

Bupa Future Survey Series

March 2017



The future of private health insurance:
Why insurers need to play a leading role
in the innovation and transformation of
Australia's health and care system



The Bupa Future Survey Series examines current public opinion about the state of the health and care system in Australia with the aim of using the insights to make real improvements in the areas the community deems most important.

Contents

The future series is a regular survey, each looking at how Australians view a different aspect of the health and care system in Australia at that point in time and how they would like to see it evolve in the future.

As the largest privately-owned health insurance provider in Australia, supporting more than 4.7 million customers, Bupa has an important role in shaping the future of health and care across the country.

With this research, we aim to better understand the priorities of consumers and allow them to help inform the path forward.

The first of the surveys looks at innovation and transformation in health and care in Australia and the role of private health insurers from the perspective of the consumer.

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Executive summary

The first survey in the Bupa future series examines ways in which private health insurers and other institutions are expected to transform the health and care system in Australia.

A total of 1535 people from a representative cross-section of the Australian community took part in the survey.

Respondents answered a range of questions that focused on the key areas of innovation: cost, efficiency, technology, education and information.

The key findings are:

- Consumers clearly rank cost as the biggest innovation challenge facing the health and care system in Australia. Finding ways to help reduce the cost of health and care to the nation is seen as the biggest priority looking forward.
- The emphasis on cost as an innovation driver becomes less acute among respondents aged 55 and above. In this demographic, efficiency becomes increasingly important.
- Greater access to information as an overall issue is deemed least important for the transformation of the health and care sector when compared to the other drivers. However, on a granular level, consumers place high importance on specific initiatives that provide more transparency around private health insurance and better access to information about treatment options.
- The responsibility for innovation and transformation in the health and

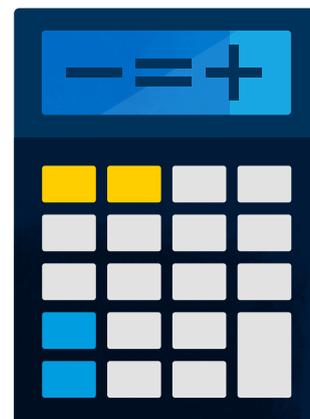
care sector is spread widely across stakeholders. Private health insurers and both Federal and State Governments are expected to play the biggest roles in innovation to transform health and care in Australia.

- Private health insurers are also expected to work with GPs, specialists and patients to ensure transparency of information to enable patients to make more informed decisions about their insurance, treatments and methods of prevention.
- Consumers are less interested in technology initiatives except for the possibility of making health records available electronically.
- Improving quality of life is seen as the main priority for a majority of consumers and they do not want this compromised by issues of cost.

Overall, the survey points to a wide-ranging allocation of responsibility when it comes to the innovation and transformation agenda in health and care. The challenge this survey presents to the sector and private health insurers in particular is how are we going to achieve greater collaboration to meet the expectations of a public more concerned with improved quality of life than with what this may cost.

Infographic snapshot

The future of private health insurance: Why insurers need to play a leading role in the innovation and transformation of Australia's health and care system



Top drivers of innovation in the health and care sector



Cost



Efficiency



Technology

Role of private health insurers

29%

say insurers are responsible for tackling cost innovations



24%

say insurers are responsible for providing better information



59%

say improving quality of life is most important

Innovation for patients

62%

want to know in advance about out-of-pocket expenses



52%

want transparency around coverage



50%

want coordinated care from doctors and specialists



Introduction

In order to create a strong and sustainable health and care system for all Australians, innovation is required from the community, government, insurers, and health and care providers alike.

This survey was conducted with the aim of better understanding community perception around the roles of organisations and individuals in transforming the health and care system.

The research also examines ways in which private health insurers can evolve and innovate to meet the health and wellbeing needs and desires of the Australian community now and into the future.

It aims to both identify information gaps as well as highlight the community's expectations when it comes to innovation and transformation in health and care.

The results show why innovation and transformation is such a challenge in the health and care sector in general and specifically to the role private health insurers need to play.

Methodology

The Bupa Future Survey Series engaged a nationally representative sample of 1535 respondents from across all Australian States and Territories. This survey was conducted online from 20-24 February 2017. A full list of questions can be found at the end of this report.

Drivers for a strong healthcare system

The survey questions were framed around five important areas of innovation that contribute to creating a strong health and care system.

