



Complementary Medicines Australia

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Introduction

Complementary Medicines Australia (CMA) welcomes the opportunity to contribute to the review of the *Report to the Senate on Private Health Insurance*. CMA is the peak industry body representing the entire supply chain across the complementary healthcare industry. CMA is unique in that it represents all stakeholder groups within the complementary healthcare industry; members include importers/exporters, manufacturers, raw material suppliers, wholesalers/distributors, retailers, practitioners, consultants, educators, direct/multi-level marketers and consumers.

Natural therapy modalities are a key part of our industry, and as such CMA is invested in ensuring the private health insurance sector meets the expectations of consumers and our members. Natural therapy modalities assist in the management of pain as well as the prevention of various injuries. An ideal insurance sector respects the intelligence of consumers, the ability of patients to be active participants in the management of their health, and in recognising which treatments work for them individually. CMA's contribution to this review will primarily centre on natural therapies and the challenges consumers face when assessing coverage.

Background

In 2015, CMA developed a natural therapies index to rank the inclusion by insurance companies of 27 natural therapies, such as yoga, Western herbal medicine and naturopathy. The index evaluated each firm on their scope of offerings, the annual cap, as well as the size of rebate per visit. The creation of this index was a relevant case study in the assessment of both consumer and competition trends heading into 2017.

The challenges faced by CMA in assessing insurance companies can be reduced into three broader points. The first is the ambiguous use of modality terminology such as "massage", "herbalism" as well as "diet and nutrition". The second issue identified is the complex level of bundling, obscuring any meaningful comparison between firms to take place. This includes modality annual caps, decreasing consecutive rebates exceptions as well as assuming a natural therapy add-on product is purchased with the standard package. The final barrier identified for consumers to identify value and spur competition is the obscure nature of the product statement pdf on their webpages.

Ambiguous Terminology

Product statements, as well as webpages, tend to ambiguously reference modalities such as "massage", "herbalism" as well as "diet and nutrition". For example, the word "massage" and "massage therapy" when referring to remedial massage. There are several types of massage therapy, as demonstrated in the table below. Potential customers may mistake the

use of “massage” and “massage therapy” for the umbrella term used to describe all possible therapies. Companies claiming they include herbalism in their packages typically only cover Chinese traditional medicines, excluding the Western modality. The final example of ambiguous terminology is the referencing of “diet and nutrition” to represent dieticians. Consumers may assume that nutrition suggests the services of a nutritionist, a natural therapies practitioner.

TABLE OF MODALITIES

Quoted Modality	Available Therapy Treatments
Massage Therapy	Deep Tissue
	Lymphatic Drainage
	Myofascial Release
	Myotherapy
	Remedial
	Shiatsu
	Sports Therapy
	Swedish
	Thai
Herbalism	Therapeutic
	Chinese
Diet and Nutrition	Western
	Dietician
	Nutritionist

Recommendation:

- 1) Require companies to reference the modalities by the full modality name as outlined above.

Bundling

The use of bundling in the insurance sector appears to be a technique used to hide the true value of the product. Not all natural therapies are treated the same within the health insurance sector. An extras package may have various sub-limits, cap growth and rebate amounts between the natural therapies offered. Finding the average annual cap amount per therapy as well as the average rebate amount per therapy for each extras package allows a comparison to be made between products. A consumer, without making these

adjustments and without unpacking the bundle into individual modalities, would have great difficulty in comparing a company's offer against its competitors.

Another issue in comparing two competitors is the differing conventions used in quoting the rebate return. Some firms will quote nominal dollar amounts, percentage returns, and even sometimes a combination of the two. A consumer would therefore need to know the average cost per treatment for a modality in order to compare a dollar return to a percentage return.

A number of companies offer natural therapies cover as a booster or add on option to an extras package. In some cases the "natural therapies" bolt-on product is sold separately and is ambiguously included on the product pages for extras packages. Confusion about the exact offering of a product arises when large sections of a policy are bundled together. Combined with bolt-on packages, consumers can easily be misled as to what exactly is included in their plan.

Recommendations

- 2) Rebates and caps should either all be quoted individually or under a single collective term such as "natural therapies", or "extras".
- 3) The information provided on product pages should NOT assume the consumer purchases an "add-on" or additional premium service.
- 4) That all rebate levels be quoted in \$ dollars back instead of % percentage.
- 5) Should be required to provide an average standardised annual claimable cap accounting for annual cap growth.

Difficulty locating product statement PDFs

Comparing and collecting information on policies online in order to construct the index was an excessively cumbersome process. This is due to the varying ease at which one could find the product statement pdf on a product's webpage. I found that these pages typically made finding the product summary pdf document very difficult, requiring the use of the sitemap or search feature. Packages that were good value and generous in terms of natural therapies tended to have very easy to use product web pages, with the product summary pdf easily seen and downloadable.

Recommendation

- 6) Require that the hyperlink to the product statement document be clearly identifiable when first opening the webpage concerning insurance products.
- 7) Establish a panel or committee to continually strengthen the standards on product statement pdfs

Benefits from recommendations

The recommendations presented above, if implemented, would help achieve the strategic visions of the ACCC and Australian Senate. All seven recommendations above address the core issue of policy transparency. A further standardisation of the information provided to consumers would increase the relative importance of cost-effectiveness as opposed to others factors such as convenience or branding.

As insurance companies compete to provide the highest value policy as cheaply as possible, premiums will fall to better reflect capital costs and event risk. Once premiums approach their fair value level, one would expect firms in the industry to differentiate themselves through a greater scope of offerings. Not all medicines work for everyone. This insight is the cornerstone of integrative medicine, that not all individuals can be treated as a homogenous group. A greater scope of offerings allows individuals greater odds of finding a treatment that will work for them..

Increasing the scope, cost effectiveness and comparability of policies ultimately alters the value proposition of private health insurance. Younger, or more risk tolerant individuals may choose to purchase private health insurance as their individual expected benefits now outweigh the costs.

The Productivity Commission published the research paper *Efficiency in Health* in April 2015 to outline a number of options for efficiency gains that could be delivered without changing the existing framework and funding structures of the health system. A key finding was that Australia needs to invest more in preventive health to reduce the burden on disease and to achieve better value from limited health resources.¹

As the quality of life is improved in patients, their productivity at work is expected to increase, typically as a direct result of less absenteeism. Economic benefits can also be seen in the lower demand for public health services, easing the government's public health burden stemming from an aging population and rising medical costs.

Finally, an improvement in the level of competition and transparency in the insurance sector will help to improve the public perception of the financial service industry.

Conclusion:

In conclusion, CMA believes that the level of transparency in health insurance policies can be improved for the benefit of consumers. Consumers are increasingly choosing to utilise natural therapies as a way to improve their quality of life. The insurance industry currently lacks the standards for reporting required for consumers to effectively rank the value propositions of multiple competitors. This ultimately undermines competition, and

¹ Productivity Commission. (2015). Efficiency in Health. Accessed from <http://www.pc.gov.au/research/completed/efficiency-health/efficiency-health.pdf>

decreases the ability of consumers to ensure they have a clear understanding of what they are purchasing.