

22 February 2016

Hon. Gladys Berejiklian MP
Treasurer
Department of Treasury & Finance
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The Australian Kidney Foundation
Trading as Kidney Health Australia
ABN 37 008 464 426 | Charity No. CH 0614

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

Patrons
Lady Margaret Brabham
Mr Normie Rowe AM

Dear Treasurer,

Kidney Health Australia (KHA) is the national peak body dedicated to helping people with kidney disease, with a view to improving their health outcomes and quality of life, and that of their families and carers. We operate under four key pillars of education, advocacy, research and support. KHA has a strong history of advocating for health initiatives to reduce the community's risk of kidney disease, as well to improve treatment and care for patients, in a realistic and cost effective way.

Kidney disease is a disease that affects 1.7 million Australians – a striking 1 in 10 over the age of 18 years have at least one clinical sign of chronic kidney disease (CKD). KHA estimates that one in three Australians are at increased risk of developing CKD. We are closely engaged with our consumers and those who are affected by kidney related illness.

To that end, the initiative proposed here will help ease the burden of kidney disease for both patients and carers. 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.

Therefore, we have attached a policy paper for your consideration, relating to out of pocket electricity expenses for those on home dialysis. The cost to government to run the program is small, especially in comparison to the overall size of the health budget. This scheme would go a long way in removing barriers and improving quality of life, and can encourage the use of a more cost effective methods of dialysis.

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 in the forthcoming state budget.

Yours sincerely



Anne Wilson
CEO & Managing Director

These are the local retailers that service NSW (based on 2015 pricing):

- EnergyAustralia for customers in central Sydney, the Central Coast and Hunter region; and
- Origin Energy for customers in the South Coast, Illawarra, Western Sydney, the Blue Mountains, regional NSW and far western NSW.

Table 1 – Cost for Dialysis with a conventional power meter

	Origin (Regional)		Energy Australia (Sydney, Central Coast, Hunter)**	
	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	\$0.24046	\$0.24046	\$0.23848	\$0.23848
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	\$631.93	\$947.65	\$626.73	\$939.85
Annual dialysis rebate	\$467.20	\$467.20	\$467.20	\$467.20
Net annual cost to user	\$164.73	\$480.45	\$159.30	\$472.65

Assumptions:

- A two person home in Sydney uses on average 920kWh per quarter (*EnergyMadeEasy 2website*) and for the purpose of this exercise, calculations have been based on this conservative household figure (*ave NSW Household 2.6 people – 2011 ABS*)
- For this analysis, the lower peak usage rate after the initial 10.9589 kWh/day has been used to allow for standard household demand before dialysis. We have been conservative in assuming this higher cost supply will be used by other household supply, regardless of dialysis.
- It is important to note that while the power costs appear lower in the conventional scenario in some instances compared to the smart meter, our conservative estimates do not include the network access costs borne by consumers. As such, to avoid creating a perverse incentive for patients to return to conventional meters, Kidney Health Australia recommends the need to be careful to factor in both scenarios in potential rebates.

**FlexiSaver Plan

Table 2 – Cost for Dialysis with a Time of Use (smart meter)

	Origin (Regional)		Energy Australia (Sydney, Central Coast, Hunter)	
	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 (Peak /shoulder / off peak)	\$0.29524	\$0.29524 (876 kwh) \$0.15961(3065 kwh)	\$0.46134 (876 kwh) \$0.19316 (1752 kwh)	\$0.19316 (876 kwh) \$0.1089 (3065 kwh)
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	\$775.89	\$747.83	\$742.53	\$502.99
Annual dialysis rebate	\$467.20	\$467.20	\$467.20	\$467.20
Net annual cost to user	\$308.69	\$280.63	\$275.33	\$35.79

Assumptions:

- Patients generally have a routine of dialysing in the afternoon (12-6pm) as this can suit health/body clock routine.
- Home dialysis patients generally undertake nocturnal dialysis from 8pm-8am, or some variation. Again, to be conservative we have assumed an 8pm-5am scenario, thereby reducing the above cost.
- In both, we have also been conservative in assuming that the higher rates of electricity would only be charged for 2 hours in both the 6 hour and 9 hour dialysis sessions using a power meter, with 4 hours and 7 hours used at the lower rate, respectively. It should therefore be recognized that some patients out of pocket could be higher than that presented in the tables above, depending on their individual circumstances.

ANZDATA Breakdown for NSW of Dialysis Population (2013 Data):

Total Patients in NSW: 3764

Hospital Haemodialysis: 946
Satellite Haemodialysis: 1441
Home Haemodialysis: 467
Peritoneal Dialysis (APD): 603
Peritoneal Dialysis (CAPD): 307

Recommendations:

Kidney Health Australia welcomes the recent increases to the Life Support Electricity Concession scheme. However, based on our analysis of current power prices, home haemodialysis patients are still significantly out of pocket.

Based on our analysis, Kidney Health Australia would recommend that any subsidy level cover the highest out of pocket cost for consumers, regardless of meter type installed in the home. The highest cost in our analysis shows a consumer on 9 hour dialysis with a total cost of \$947.65. Even accounting for the recent increase in the rebate, we estimate this person would be out of pocket \$480.45 in electricity costs related to their dialysis.

However, if the NSW Government wishes to adopt a varying model of increased rebates, based on the differences between 6 hour and 9 hour nocturnal dialysis, Kidney Health Australia would suggest:

- a \$775 total reimbursement for 6 hour sessions, which would adequately cover all four scenarios; and
- a \$950 total subsidy for nocturnal dialysis (covering the cost nocturnal patients on conventional meters which are the highest).

Our assumptions are very conservative as they:

- do not include electricity usage that is also running during a dialysis session, such as air conditioning in the summer or heating in the winter;
- do not include the added daily networking charge for all electricity users, which can be significant;
- do not include patients who may dialyse more than three times a week – which nationally available data suggests 8% of **all** dialysis patients dialyse more than 3 times a week (therefore the percentage of home patients who dialyse more frequently would be considerably higher);
- do not factor in people who may dialyse longer than that outlined in our table (as per the assumptions on previous pages);
- do not factor in automatic increases should electricity prices rise.

Furthermore, in terms of the numbers of patients who undertake nocturnal dialysis, while national data suggests only around 5% dialyse for a longer period than the standard session, our anecdotal evidence suggests the rate is much higher in NSW for home patients – such as RPA which has indicated to Kidney Health Australia staff that up to 40% of their home dialysis patients are nocturnal.

Therefore, should funds permit, we urge the government to consider funding a higher level of rebates, based on actual dialysis modality and length of session specific to NSW. Kidney Health Australia does not have access to all the data at a NSW level, so the above represents our best estimate and appropriate caveats for the Department to consider when costing such as policy change. However, we believe the above provides an accurate starting point and appropriate methodology from which to draw.