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To whom it may concern

Kidney Health Australia welcomes the opportunity to respond to the Government's review into Private Health Insurance. There are a number of issues regarding Private Health Insurance that impact upon people with Chronic Kidney Disease (CKD) and in particular people with End Stage Kidney Disease (ESKD).

Introduction: Kidney Health Australia and Kidney Disease

CKD is a major health problem, and one that is growing. Without greater focus from the Australian Government, there is clear evidence based on current trends that the situation has the potential to worsen. Kidney Health Australia estimates that 1 in 3 Australians are at an increased risk of developing CKD.

Approximately 1.7 million Australians – a striking 1 in 10 – over the age of 18 years have at least one clinical sign of CKD. And the situation is much worse for at 'risk groups'. The burden of CKD is distributed unequally and unfairly, as evidenced by the high rates of the condition in the lower socio-economic groups and in the Aboriginal and Torres Strait Islander community.

Recent economic analyses show that individuals with CKD incur 85% higher healthcare costs and 50% higher government subsidies than individuals who do not have CKD. Based on an estimated prevalence of 10% of adult Australians with CKD, the annual additional costs attributable to CKD in Australia is estimated at $3.5 billion.

CKD can progress to ESKD, at which point the patient requires a transplant or ongoing dialysis to stay alive. Haemodialysis is, on average, carried out a minimum of three times a week, for 5 hours each time.

The most recent data that is available from the Australia and New Zealand Dialysis Transplant (ANZDATA) Registry shows that 2,544 people started kidney replacement therapy (dialysis or transplant) in 2013. The number of people on dialysis increased by 3% from 2012 to 2013, resulting in 11,774 people receiving dialysis treatment at the end of 2013. Currently it is estimated that at least 10% of these are dialysing in the private system.

Kidney Health Australia believes that with the burden of disease presented by CKD and ESKD that a national approach will be needed, and the private health sector will continue to form a critical part of that approach.

Early Detection: Opportunities for Private Health Sector

As part of its charter to save and improve the lives of Australians affected by kidney disease, Kidney Health Australia developed the KidneyCheck™ Program. An Australian first, the KidneyCheck™ Program is a three-pronged approach targeted at people who have already been diagnosed with diabetes or hypertension. The Program consists of a package of urine testing strips which allow individuals to monitor for protein in their urine in the privacy of their own home, a self-management resource to assist in setting health goals and monitoring results, and a health professional education package targeted at community pharmacists and pharmacy assistants.

Establishing links between community pharmacy and primary care is integral to the KidneyCheck™ Program. Regardless of the result of the urine dipstick test, the correct action in this population with documented high risk of CKD is to ensure that they have had a urine albumin creatinine ratio, eGFR and blood pressure test performed by their general practitioner at least every year. The pharmacy education package focuses on identifying high risk individuals, educating consumers on the requirement to supplement KidneyCheck™ results with tests performed by their general practitioner, and adopting evidence-based referral pathways to primary care.

Currently one health fund has indicated to Kidney Health Australia that it will now reimburse its customers for the cost of this check. This is important as we know that early detection and base-practice management of CKD can slow the otherwise inevitable decline in kidney function by as much as 50%.

Kidney Health Australia therefore believes there is exists a considerable saving that is possible for both the public and private health sectors if early detection is increased. Doing so through a private health insurance refund would be a highly effective method of encouraging increased early detection through KidneyCheck™.

Aboriginal and Torres Strait Islanders

Through our work with Aboriginal health organisations and services, Kidney Health Australia is mindful that Aboriginal and Torres Strait Islanders affected by kidney disease are some of the most disadvantaged Australians.

Those with CKD or accessing kidney replacement therapy are more likely to be in receipt of Centrelink benefits, with very few managing limited employment opportunities. For these people, private health insurance is not a priority when balancing costs for food, housing (rent), transportation, and schooling.

In considering how to maximise the value of private health insurance for Aboriginal and Torres Strait islander consumers, some contextual considerations are required;

- Half of the Indigenous population is aged 22 years or less, compared with 38 years or less for the non-Indigenous population. The younger age profile of Indigenous Australians correlates with no or very limited income.
- In regional, remote and very remote locations, there are still significant barriers to accessing primary care, especially after-hours access.
- The supply and type of services (public/private, allied/specialist) varies in States/Territories and may not meet the need.

