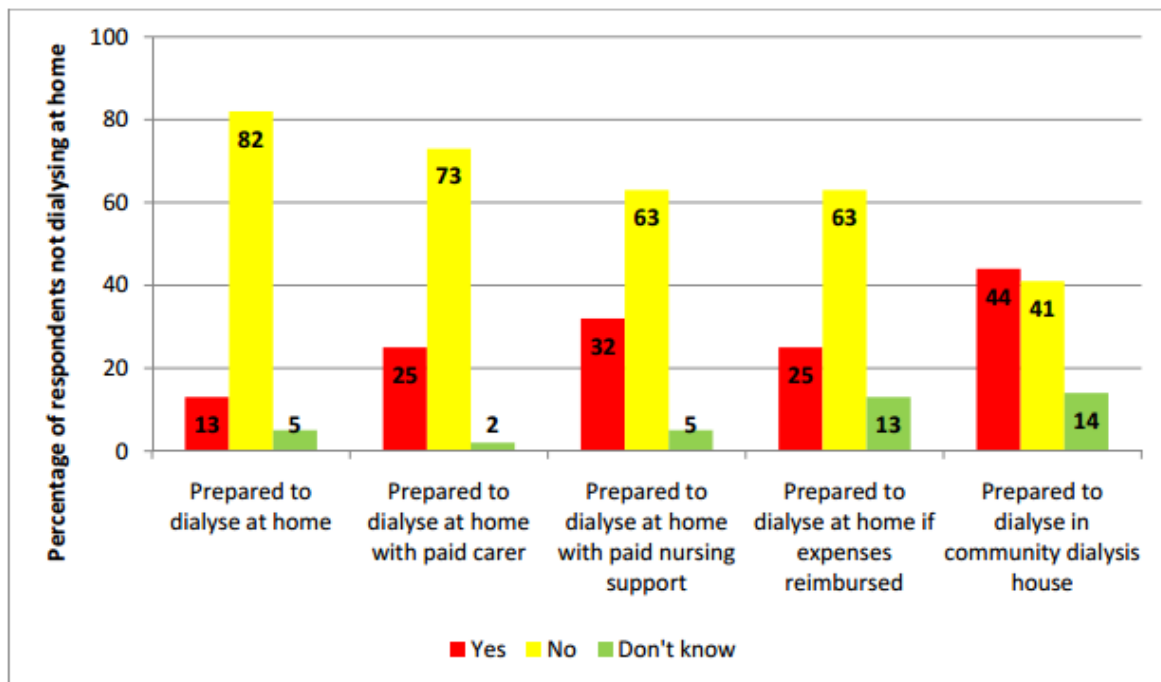


Figure 1 – Willingness of ACT patients to dialyse at home.

Despite each home haemodialysis patient reducing the cost to the ACT Health budget by over \$16,000 annually by their choice of modality, they are currently bearing considerable out-of-pocket costs as a result of increased power costs compared to satellite or hospital patients. This is an inequitable situation and is certainly not a smart choice regarding costs and benefits. It is also clearly creating an increasing demand for satellite dialysis infrastructure.

As a corollary to the argument that the cost of providing dialysis would rise as a result of patients rejecting the option of home haemodialysis because of the costs involved, if more patients were to choose home haemodialysis as a result of removal of financial barriers, the dialysis associated costs would fall.

It should be noted that there has been an increase in the number of people on home haemodialysis in the ACT. While any increase is encouraging it does not detract from the problems identifies in this paper. With suitable compensation for the increased cost of power it is believed that the number of people on home haemodialysis would further increase toward the national norm.

4. Comparison between satellite and home haemodialysis

A summary of the issues facing a person who is currently eligible for home dialysis, but is also considering satellite or hospital dialysis, is presented in the following Table.

Issue	Satellite / Hospital Dialysis	Home Haemodialysis
Set up costs	Nil	Includes chair, storage for consumables, plumbing and electrical alterations. May cost up to \$3,000
Training requirements	None	Patient and carer training required, which can necessitate travel and accommodation for the duration of training
Running costs	Nil	Electricity up to about \$1,000 per annum. Water up to about \$250 per annum
Ongoing Transport costs	Variable cost and time. May require assistance with transport.	Nil
Convenience	Has to fit in with the satellite centre's schedule. May require assistance with transport.	Can dialyse on days / times that suits the patient. May require carer assistance.
Medical outcome	Good	Better

It is obvious that, if financial constraints are paramount, then the choice of modality is weighted heavily against home haemodialysis in the current climate.

5. Conclusions

Current subsidies for power usage for home dialysis patients are inadequate and inequitable and are leading to a growing number of current home dialysis patients being unable to sustain home haemodialysis and a reduction in the number of patients electing this modality.

This is contrary to the aims of the ACT Renal Health Services Plan 2010-2015.

Unaddressed, this situation is clearly leading to increased costs in the Health budget and a greater demand for hospital and satellite dialysis services.

