



Position Statement

SPECIALIST FEES AND PERFORMANCE TRANSPARENCY - POTENTIAL FOR IMPROVEMENT

January 2019

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Introduction

This position statement has been developed by the Consumers Health Forum of Australia (CHF) and the Centre for Health Policy, the University of Melbourne. It has been informed by the discussions at a Specialist Fee and Performance Transparency Roundtable held at the University of Melbourne on the 12 June 2018 and other consultation such as CHF's [Out of Pocket Pain](#) survey.

This roundtable was facilitated by Dr Norman Swan and focused on how to reduce the adverse impact of out-of-pocket (OOP) costs and how to use the 'patient journey' to ensure that all Australians have access to high quality health care when they need it and at an appropriate cost. It brought together a wide range of stakeholders including consumers, clinicians, participants from professional associations and colleges, academic researchers, private health insurers and health service providers, both public and private.

The focus of the roundtable and the position statement is on part of the problem, namely specialist fees and performance. This is not to ignore the other elements that contribute to the full cost of treatment however it was felt this was one set of pressing problems that needed to be addressed based on consumer experience.

There was a robust and wide-ranging discussion at the roundtable with a diversity of opinions and no consensus on explicit recommendations for the way forward. It is clear there is no simple solution to, what all participants agreed, is a complex and multifactorial problem. A report of the roundtable has been shared with all participants. CHF and the University of Melbourne decided it was important to capture some of the ideas canvassed into the current public debate around OOP costs and affordability of healthcare in this position statement.

This event was hosted by the Consumers Health Forum (CHF) and the Centre for Health Policy, University of Melbourne with support from the Medibank Better Health Foundation.

Summary

"Australia has one of the best health systems in the world, but the problems caused by rising out-of-pocket costs threaten to undermine the benefits it provides."

Australia's health system has many strengths, but growing problems associated with OOP costs and a lack of transparency around quality and performance of specialists are having an adverse impact on large numbers of consumers and undermining the overall performance of the health system.

The specific problems caused by OOPt costs and lack of transparency include:

- Barriers to accessing care experienced by consumers at all income levels but more frequently by those on low incomes and those with chronic conditions;
- A wide variation of fees and OOP costs across craft groups and geographical areas;
- Higher costs faced by people treated in the community compared with people

accessing the same service in a hospital setting, creating incentives to shift care into the hospital system;

- Disincentives to use private health care and take out private health insurance;
- Geographic workforce mal-distribution due to a number of factors including the gap between fees charged in the city compared to the country; and
- Government decisions to freeze Medicare rebates.

Addressing the issues caused by OOP costs and poor fee transparency requires a systemic, consumer-focused approach which considers the cumulative burden of relatively small OOP costs over time, particularly for chronic diseases, as well as the impact of less frequent but very high cost items. Solutions must also consider the indirect and hidden costs associated with illness and disability, such as the cost of travel to access care, and the financial context in which people experience illness and disability, which often includes reduced incomes. They must also involve a combination of strategies and a collaborative approach by all stakeholders including governments, clinicians, private hospitals, private health insurance funds and consumers.

Areas for possible policy attention and practical action

Drawing on the discussion at the roundtable and other work there are six areas where further reform could have a positive impact on OOP costs. These are; bundled payments; increased fee transparency; a focus on quality; strengthening the role of private health insurance/private hospitals; improving informed financial consent; and establishing an effective complaint mechanism. These are discussed in more detail below.

1. Bundled payments

'Bundling' refers to combining multiple health care services into a single payment. This would not necessarily reduce OOP costs but would increase fee transparency and help consumers plan for and have more certainty around healthcare expenses.

Advantages

Bundling is particularly effective for episodic care and predictable courses of treatment where the services are well-defined and predictable.

A key feature of bundled payments is that there is a capped payment, regardless of the length and volume of the service provided. This means that the provider carries the risk of unexpected costs, rather than the patient.

There are existing precedents for bundling payments in the health sector, such as public sector contracting of private hospitals for a specified number of surgical procedures. Activity-based (ABF) and Casemix funding systems are other examples of current funding arrangements involving bundling.

Challenges

Bundling requires a single fundholder who coordinates the payments on behalf of the providers, negotiates with consumers and bears the risk. It is not clear who the fundholders would be in many episodes of health care, particularly those involving treatment by multiple providers in different settings.