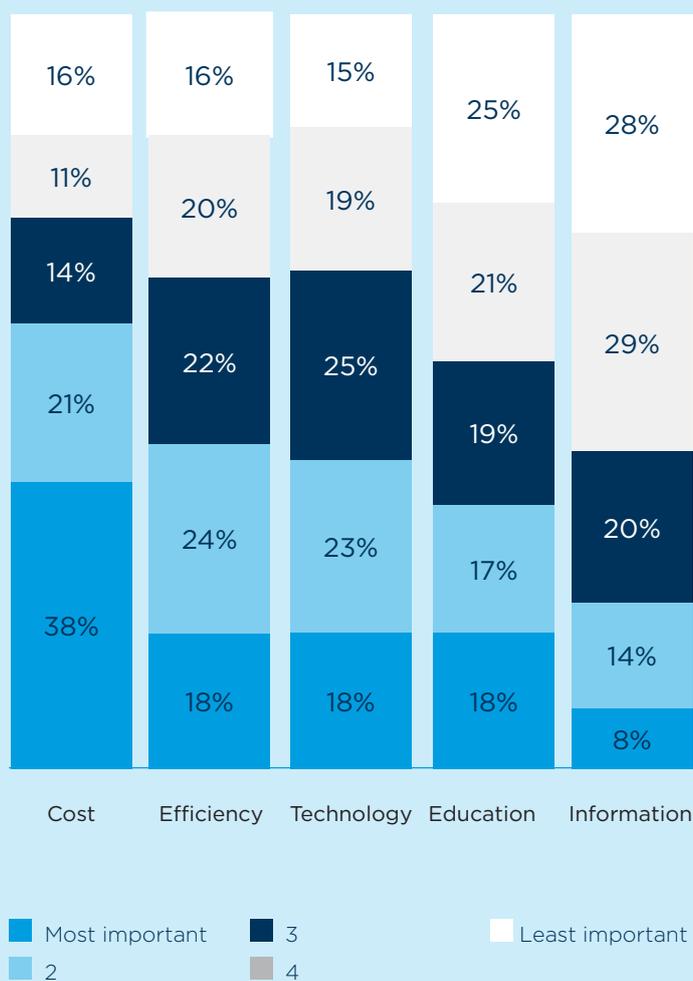
- **Cost:** Reducing the direct costs of health and care to the nation.
- **Efficiency:** Making the system more efficient with fewer mistakes.
- **Technology:** Advances in medical treatment technologies.
- **Education:** A focus on programs to promote good health and prevention.
- **Information:** Actions to allow patients to make better informed choices.

Based on these drivers, respondents were asked five key questions:

1. What will be the most important drivers for creating a strong health and care system?
2. Who will have the most important role to play in delivering a strong health and care system in Australia?
3. How much impact will the drivers have on creating a sustainable private health insurance system in Australia?
4. Which specific innovation initiatives will be the most important to the future of health and care services?
5. What is the trade-off between the outcomes from innovation in terms of quality of life, life expectancy and cost?

Tackling cost should be the main driver of innovation

Most important drivers of innovation



In the first part of the survey, we asked respondents what the most important driver of innovation would be for creating a strong health and care system in Australia well into the future.

Respondents were asked to rank from most to least important these five areas:

Cost: Reducing the direct costs of health and care to the nation.

Efficiency: Making the system more efficient with fewer mistakes.

Technology: Advances in medical treatment technologies.

Education: A focus on programs to promote good health and prevention.

Information: Actions to allow patients to make better informed choices.

Cost emerges as the most important driver overall with two out of five people ranking it the number one issue and 59% ranking it either first or second.

Greater access to information is ranked the least important.

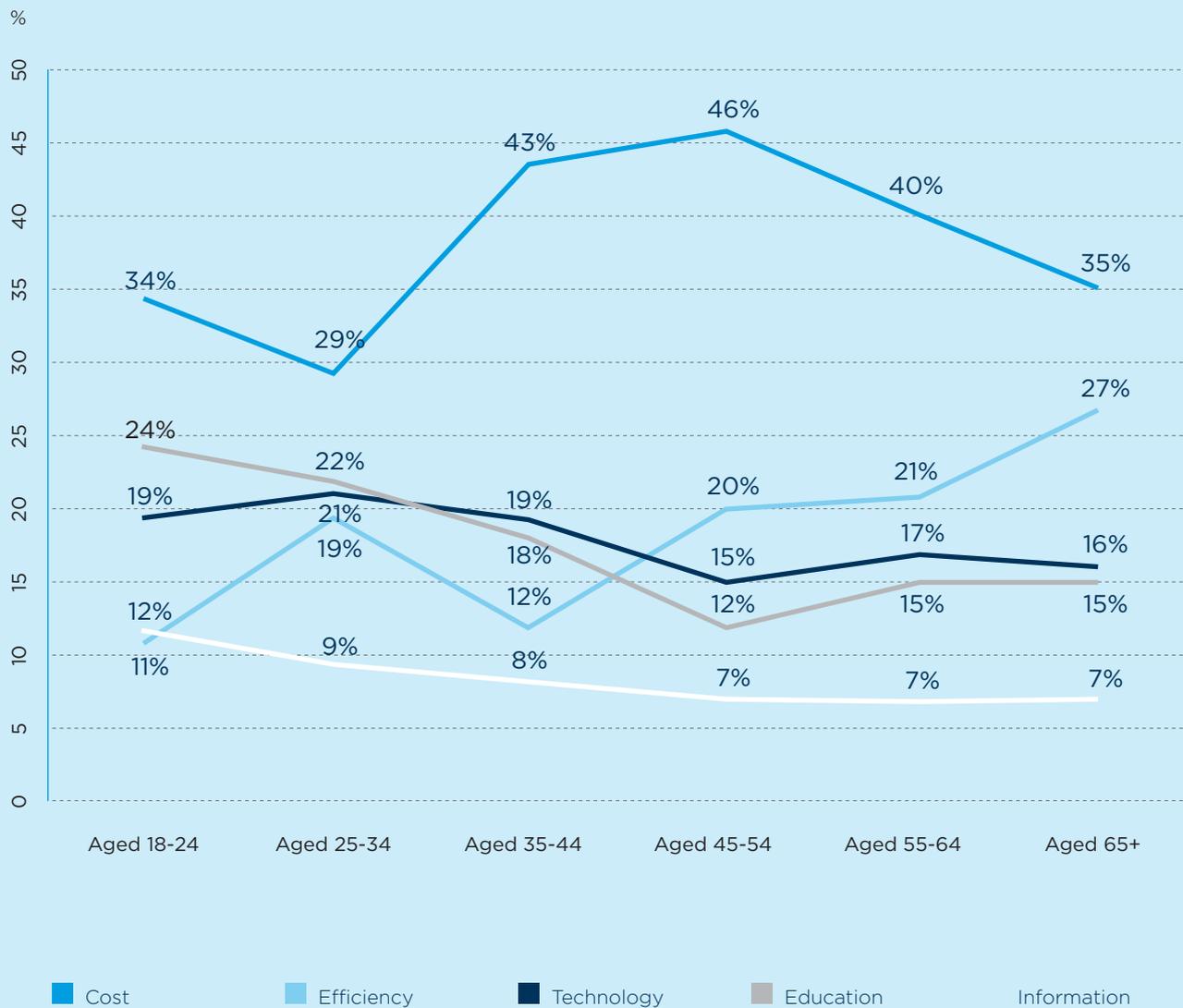
Tackling cost should be the main driver of innovation