6. Recommendations

For several years now, Victoria has had in place a successful arrangement which offers:

- A \$2,024 per patient per annum payment for home haemodialysis (CPI indexed).
- A \$768 per patient per annum payment for home peritoneal dialysis (CPI indexed).
- A 17.5% discount on annual energy bills for concession card holders.
- Concession card holders may also be eligible to receive a rebate of up to \$277 per year.
- Life Support machine concession – the discount is equal to the cost of 1,880 kilowatts per year.

- Water – special dispensation rebate on water bills equal to the cost of 168 kiloliters of water per year.

We would strongly advocate that the Victorian model be considered and Kidney Health Australia willingly offers to assist collaboratively in providing further analysis to demonstrate the potential savings such an incentivising model would ultimately deliver.

Reference

Kidney Health Australia, 2010, *The Economic Impact of End-Stage Kidney Disease in Australia: Projections to 2020*, p. 27.

Analysis Explanation:

Calculation of the potential financial impact that low rates in home haemodialysis has had over the last two years on the health system

<i>Patient modality</i>	Hospital Haemodialysis	Satellite Haemodialysis	Home PD	Home Haemodialysis	Total
Ave Annual Cost of treatment ³	\$79,072	\$65,315	\$53,112	\$49,137	
2010 Actual Patients	33	159	21	32	245
Cost of Actual 2010 Treatment	\$2,609,376	\$10,385,085	\$1,115,352	\$1,572,384	\$15,682,197
2013 Actual Patients	36	192	29	31	288
Cost of Actual 2013 Treatment	\$2,846,592	\$12,540,480	\$1,540,248	\$1,523,247	\$18,450,567
Calculation of potential 2016 patient numbers (at 18% increase proportionately)	42	227	34	37	340
Cost of treatment calculation	\$3,321,024	\$14,826,505	\$1,805,808	\$1,818,069	\$21,771,406
Difference between 2013 Actual and potential cost to the health system if modalities rates stay the same					\$3,320,839
It is suggested that action on the impact of increasing electricity costs for home patients would have reduced this imbalance and resulting financial impact.					

³ Kidney Health Australia, 2010, *The Economic Impact of End-Stage Kidney Disease in Australia: Projections to 2020*,

Appendix B:
Home Dialysis Power Usage Analysis
for the ACT

1. Purpose

This reviewed analysis seeks to quantify current electricity usage by home haemodialysis patients at the present time with present rates. Even though a conservative approach has been applied to this new analysis (rates of electricity have been selected based only on a two person household) it still demonstrates considerable out of pocket costs.

2. Input Data for Power Costs

For the purpose of this exercise, residential power costs on the following distribution grids have been used:

- ActewAGL
- Energy Australia

3. Current Home Dialysis Practice

Although home dialysis practices vary somewhat the current recommended practice is for 5 hours dialysis every second day. Allowing for 1 hour for setup and cleanup that totals 1,095 running hours per annum ($6 \times 365/2$).

Due to the improved health outcomes, a number of dialysis patients are opting for nocturnal dialysis every second day which entails minimum 8 hours dialysis. Again, allowing 1 hour for setup and cleanup that totals 1642 running hours per annum ($9 \times 365/2$).

4. Dialysis Machine Power Usage

Dialysis power usage averages approximately 2,000 watts/hour for the dialysis machine and 400 watts/hour for the reverse osmosis (RO) unit (data supplied by Sydney Dialysis Centre), totalling 2400 watts/hour.

5. Dialysis Machine Power Costs

Table 1 illustrates usage calculated for a power meters in the ACT. It clearly demonstrates that there is still considerable burden to patients choosing to dialyse at home and that all the arguments of the original analysis are sustained.

Table 1 – Cost for Dialysis in the ACT

	ActewAGL		Energy Australia	
	6 hour dialysis	9 hour nocturnal dialysis	6 hour dialysis	9 hour nocturnal dialysis
Hours per annum	1,095	1,642	1,095	1,642
Power cost/kWh	0.18304	0.18304	0.185015	0.185015
Power usage kW/hr	2.40	2.40	2.40	2.40
Annual power usage kWh	2,628	3,941	2,628	3,941
Annual power cost	\$481.02	\$721.36	\$486.22	\$729.14
Annual dialysis rebate	\$121.87	\$121.87	\$121.87	\$121.87
Net annual cost to user	\$359.15	\$599.49	\$364.35	\$607.27

6. Conclusion

From the data presented above, the impact of increasing electricity prices continues to inflict a considerable burden on patients who have chosen to undertake home haemodialysis. The cost burden exceeds \$600 per annum for those patients undertaking nocturnal dialysis using a conventional power meter in regional and rural areas, and it should be considered that that scenario has an assumption that town water is available and that additional electricity isn't being used towards running water pumps on tanks.

Similarly, throughout this analysis, consideration has only been for the delivery of the dialysis, not for the typical scenario that a dialysis patient will likely also be consuming additional power through secondary requirements such as personal heating or cooling and the use of television during the dialysis time.