More generally, only 20% of Indigenous adults in non-remote areas had private health insurance in 2012-13, compared with 57% of all Australians. The particular services accessed were a dentist (9%), and consulting other health professionals (24%). The majority of those without private health insurance (65%) cited cost as the main barrier. Improving insurance coverage with vulnerable populations is a highly contentious space. Kidney Health Australia recommends care and caution in considering where, what and how to maximise the value of private health insurance for Aboriginal and Torres Strait Islanders consumers.

Private Health Insurance and Dialysis

As Kidney Health Australia understands there are potentially a number of issues relating to the provision of dialysis for privately insured patients. However, many of these issues that impact upon the patient experience actually relate to issues between dialysis providers and the private health insurers, and as such, Kidney Health Australia, as a consumer representative organisation, would recommend that the Department seek to validate these experiences with the relevant organisations and industry representatives.

Furthermore, the below comments are with regard to the general system operating across Australia. We note however there are specific arrangements that vary considerably between states. Western Australia is a good example where the state has a 'corporatised' model of dialysis where the public sector contracts the state's dialysis provision to a private company via a tender. There is no provision in WA for dialysis that is privately funded via the insurance companies. It should also be noted that some dialysis is provided through Aboriginal and Torres Strait Islander controlled health services, which are funded and report through different means.

Pricing of Private Dialysis

Firstly, as we understand it, default prices for dialysis funded by private health insurance are set by a 'banding committee', but we have been advised that committee does not currently have a nephrologist on its committee to advise on issues regarding dialysis.

Secondly, we have been advised that if negotiations with the dialysis only providers (non-hospital setting) and the private health insurers do not reach agreement, this 'default' price from the banding committee is utilised. Providers of private dialysis services have indicated to Kidney Health Australia this price is insufficient to adequately cover the cost of provide the dialysis service – our concern would then be that these services either become substandard (in order to cut costs), or they are ultimately discontinued.

Furthermore, we understand that the private health funds currently make a distinction between dialysis provided in a private hospital setting compared to a private satellite facility, and that this pricing decision can impact, detrimentally, the private satellite dialysis facility. This is due to the fact that private hospitals providing dialysis facilities also provide a range of other services – in essence they have a larger 'pool' of patients and services as a hospital (compared to a dialysis only satellite facility) and can therefore negotiate more effectively, and amortize costs across a larger number of patients and procedures. Dialysis only providers do not have the same negotiating or customer base as do private hospitals, and this can result in a detrimental price paid per treatment from the health fund.

Ultimately, if the rates of payment are not sufficient to cover the cost of providing dialysis in dialysis only facilities, then the quality of service will suffer, the dialysis provider will sustain a loss, or simply, the services will be withdrawn. Furthermore, we understand the arrangements vary between the different health funds in their approach to dialysis, causing some degree on non-uniformity for providers.

Restrictions on Private Dialysis patients

Kidney Health Australia has been advised that some private health funds provide a limit on the number of their customers that they will provide private health insurance coverage for dialysis, regardless of the fact that the customer may have coverage within their policy for dialysis.

For example: a private health fund may stipulate that X number of their privately insured customers may be eligible for dialysis under their coverage at a certain dialysis facility, but patient X+1, despite being eligible, will not be covered due to the 'cap' placed on the facility by the health fund.

This is clearly creating an inequitable situation for the dialysis patient, who has been duly paying for their coverage, but is essentially disadvantaged based on where they fall in the 'que' for dialysis at that particular facility, and denied the coverage for private dialysis.

The options in this case are for the patient to return to the public system (despite it being covered under the terms of his/her policy), pay the 'gap' to the private provider, try and switch health funds or hope the dialysis provider will cover the cost in the meantime.

This situation is not universal across all health funds, but is largely unknown by the broader population, and as such, does not provide an easily transparent criteria for a patient when choosing the right health fund for themselves.

Furthermore, Kidney Health Australia has been advised that other health funds may deal with the issue of growth of dialysis within their customer base by stating to dialysis providers that they will only cover set percentage increases per year within the dialysis population, in that particular State or Territory. This again causes issues, for if the actual flow and increases in patients is beyond this stipulated increase quota, it again causes either loss of coverage for the patient and dialysis provider, or the provision of a service at a loss / reduced service.