The emphasis on certain areas is influenced by the respondent's age.

We see an increase in the importance of cost-related innovation for consumers aged up to 54, then it declines.

The role of efficiency in the health and care system increases with age from 35 onwards, while the other innovation drivers generally decline in importance with age.

Most important drivers to create a strong health and care system, by age



Cost innovation is a role shared by insurers and government

In terms of who has the most important role to play when it comes to transforming the health and care system in Australia, we see a distribution of perceived responsibility.

Of respondents, 29% believe private health insurers have the most important role to play in addressing issues of cost in the future. They are also expected to help increase transparency in the health and care sector by creating greater access to information for patients (24%).

The responsibility of Federal and State Governments is fairly evenly split along all innovation drivers with the exception of providing

information to allow patients to make informed choices. Federal Government follows closely behind insurers in terms of the important role it is expected to play in addressing cost (27%).

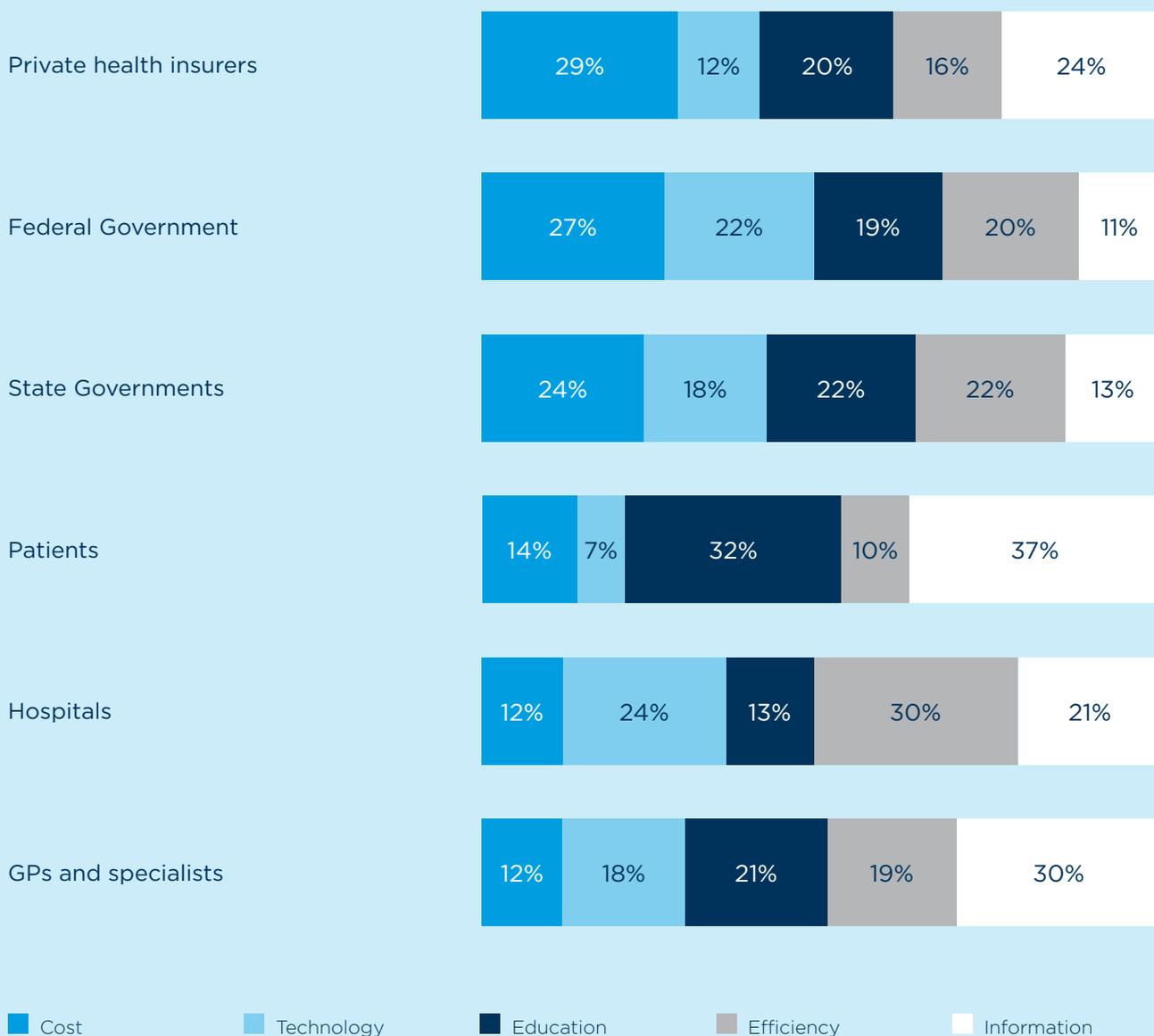
Patients are seen to have a responsibility for becoming educated and informed around the services available to them.

