Private Healthcare Australia
Better Cover. Better Access. Better Care.

Unleashing the Potential of our Health Workforce (Scope of Practice Review)

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About Private Healthcare Australia (PHA)

Private Healthcare Australia (PHA) is the Australian private health insurance industry's peak representative body. We have 24 registered health funds throughout Australia as members and collectively represent 98% of people covered by private health insurance. PHA member funds provide healthcare benefits for 14.6 million Australians.

Introduction

Australia's dual public private health system delivers some of the best health outcomes in the world, but it faces significant challenges, including a chronic shortage of health workers, increasing demand from an ageing population, and rising costs for new technology. If we are to meet the health needs of Australians over the next 40 years, we must find more cost-effective ways of delivering healthcare.

Health funds have a vested interest in Australia having a strong health workforce that can meet the needs of their members. About 55% of Australians pay for private health insurance so they can access health care where and when they need it, and members value choosing who will care for them.

The private sector provides most of the health care delivered across Australia.[1] Last year, health funds paid for four in five private hospital admissions and contributed billions of dollars towards dental and allied health services under 'extras' policies. This includes $3.29 billion for dental care, $989 million for optical care, $459 million for physiotherapy, and $82 million for pharmaceuticals such as vaccines (see appendix one).

If health funds could pay for more services outside of hospitals, including programs though GP clinics, they would. Health funds want to help their members prevent illness and manage their health, so they avoid costly health problems and interventions in future. It's good for members and it makes actuarial sense, but legislation and regulation currently limit what health funds can cover. This places inappropriate restrictions on scope of practice for many health professionals.

The pandemic put a spotlight on the potential flexibility of our health workforce, and showed how rapidly governments could innovate and change scope of practice in a crisis. When we needed to vaccinate millions of Australians quickly, we saw pharmacy students trained to assist.[2] When hospitals were overwhelmed with emergency patients, we saw physiotherapists and occupational therapists trained to do the work of nurses and doctors to discharge patients and free up hospital beds.[3] There were many other examples from

[1] https://www.aihw.gov.au/reports/health-welfare-expenditure/health-expenditure
[2] https://www.medicalrepublic.com.au/vic-pharmacy-students-to-join-vaccine-efforts/40724
[3] https://www.abc.net.au/news/2021-10-07/covid-navigator-pilot-cuts-emergency-admission-time/100517492

around the world that demonstrated the great potential for health professionals to work smarter, not harder, to deliver more affordable, quality healthcare.

As we emerge from the pandemic and navigate a cost-of-living crisis, this review is timely. The most recent Australian Bureau of Statistics data on barriers to use of healthcare showed an increasing number of Australians are delaying or foregoing healthcare, including prescription medicines and hospital care, due to cost. We must find ways for health expenditure to go further, so more Australians get the right care, at the right time and from the right person for them.

Regulatory barriers to full scope of practice

Chronic disease management plans

PHA recommends the Commonwealth Government remove the prescriptive list in the Private Health Insurance (Health Insurance Business) Rules 2018 that prohibit nurses, nurse practitioners, and other health workers from being funded to provide services under a Chronic Disease Management Plan.

One of the objectives of this review is to 'enable harmonised reform across Commonwealth and state and territory legislation, regulation, programs and funding approaches to support health professionals to work at full scope of practice.' A key barrier to some professional groups working to their full scope of practice is regulation of Chronic Disease Management Plans (CDMPs) funded by private health insurance.

Health funds across Australia offer CDMPs to assist people living with chronic conditions including diabetes, heart disease and mental health disorders. The objective of these programs is to return our members to a productive life as fast as possible, and to reduce preventable hospitalisations.

CDMPs are governed by the *Private Health Insurance (Health Insurance Business) Rules 2018* (the Business Rules). These Rules currently prohibit health funds from providing CDMP services involving, among others, mental health peer support workers, nurses, and nurse practitioners. The defined list of health professionals listed in the Rules as eligible to provide these services is out of step with current best practice and should be removed altogether.

PHA has engaged with Mental Health Australia and Mind Australia on improving the services available to Australians with a mental health condition, and these organisations advise that a range of practitioners should be employed to provide care. Mental health peer support workers are a clear example of a profession where the evidence base has increased significantly in recent years, yet the current Rules prohibit health funds from providing support to these services.

PHA has also spoken with the Australian College of Nurse Practitioners, who highlight the role that nurse practitioners can play in supporting people with chronic disease.