Bundling is less effective in paying for ongoing treatment for chronic conditions and unpredictable conditions.

Bundling is less well known among health professionals who provide ambulatory care than it is in the hospital setting.

There is a lack of data on all the OOP costs associated with episodes of care for many conditions, which makes it difficult to set accurate prices.

It is clear that some stakeholder groups are very opposed to bundling on the basis that it might lead to managed care.

First steps

Rather than a shift to bundled payments given the myriad of issues that would require working through, a first step could be to develop and trial a 'single quote' policy for treatment in private hospitals, regardless of the number of providers involved in each episode of care. This would promote fee transparency and informed consent and could be an essential building block for the development of a bundled payment system in the future.

2. Increased Fee Transparency

Increased fee transparency and price disclosure would raise consumer awareness of OOP costs and support people to make more informed decisions about their healthcare. This could occur via a website (or similar resource) which lists the fees charged by doctors.

Advantages

Accurate and accessible information about fees is vital for consumers to make informed decisions about their healthcare.

Increased fee transparency may increase competition between providers and therefore reduce fees.

Increased fee transparency could result in a reduction in 'egregious' fees charged by a small number of providers, due to peer pressure and/or consumers choosing to access lower cost providers.

Challenges

Increased fee transparency on its own may not have a significant impact on OOP costs.

Some doctors may 'game' a fee disclosure website, for example, by artificially discounting the fees listed on the website to attract consumers and then recouping this amount through increasing unlisted fees.

There is potential for data on fees to be used by providers to be used as a collusive device, resulting in higher prices overall.

The current practice of some doctors of charging non-MBS 'booking' or 'administrative' fees may increase as a way of avoiding listing all charges on the fee disclosure website.

Information on fees without context does not help consumers understand what a 'reasonable' cost is for each service or how fees relate to quality.

First steps

To make the data currently being collected by the Government on doctors' fees public via a website. If consumers find that useful and it does not result in significant adverse effects, then this can be expanded to include additional data on fees supplied by providers.

3. A Focus on Quality

"Where is quality in the debate on out-of-pocket costs?"

There is little evidence to support a relationship between cost and quality of care in the Australian health system. Despite considerable work from the Royal Australasian College of Surgeons to make it clear that high fees do not necessarily guarantee quality of treatment, care or outcomes, consumers falsely assume that higher cost services are higher quality than lower priced alternatives. This highlights the need for more transparency around quality measures as well as addressing fee variation.

Performance-based funding systems are one strategy to support increased quality and appropriateness of care and therefore improve the overall efficiency of the health system. These could include 'bundled' and capitation-based payment systems which reward the value of the care provided rather than the volume.

Advantages

A performance-based funding system would improve the transparency of OOP costs and lead to a more efficient system of health funding overall.

A different payment system for health care (in particular primary health care) would overcome some of the barriers to addressing OOP costs within the current fee-for-service system.

Primary Health Networks are ideally placed to support quality within the primary health care sector by providing GPs with information on the fees charged by specialists in their area in order to support them in referring consumers to a provider who will meet their needs.

In other countries, including the USA and UK, performance-based payment systems have been successful in driving changes in providers' behaviour in a short period of time.

Challenges

GPs are very time-poor, due to the current payment system which only funds face-to-face care. This restricts the capacity for GPs to undertake a number of activities that support quality care, such as delegating care, providing advice over the phone, by teleconsulting and/or coordinating care with one or more other providers.

There is the potential for performance-based payments to create perverse incentives for doctors to avoid high risk and complex patients.

Key medical groups, such as the Australian Medical Association and the Royal Australian College of General Practitioners (RACGP) have previously opposed measures to link doctor payments to performance.

First steps

To establish the specific technology and data collection processes and quality measurement mechanisms required for a performance-based funding system.

To develop and trial models for performance-based payments in different areas of the health system.

4. Strengthening the role of private health insurance funds and private hospitals

"We are starting to see the beginning of a real shake to the foundations of private health care in Australia."

Private health insurance (PHI) funds and private hospitals both have an important role to play in increasing fee transparency and reducing the adverse impact of OOP costs.

Advantages

Existing 'Known Gap' and 'No Gap' policies provide a model of how to improve fee transparency and address OOP costs more broadly across the private sector.

Changes to current restrictions on PHI to enable funds to cover services outside of the hospital setting could benefit consumers by reducing their OOP costs and keeping them out of hospital.