Hospitals need to focus on efficiency and technology-based innovation, while GPs and specialists have a responsibility to inform patients about their health and care choices. Overall, the responsibility for innovation and transformation in health and care is allocated widely by consumers.



Cost innovation is a role shared by insurers and government

Breakdown of responsibility for transforming the health and care system



Cost and technology innovation vital drivers for insurers

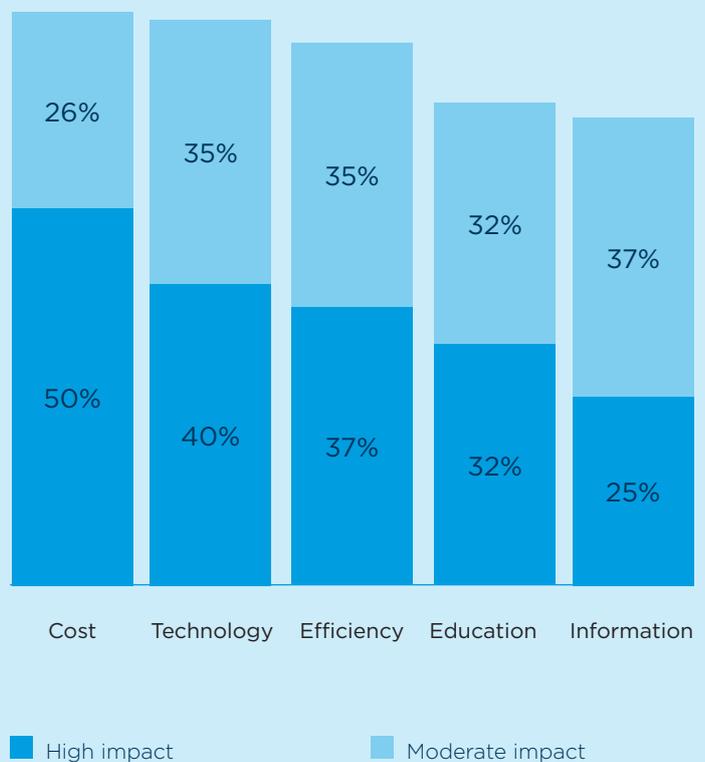
In the next section of the survey, we looked at the future of private health insurance specifically and the role that innovation may play.

We asked respondents which areas will have the biggest impact on the sustainability of private health insurance in Australia now and well into the future.

We see again that cost is seen as the biggest challenge for private health insurers (50%).

Innovation in the area of information ranks the lowest (25%), despite the expectation of insurers to play a significant role in increasing transparency (see previous section).

Challenges for private health insurance, by area of innovation



Innovations around transparency rise to the top

Having explored the general drivers of innovation that will contribute to a strong health and care system, we delved deeper by asking respondents to rank 22 specific initiatives that fall into each of the five innovation areas.

Surprisingly, information-related initiatives emerge towards the top of the list and relate specifically to the desire for transparency around expenses, coverage and treatment options.