Along with a developing academic literature base supporting the use of a wider range of practitioners in CDMPs for people with chronic health conditions, the Australian Government has several policy positions that support the advocated changes, including:

- The Productivity Commission Mental Health Inquiry (November 2020) which recommended the Australian Government "review the regulations that prevent private health insurers from funding community-based mental healthcare with a view to increasing the scope for private health insurers to fund programs that would prevent avoidable mental health-related hospital admissions."
- The Nurse Practitioner Workforce Plan (2023) has a goal "to remove barriers affecting the [nurse practitioner] workforce."
- The Strengthening Medicare Taskforce Report (2023) articulates a vision where "health care professionals work to their full scope of practice."

Removing the out-of-date definitions for CDMPs within the Rules would address the Commonwealth Government's goals and provide more flexibility for health funds to support chronic disease programs. This would then provide incentives for the sector to participate in more detailed discussions of specific models using the best available workforce.

Natural therapies

PHA recommends the Commonwealth Government remove the prohibition on health funds covering a range of natural therapies.

One of the objectives of this review is to 'enable harmonised reform across Commonwealth and state and territory legislation, regulation, programs and funding approaches to support health professionals to work at full scope of practice.' The second key legislative barrier to this is the list of excluded natural therapies that health funds are prohibited from providing benefits for.

From 1 April 2019, private health insurers were prohibited from covering the following natural therapies:

- Alexander technique
- aromatherapy
- Bowen therapy
- Buteyko
- Feldenkrais
- homeopathy
- iridology
- kinesiology
- naturopathy

- Pilates
- reflexology
- Rolfing
- Shiatsu
- tai chi
- Western herbalism
- yoga.

This list should be repealed, and the funding of those therapies left to the discretion of the funds.

There is no sound public policy argument for government intervention in this area. Private health insurers are capable of assessing the evidence and determining the market value of these therapies for their customers. They are also committed to the safety of their members and regularly monitor this sector for inappropriate claims.

Hundreds of thousands of Australians use the therapies subject to the review, and allowing health funds to cover some or all of these therapies (if they choose to do so) will improve community access and ensure that practitioners can increase their scope of practice.

Funding mechanisms

Key funding mechanisms in the private health space include the traditional fee for service models and very limited programmatic funding.

For hospital care which comprises around 75% of health fund expenditure, the funding mechanisms for medical care mirror the Medicare Benefits Schedule (MBS). Funds generally pay a percentage of the MBS fee, so the private system mirrors the costs and benefits of the fee for service system. Funding for hospitals is more flexible, but legislated mandatory payments per day of hospital care encourage greater length of stay, even where the hospital and a health fund have an alternative arrangement. Since funds must pay hospitals, out of hospital care (using a more range of diverse health professionals) is harder to achieve. More details of how funding mechanisms could promote more diverse care can be found in the PHA report *There's No Place Like Home – Reforming Out-of-Hospital Care* (2023).

For general treatment, other than the legislative barriers highlighted above, there are no significant funding barriers to best patient care other than culture and history.

Conclusion

Optimising Australia's health workforce is a critical part of improving access to both public and private health services. Over 14.6 million Australians are contributing towards their

health care via private health insurance. This provides them more choice about their health care and takes pressure off our stressed public system. Health funds want to provide their members with a wider range of health services to help them live a healthy, productive life. Changes to regulation and funding mechanisms to support full scope of practice should consider the impact on these people and the private services they use, and promote modern, best practice care. Changing the regulation of Chronic Disease Management Plans is a sensible first step for Government to both expand scope of practice and provide more cost-effective care to health fund members living with chronic disease.

Appendix: Common allied health services funded by private health insurance under general treatment cover in 2022-23

Common allied health services claimed under general treatment cover	Number of services claimed by PHI members in 2022-23	Total insurer benefits paid in 2022-23 ($)	% increase in services claimed compared to previous year
Dental	49.95M	$3.29B	11.6%
Optical	12.31M	$989.82M	5.1%
Physiotherapy	11.59M	$459.08M	5.2%
Chiropractic	9.17M	$308.86M	3.0%
Natural therapies	6.87M	$239.08M	17.7%
Podiatry (Chiropody)	3.03M	$126.59M	6.0%
Pharmacy (e.g. preventive vaccines - Hepatitis A/B injections, flu, travel)	2.09M	$82.38M	19.2%
Acupuncture/ Acupressure	1.37M	$41.08M	8.3%
Osteopathic	1.08M	$40.15M	6.9%
Preventative health products/ Health management programs	621,407	$32.95M	14.1%
Psych/Group Therapy	441,682	$35.53M	12.2%
Post operation aids (e.g. surgical stockings, wheelchairs, walking frame, nebuliser, asthma spacer, blood glucose monitor)	386,952	$63.27M	8.8%
Occupational therapy	282,322	$12.73M	4.4%
Ambulance	230,824	$185.18M	2.4%
Dietetics	202,297	$9.28M	5.4%
Hearing aids and audiology	88,314	$56.54M	11.7%

Source: APRA