Challenges

PHI and private hospitals do not have a role in relation to services not covered by PHI or provided outside hospitals, such as GP services.

There are some problems with 'No/Known Gap' policies, for example, they can create a 'floor price' which artificially inflates fees.

Private hospitals may not want to act as fundholders as this would require negotiating payments with clinicians which could challenge their relationship with doctors.

First Steps

Depending on the circumstance, the surgeon, private hospitals and/or PHI funds should start by providing a consolidated bill to consumers for each episode of care. This would support increased fee transparency and support consumers to manage their health care costs.

5. Improving Informed Financial Consent

"There is a fundamental disconnect between what providers think constitutes informed financial consent and what consumers experience."

Informed financial consent is a consumer right and is fundamental to addressing the problems associated with OOP costs. Improving informed financial consent should be the responsibility of the health profession as a whole. However, the role of GPs is important in supporting patient financial literacy as they are the common referral point for most specialist and many allied health services.

Advantages

Improved informed financial consent strengthens the ability of consumers to make informed choices about their health care options.

There are existing resources which could be used to promote informed financial consent such as the [‘5 Questions’](#) model developed by Choosing Wisely Australia.

Challenges

There is no clear definition of informed financial consent and there can be differences between consumer and provider understanding of what constitutes genuine informed financial consent.

GPs are already overworked, and general practice overall is underfunded. Additional support and funding for GPs would be required to take on more responsibility for informed financial consent.

GPs often do not have access to accurate information on the performance or fees of specialists and allied health providers in their area.

The RACGP has previously stated that it did not support a role for GPs in discussing cost with their patients, beyond informing them that there may be OOP costs associated with the recommended specialist treatment.

First steps

To increase support for GPs to engage consumers in informed decision making in further consultation with the RACGP and others.

To provide GPs with risk rated data on specialist practices, including how many procedures of a specific type they perform each year, their outcomes, complication rates and fees charged.

To support the work already underway by some stakeholders such as the Cancer Council to develop a nationally consistent guide or standard for informed financial consent and to develop consumer education on informed financial consent issues, such as the ‘portability’ of specialist referrals.

To agree on legally enforceable sanctions for the failure to obtain informed financial consent.

Clarify legislative issues relating to informed financial consent, specifically in relation to unexpected events and unconscious patients.

6. Establishing an effective complaints mechanism

“Most consumers don’t know what a reasonable fee is for a service they might use only once in their life or who to complain to if they think they are being over-charged.”

An accessible and consumer-friendly complaints mechanism for inappropriate fees and billing practices would address the current difficulties experienced by consumers, providers, medical colleges and PHI funds wanting to act against doctors who charge inappropriate fees.

The key features of this body would be:

- Representation from all specialist colleges and consumers;
- Legislative 'teeth', including the ability to impose flexible sanctions, such as the loss of MBS entitlements;
- Easy for consumers to find and use, for example, a website with an embedded complaints form;
- Able to obtain input and data from PHI funds;
- Legal protection for those involved;
- Oversight from the Commonwealth Government, either via a body such as the Australian Health Practitioner Regulation Agency or through a dedicated Ombudsman; and
- National jurisdiction, as otherwise medical practitioners can avoid sanctions by moving states.

Advantages

An independent complaints body could help address inappropriately high fees and instances of poor informed financial consent. It could also investigate claims of other related behaviours such as:

- the charging of additional 'administrative' or 'booking' fees on top of fees for the provision of health care. These fees are not subsidised by either MBS or PHI;
- providers referring patients to financial institutions for loans to finance their health care or advising them to access their superannuation to meet the costs of care; and
- the provision of non-clinically appropriate high cost procedures, such as some elective cosmetic surgery.

Challenges

There is no clear definition of "reasonableness" that could be used by a complaints body to determine whether a specific fee was acceptable.

First steps

The development of an agreed definition for '*egregious fees*', such as '*unreasonably excessive as judged by peers*'.

Conclusion

The issues canvassed at the roundtable and captured here are very important to the sustainability of the Australian health system. Debate around these issues must continue and focus on practical solutions that will engage consumers fully in co-creating those solutions that will make a real difference to patients and the community. In many ways Australia has a very good system, but cracks are occurring and these need to be addressed. CHF and the University of Melbourne are hopeful that the debate on OOP costs will broaden to look at system-wide changes that are needed to make a long-term impact on the affordability of health care.