



Unit 17G
Level 1
2 King Street
Deakin ACT 2600
T (+61) 2 6202 1000
F (+61) 2 6202 1001
E admin@ahia.org.au
www.ahia.org.au

PRESIDENT
Mr Richard Bowden
CHIEF EXECUTIVE
Hon Dr Michael Armitage

Dr Rob Moodie
Chair
National Preventative Health Taskforce
MDP 16
Department of Health and Ageing
GPO Box 9848
Canberra ACT 2601

Dear Rob,

Thank you for the opportunity for the Australian Health Insurance Association (AHIA) to contribute to the development of the Australia Government's *National Preventative Health Strategy*.

The AHIA is the peak body for the Australian Private Health Insurance Industry. The AHIA represents 23 health funds, which collectively provide health care benefits to more than 10 million Australians.

Private health funds play an important role in Australia's balanced health care system. Today, a record 11 million Australians (almost 52 per cent of the population) hold some form of hospital and/or general treatment cover.

The AHIA's Member Funds have considerable experience in the delivery of health programs to prevent illnesses and the management of chronic conditions. The view of private health funds is that prevention is a broad policy objective, inclusive of primary, secondary and tertiary care initiatives. For example, the AHIA considers secondary treatment such as the placement of a pacemaker or defibrillator as a preventative measure given that such placement is able to avoid cardiac infarct, arrhythmia and other coronary disorders.

The AHIA has calculated that private health funds in Australia spend approximately \$2 billion annually (or one-fifth of their total payment of benefits to members) on preventative measures and programs, including:

- Preventative optical treatments including cataract procedures and replacement lenses which total over \$58 million in annual benefit payments;
- Vaccinations and immunisations including Hepatitis vaccinations;



- Preventative dental procedures including Dental Prophylaxis (\$84 million), Examinations (\$80 million) and Topical Fluoride Treatment (\$24 million) amongst other preventative benefit payments;
- Colonoscopies in the detection and prevention of bowel cancer and other colon related disorders has totalled over \$500 million; and
- Investments into research - some examples are the Australian Centre for Health Research, Monash Institute of Health Research and other foundations and funds that health insurers have established as research organisations.

A summary of private fund benefit payments related to prevention by category is included in Attachment A.

Private health funds have also introduced a number of specific programs aimed at reducing harm related to tobacco use, alcohol misuse and obesity within the community, which are the focus of the Taskforce's current discussion paper. Examples of such programs and expenditure include the payment of nearly \$70 million in benefits and sponsorships for programs such as nicotine replacement therapy, responsible drinking campaigns and weight control and management.

There are also numbers of instances where private funds are engaged with industry and public sector organisations to deliver practical and preventative health activities, including partnerships with the Australian Football League and Netball Australia to promote physical activity and healthy eating within primary schools.

Since 2007, legislative change has allowed private funds, through the *Broader Health Cover* initiative, to engage in primary prevention and funds are actively seeking discussions with providers to allow such preventative programs to be offered to members. It is in the interest of each health fund to recognise such 'payment of benefits' programs, based on clinical evidence which demonstrates the promotion of improved health, and ongoing wellness and the prevention of illness.

It must be highlighted that the principle of community rating ensures the delivery of such preventative care measures and programs to the 11 million Australians with private health cover. The AHIA believes that any consideration of risk-rated products would undermine the cornerstone of private health insurance in Australia, resulting in reduced access to health care and poorer health outcomes.

In conclusion, private health funds in Australia have considerable experience in the delivery of programs and activities to prevent illnesses and to reduce the burden of chronic conditions on our health system. The AHIA is enthusiastic about opportunities where this expertise can be extended and built upon by the public system through the efforts of your Taskforce. I would be delighted to continue the Association's involvement in your deliberations as I believe the Taskforce has a very significant



opportunity to apply private funds' involvement in managing chronic and preventable illnesses more broadly to improve outcomes for all health consumers in Australia.

In our balanced health system, interaction between the public and private sector is vital in ensuring access to quality health services. Private health funds are enthusiastic about exploring positive partnerships with others in the sector to collectively maximise health outcomes for all Australians.

Please feel free to contact me on 02 6202 1000 for any further information.

Yours sincerely,

A handwritten signature in black ink, reading 'Michael Armitage', is positioned below the text 'Yours sincerely,'.

HON DR MICHAEL ARMITAGE
CHIEF EXECUTIVE OFFICER

2 March 2009



Attachment A

Summary of total private fund benefit payments related to prevention in 2008 by category

Category of preventative activity	Funding
Product design and offering	\$13.5 million
Population health programs	\$1 million
Other product design and offerings with preventative health outcomes	\$5.5 million
General treatment benefits	\$106 million
Preventative Dental	\$261 million
General and major dental	\$572 million
Other general treatment benefits with preventative health outcomes	\$1.6 million
Medical, surgical and rehabilitation benefits	\$1,032 million
Communications	\$3 million
Partnerships	\$1.8 million
Research and development	\$25.7 million
Pilot Programs	\$1.2 million