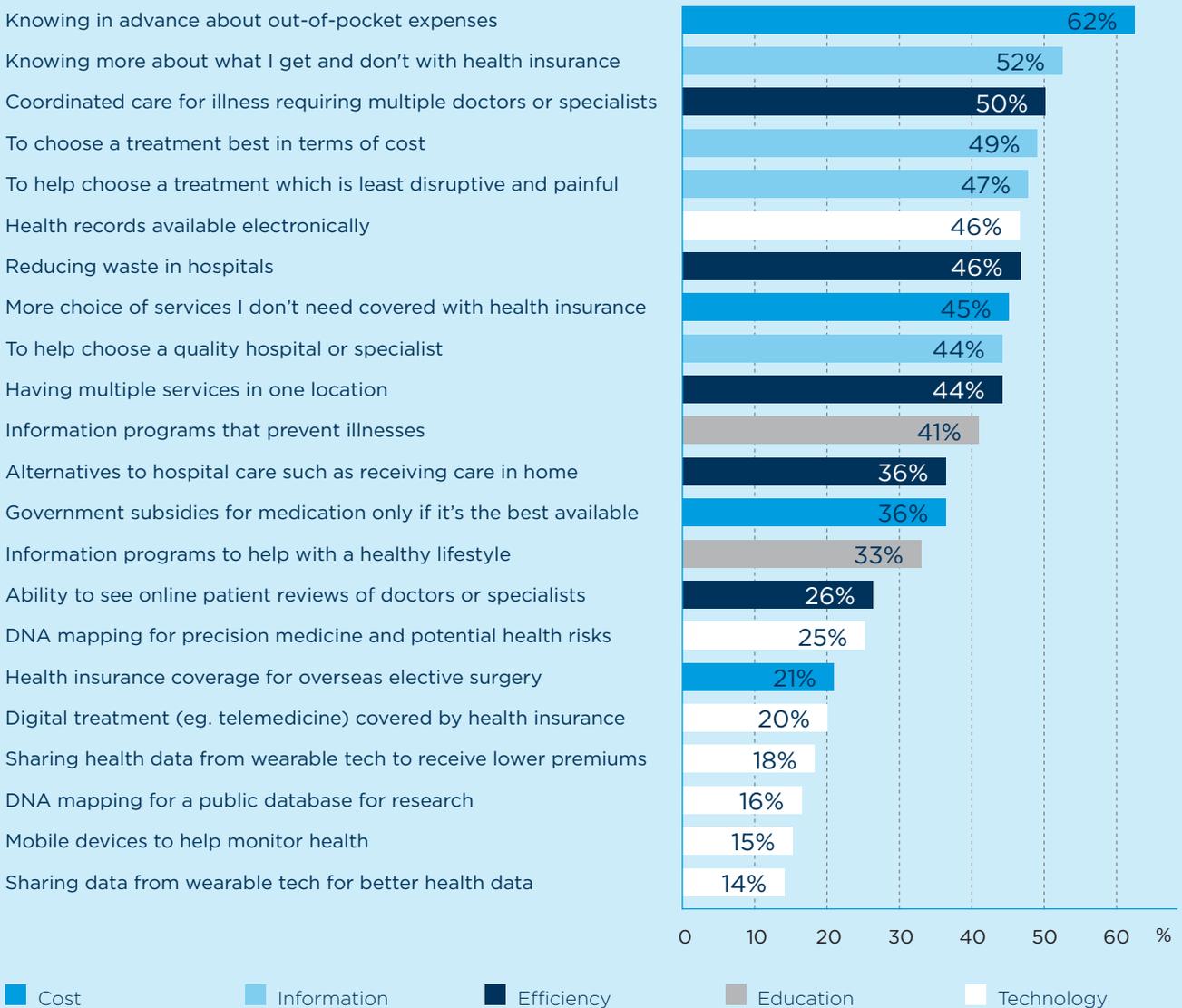
The importance of cost-related initiatives are spread across the tested initiatives despite cost being ranked as the most important driver of innovation.

Technology-based initiatives are rated towards the lower end of the 22 initiatives tested, with the exception of making electronic health records available for doctors and specialists.



Innovations around transparency rise to the top

Priority of initiatives to transform the health and care system



Data shown for 'very important' on a five-point scale to 'not important at all'

Innovations around transparency rise to the top

Innovation initiatives vs generic drivers: differences in perceived importance of innovation areas once specific initiatives are described

- Average importance rating of **described initiatives**, p12
- Respondents ranking of the importance of the **generic driver** of innovation

Information: Actions to allow patients to make better informed choices (4 initiatives)



Education: A focus on programs to promote good health and prevention (2 initiatives)



Technology: Advances in medical and treatment technologies (7 initiatives)



Efficiency: Making the system more efficient with fewer mistakes (5 initiatives)



Cost: Reducing the direct costs of health and care to the nation (4 initiatives)



When we look at the difference between the generic areas of innovation compared to specific initiatives, some important discrepancies in respondent views emerge.

