

**MEDIA RELEASE****HCF Medical Director writes for *Health Voices*, the journal of the Consumer Health Forum**

**Sydney, 16 December 2015**, – HCF Medical Director, Dr Andrew Cottrill, has written on the need for an integrated approach to chronic disease management in Australia in the Consumer Health Forum's November, 2015 issue of *Health Voices*. The issue was focused on preventive health and Dr Cottrill contributed alongside the Minister for Health, Aged Care and Sport Sussan Ley, and world leaders in their fields such as Professor Rob Moodie and Professor Paul Zimmet among others.

The November, 2015 issue of *Health Voices* can be found at [www.chf.org.au/health-voices.php](http://www.chf.org.au/health-voices.php)

**The text of Dr Cottrill's article is below:**

Chronic disease is a significant burden on health systems and underlines the importance of preventive health measures. As a private health insurer, HCF recognises its responsibility to help keep members healthy but the road to better prevention and chronic disease management is long and needs a fundamental shift in approach.

Poor integration with primary care, lack of access to patient data, costs of delivery and funding arrangements are just some of the issues currently discouraging private health insurers from making a greater contribution to solutions. What is clear is that inaction is not an option.

The Australian Institute of Health and Welfare revealed earlier this year that half of all Australians suffer with a chronic condition and one in five are affected by multiple conditions. Most common are cardiovascular disease (CVD) and diabetes. Data shows around one million Australians were living with diagnosed diabetes in 2012 and highlights CVD as the leading cause of death across the country.

The related costs of treating these conditions are rising at an alarming rate.

Projections for healthcare expenditure for Australia in the 30 years from 2003 to 2033 estimate a rise of 436% in costs related to diabetes and 142% in costs related to cardiovascular disease.

In the private health sector, utilization of hospital benefits is also ringing alarm bells. According to our own data, around 1.6% of HCF members consume half of all HCF hospital product benefits. That means approximately 20,000 members are consuming over \$700 million in hospital benefits each year, and at least 60% of this expenditure is related to chronic disease.

The problem is daunting and amplified by an ageing population and increasingly inactive and unhealthy lifestyles. The burden will continue to grow at an accelerated rate if left unchecked.

There is an imperative for health funds to develop long term strategies and interventions to address this clear and growing issue. But there are also many challenges.

When the Federal government introduced a series of major reforms to private health insurance in 2007, it opened the door to Health Funds like HCF to begin offering programs for members to help manage, and reduce the effects of, chronic disease. This enabled HCF to play a greater role in keeping members healthy and led to the launch of its My Health Guardian Chronic Disease Management Program (CDMP) in 2009, which within 12 months of launch had enrolled 25,000 participants.

The program provides eligible HCF members with interactive web and phone-based support from qualified nurses, dieticians and exercise physiologists, to help manage their health and disease management requirements.

The Fund has conducted Australia's only large-scale study to evaluate the effectiveness of an Australian CDMP (My Health Guardian); a challenging proposition given there can be a lag of many years before unhealthy behaviours actually result in hospitalisation.

The most recent HCF study<sup>2</sup> found that over a four year period, participation resulted in significant reductions in hospital admissions (<11.4%) readmissions (-36.7%) and bed days (-17.5%) for participants with heart disease or diabetes.

The study demonstrated the significant gains made through implementation of the program, but calculating the true return on investment in financial terms is a complex task.

The HCF study focused on data available to, and measurable by, a private health insurer, but a program such as My Health Guardian can deliver benefits across the health system. These could include savings on PBS drugs, GP visits, emergency room visits, outpatient investigations and special consults, but none of these savings would be delivered to private health insurers who fund the CDMPs. The economic viability of these programs is eroded because the cost is borne by one segment of the healthcare industry but the benefits are shared across multiple segments.

The return on investment for health funds investing in CDMPs is further eroded by current Risk Equalisation arrangements.

When the government reformed private health insurance legislation in 2007, it also enabled the costs of CDMPs to be included in Risk Equalisation. However, when CDMPs are effective and reduce hospitalisations, there is an associated reduction in the amount returned to the insurer by the RE.

At current estimates, approximately 40% of the cost of My Health Guardian is covered by the Risk Equalisation pool but 47% of the savings are lost to competitors who don't invest in their own CDMPs. In a recent submission to the Parliamentary Inquiry into Chronic Disease Prevention and Management in Primary Care, HCF recommended reforms to the RE pool to ensure those Funds who do invest in CDMPs are not disadvantaged by doing so.

The effectiveness of CDMPs is also limited because health insurers may not even be aware a patient suffers from a chronic condition until they end up in hospital – meaning that the optimum time for intervention has passed. Collaboration with primary care is important to ensure that interventions are properly targeted and effectively delivered at the optimal time.

HCF currently has 12% of national market share but accounts for 50% of the private health insurance industry's investment in CDMPs. While HCF is making a significant contribution to the development of CDMPs there is an imbalance which suggests the system is failing to encourage private health insurers more broadly to invest.

We recognise the vital role of CDMPs as a preventative measure to help patients manage their conditions and avoid unnecessary hospitalisations. However, in our view, there needs to be greater collaboration within the healthcare industry to ensure early detection and intervention supported by changes to legislation and regulation to ensure that incentives are aligned.

### **About HCF**

*HCF is Australia's largest non-profit health insurer, currently covering more than 1.5 million Australians. To learn more about HCF go to [www.hcf.com.au/about-us](http://www.hcf.com.au/about-us).*