Public and Private Dialysis

Interestingly, some service providers have indicated that when a public patient is dialysed in a private facility, the rate paid by Government to the private dialysis service provider is adequate to cover the cost. There is a disconnect between the arrangements between Government and Private Health Insurers in setting an appropriate price for dialysis provision in a private setting.

Example: In Alice Springs, the private renal dialysis clinic operated by Fresenius is working with the public system to coordinate and manage the increasing number of Aboriginal and Torres Strait Islander haemodialysis clients.

Aboriginal and Torres Strait Islanders who cannot access the public renal unit are referred to the Fresenius facility for dialysis treatment. This is managed on a daily basis, as the public renal unit is often operating at full capacity. There is a cost-recovery agreement in place between the public and private facilities.

This issue needs to be addressed, as due to the projected increases in kidney disease, and the relatively slow growth of the transplant rates, dialysis will continue to operate at, or close to, capacity in the public system. Therefore, privately insured patients may increasingly turn to the private system, and the public system may continue to call upon the private system to provide 'overflow' capacity. However, without a viable and strong private dialysis sector and some universal agreement on appropriate prices to pay for this service, this may become increasingly problematic.

Furthermore, the process of applying a percentage increase to the number of privately insured dialysis patients does not provide the room to bring new private dialysis units online – as a major new unit will essentially exhaust the state wide percentage increase allotted to that State. This means dialysis providers could essentially face a choice between not opening new centres, or opening new centres but rejecting growth in existing centres.

Dialysis Coverage in Private Health Insurance Policies

Kidney Health Australia has been advised dialysis is increasingly being excluded by all but the highest levels of private health coverage. This is particularly concerning when you consider that lower socioeconomic status is associated with a higher prevalence of CKD. Indeed 13.5% of people with the lowest socioeconomic status have clinical evidence of CKD compared with 8.4% of people with the highest socioeconomic status.

Secondly, it should be noted that kidney disease is asymptomatic. It is possible to lose 90% of kidney function before symptoms appear, and at that point dialysis is often the only option. Therefore, in some cases patients go from appearing relatively well to having to live a life on dialysis in a very short space of time.

This presents a problem as we understand that some health polices actually require patients to pay insurance at the higher rate (for a policy that includes dialysis) for up to 12 months prior to actually using private dialysis services. That means they essentially are required to use dialysis in the public sector for this period, at a cost to the Government, and Kidney Health Australia has noted that patients once starting a dialysis modality tend to stay with it – meaning there is a reduced likelihood that they would change services.

Home Dialysis excluded from Private Health Insurance

Currently there is no private health insurance coverage for Peritoneal Dialysis or for Home Haemodialysis. Kidney Health Australia is a strong advocate for home dialysis as it is cheaper to deliver, can mean less travel for the patient, provides the ability to increase the frequency and length of a dialysis session, can produce better health outcomes and potentially, allow people to return to work. Kidney Health Australia would encourage the review team to consider the issue of home dialysis as part of this review.

Conclusion

Kidney Health Australia is an advocate for a strong public health system, including one that provides dialysis capacity in the regions that need it, support for patients regardless of the modality of dialysis they choose, and one that provides equity and support across all settings. This includes providing flexible models tailored to the needs to the region – something that is particularly important to regional, rural and remote Australians.

There is clearly a place for private dialysis facilities in this system. Furthermore, there is certainly a place for a mixed public/ private system, whether it is a contractual model like that used in Western Australia, or as a patient choice and pubic 'overflow' model as seen in other States and Territories.

For patients who choose a private dialysis service, there can be clear benefits such as: closer proximity to their place of residence; better parking facilities; increased staff-to-patient ratio; and the provision of services such as meals, entertainment, and guaranteed appointments with short waiting times.

However, there appears to be a number of issues in the private dialysis space that are impacting private dialysis providers, and by extension will have an impact on patients living with CKD and ESKD. Kidney Health Australia, as a representative of those living with or caring for someone with kidney disease would therefore request that the review team investigate the claims that have been represented to Kidney Health Australia, as outlined above, to ascertain the situation more fully.

We would welcome the opportunity to talk to you about these and any related issues in more detail should you desire.