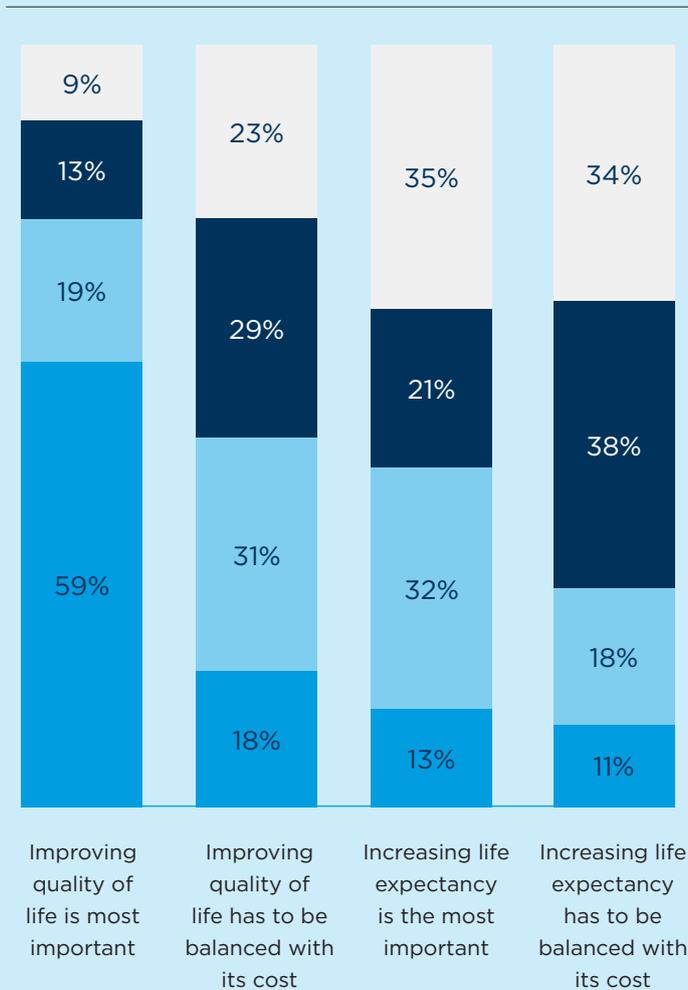
Of interest is the decline in cost as being top of mind and the emergence of information-related initiatives. The drop in the importance of technology innovation is also notable.

The cost-related initiatives, once presented to respondents, do not resonate as strongly, even though they see it as a vital issue for the future.

It is the opposite for information-related initiatives to help patients make more informed decisions. Once presented, these initiatives rank as much more important than the generic information innovation driver.

Quality of life comes before cost

Health goals balanced with cost



■ Reflects my views the most 3
■ 2 ■ 3
■ Reflects my views the least

In the final part of the survey, we looked at the trade-off between increasing life expectancy or improving quality of life and the cost of reaching these two goals.

Respondents clearly identify improving quality of life as the most important goal (59%).

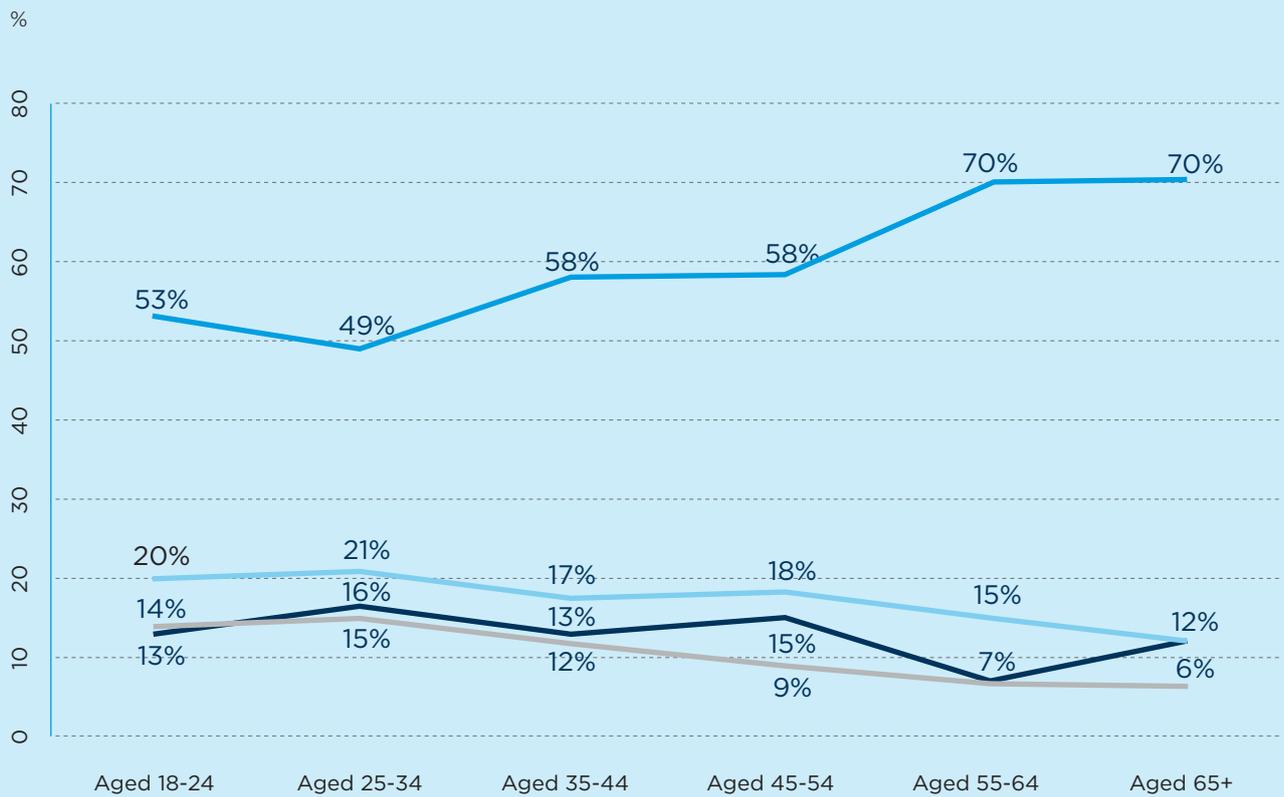
Similarly, nearly three-quarters of respondents say balancing increased life expectancy with its cost does not reflect their views.

While cost-led innovation is identified as most important to the future of the health and care system, respondents do not want to see the cost of such innovation compromise their quality of life or life expectancy.

This view differs slightly among age groups. Quality of life ranks highly overall and increases with age. The other categories range below 20% as 'reflecting my views' and generally decline with age.

Quality of life comes before cost

Health goals balanced with cost, by age



- Improving quality of life is most important
- Improving quality of life has to be balanced with its cost
- Increasing life expectancy is the most important
- Increasing life expectancy has to be balanced with its cost

What have we learnt?

The first survey in the Bupa future series provides three key insights to help guide the institutions responsible for innovation and transformation in the health and care system. Private health insurers have a clear and equal role to play.

The results reveal the challenge faced by the health and care sector in general and specifically by private health insurers in balancing the priorities of consumers and communicating developments to the Australian public.

The first key insight from the survey is the importance respondents place on addressing the cost of health and care on the nation. Reducing costs is seen as essential to transforming the health and care sector.

The second insight is the high responsibility consumers place on private health insurers to help lead this transformation.

Private health insurers are expected to play the biggest role, followed closely by governments, in helping to tackle innovation around costs.

Outside of cost, the survey points to a wide-ranging allocation of responsibility when it comes to innovation and transformation in health and care.

When it comes to specific innovation initiatives, several of those tested sit primarily with private health insurers. For example, innovations to better inform consumers about out-of-pocket expenses in advance and improving access to information

for patients, so they can make more informed decisions. This relates to insurers' ability to improve transparency around expenses, coverage and treatment options.

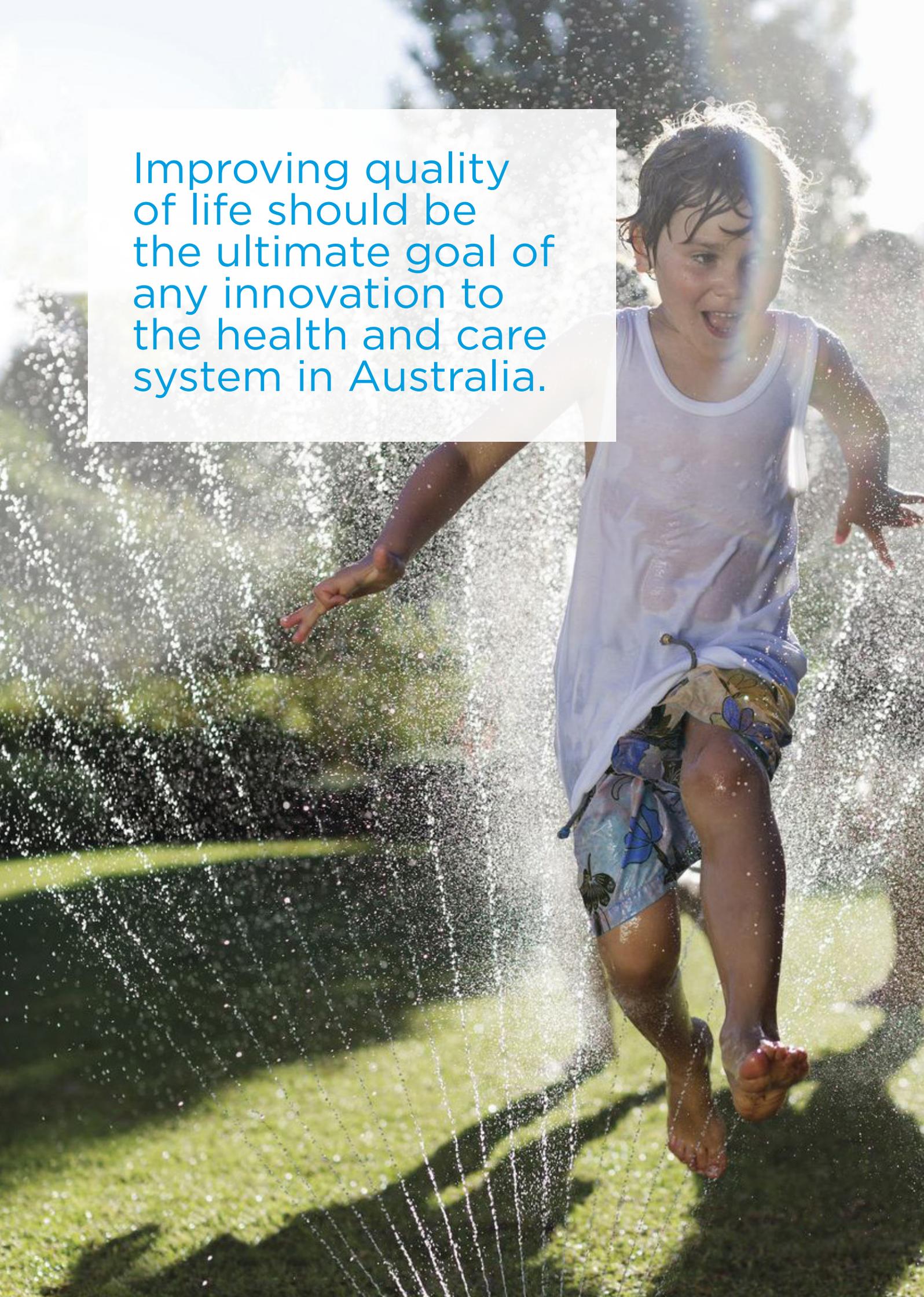
Consumers recognise that they are also responsible for educating themselves, but see GPs, specialists and private health insurers as the most important sources of information.

A focus on initiatives that provide consumers with greater access to easy and comprehensive information will result in progress across a number of innovation areas.

The final insight is the clear view of the majority of consumers that improving their quality of life should be the ultimate goal of any innovation to the health and care system in Australia. This goal, as well as that of increasing life expectancy, should guide any initiatives. Challengingly, the role of cost in all this remains of secondary importance to consumers.

Overall, and in the mind of consumers, improvements in health and care rest in strengthening innovation between private health insurers, government, health and care providers, and ultimately patients. The message is clear; we all have a role to play. It's how we collaborate that is the major challenge.

Improving quality of life should be the ultimate goal of any innovation to the health and care system in Australia.



Questionnaire

The future of private health insurance: Why insurers need to play a leading role in the innovation and transformation of Australia's health and care system

1. What is going to be most important when it comes to creating a strong health and care system in Australia well into the future?

Rank from most important (1) to least important (5)

- Reducing the direct costs of health and care to the nation
- Advances in medical and treatment technologies
- A focus on programs to promote good health and prevention
- Making the system more efficient with fewer mistakes
- Actions to allow patients to make better informed choices

2. How much impact do you consider the following activities will have on creating a strong and sustainable Private Health Insurance system in Australia well into the future?

Scale: high impact, moderate impact, slight impact, low impact, no impact at all

- Reducing the direct costs of health and care to the nation

- Advances in medical and treatment technologies
- A focus on programs to promote good health and prevention
- Making the system more efficient with fewer mistakes
- Actions to allow patients to make better informed choices

3. Who has the most important role to play in delivering a strong health and care system for Australia well into the future? (Select up to 3)

Selections: Federal Government, State Governments, Hospitals, Private health insurers, GPs and specialists, Patients

- Reducing the direct costs of health and care to the nation
- Advances in medical and treatment technologies
- A focus on programs to promote good health and prevention
- Making the system more efficient with fewer mistakes
- Actions to allow patients to make better informed choices

4. Below is a list of potential areas of innovation in the delivery of health services. How important do you rate each initiative to the future of health and care services?

Scale: very important, moderately important, slightly important, low importance, not important at all

- Having greater choice in what illnesses and services I don't need covered through private health insurance
- Having the government subsidise medication only if it's the best available
- Knowing in advance what out of pocket expenses I will incur
- Private health insurance coverage for elective surgery performed overseas
- Having my health records available electronically so any doctor or specialist I visit can access them
- Mobile devices to help me monitor my health
- Having private health insurance cover digital treatment options such as telemedicine and remote health monitoring
- Sharing my health data from wearable technology to create better population health data
- Sharing my health data from wearable technology to receive lower health insurance premiums
- Mapping my DNA to receive precision medicine or identify potential health risks
- Mapping my DNA to create a public database for research purposes
- Information to help choose a quality hospital or specialist
- Information to choose a treatment which is best for me in terms of cost
- Information to help choose a treatment which is least disruptive and painful
- Knowing more about what I get and don't get with private health insurance
- Information programs to help with a healthy lifestyle
- Information programs which prevent illnesses
- Coordinated care for illnesses which require multiple doctors or specialists
- Having multiple services in one location
- Alternatives to hospital care such as receiving care in your home
- Reducing waste in hospitals
- Ability to see online patient reviews of doctors or specialists

5. Rank the following statements from 1 to 4.

1: Reflects my views the most; 4: Reflects my views the least

- When it comes to health and care, increasing life expectancy is the most important
- When it comes to health and care, increasing the quality of life is the most important
- When it comes to health and care, increasing life expectancy has to be balanced with its cost to the nation
- When it comes to health and care, improving the quality has to be balanced with cost to the nation

