



**Carers Australia response to the Australian Government
Department of Health – *Consultation paper: private health
insurance reforms – second wave***

8 February 2021

ABOUT CARERS AUSTRALIA

Carers Australia is the national peak body representing the diversity of the 2.65 million Australians who provide unpaid care and support to family members and friends with a:

- disability
- chronic condition
- mental illness or disorder
- drug or alcohol problem
- terminal illness
- or who are frail aged

Our vision is an Australia that values and supports the contribution that carers make both to the people they care for and to the community as a whole.

We believe all carers, regardless of their cultural and linguistic differences, age, disability, religion, socioeconomic status, gender identification and geographical location should have the same rights, choices and opportunities as other Australians. They should be able to enjoy optimum health, social and economic wellbeing and participate in family, social and community life, employment and education.

This includes carers:

- Who have their own care needs
- Who are in multiple care relationships
- Who have employment and/or education commitments
- Aged under 25 years (young carers)
- Aged over 65 years, including 'grandparent carers'
- From culturally and linguistically diverse backgrounds
- Who identify as Aboriginal and Torres Strait Islander
- Who identify as lesbian, gay, bisexual, transgender, intersex (LGBTI+)
- Who are living in rural and remote Australia, and
- That are no longer in a caring role (former carers).

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Introduction

This response is made to the Department of Health's *Consultation paper: private health insurance reforms – second wave* (Consultation Paper) and follows Carers Australia's involvement in various other consultation mechanisms during this 'second wave'. Carers Australia welcomes the opportunity for continued engagement with the Department on reforms to Private Health Insurance (PHI) and looks forward to further detail in relation to the issues and questions raised by stakeholders.

Response

Definition of child, dependents and partners

The Department has stated it is not pursuing any changes to current definitions of child, dependents or partners as part of these reform proposals. In the absence of a strong policy rationale Carers Australia encourages the Department and government to consider opportunities to clarify and modernise language under the *Private Health Insurance Act 2007* (PHI Act) and associated documentation, and we draw attention to the following:

- The description of the term child as meaning “a son or daughter of any age” (p. 8 of the consultation paper) is exclusive of gender diverse children and adults.
 - A broader term inclusive of non-binary gender identities should be used.
 - This definition is not in alignment with the glossary¹ provided by the Australian Government Commonwealth Ombudsman where for the purpose of PHI they state ‘A *dependent child is an unmarried person under the age of 18 years*’ and a young adult dependent as being ‘*people aged between 18 to 24 on their parents’ policies*’
- Per part one, ‘a dependent child requires a person does not have a partner’ in the context of a person without a disability
 - raising the age of dependents to up to 31 years will increase the likelihood that young adults covered by the policy will have a ‘partner’ of some description, noting ‘partner’ is not defined under the PHI Act.
- Per part two, ‘the dependent with a disability may have a partner’ and they will be referred to as an ‘adult dependent’ even though they are the same age as a child dependent i.e., ≤31 years
- Any person ≤31 years of age, with or without a disability should be able to have a partner who is not covered by the dependent’s family policy

As such, Carers Australia **recommends**:

1. The term ‘child’ needs to be reviewed
2. The terms ‘partner’ and ‘adult dependent’ need to be clarified
3. Further information provided to stakeholders on the reasons for the definitions, the impacts, and the pros and cons
4. An explanation of the policy rationale for allowing a person with disability to have a partner and still be covered by the family policy, but not a person ≤31 years of age without a disability.

Definition of disability

Carers Australia agrees that the definition of disability, and in turn eligibility for coverage should be standardised for all private health insurers, however the policy intent needs to be further considered and clearer and we draw attention to the following:

- Regardless of the definition used, the level of evidence required should also be standardised for all private health insurers, as the level of evidence could impose additional costs on families.
 - What evidence would the family and person with disability be required to provide in order to be eligible for coverage under a family policy?

¹ Australian Government Commonwealth Ombudsman ‘Private Health Insurance Glossary’ [accessed 05/02/21]
<https://www.privatehealth.gov.au/footer/glossary.htm>

- Is the intention to make use of data or assessments already held by government agencies (e.g. people in receipt of the disability support pension, or with a NDIS plan)?
- In relation to the definition used for the National Disability Insurance Scheme (NDIS), this would be a much smaller number than if using other definitions and may be further complicated by the proposed reforms to NDIS access and eligibility currently being considered by the NDIA and government.
 - Is the intention to simply make use of the definition, or to limit eligibility for PHI coverage to those actually eligible and approved for the NDIS?
 - Would this exclude those who may be eligible for the NDIS but who choose not to access supports through the NDIS?
- The alternative definition of disability given and used by the ABS is broader and would capture a larger pool of people with disability. As noted above, further thought needs to be given to the evidence insurers will require, and how this may impact families and people with disability.
 - Note the definition² provided in the Consultation Paper for the ABS is different from that provided by the ABS for the purpose of the most recent Survey of Disability, Ageing and Carers (SDAC) in 2018, which is “a person has a disability if they report they have a limitation, restriction or impairment, which has lasted, or is likely to last, for at least six months and restricts everyday activities³”
- There are other definitions and identifications of disability used for different purposes, as discussed by the Australian Institute for Health and Welfare, where it is also noted “some data collections, such as on hospital admissions, do not identify disability at all”⁴
 - How will the definition impact on data collection and ability to link data to better understand trends and experiences of people with disability across the health, disability and social services systems?

As such, Carers Australia **recommends**:

5. Further information is provided on the implications of adopting proposed definitions, including equity of access, evidence required and impact on other services e.g. NDIS access requests

Consultation 1 – Part One: Increase the maximum allowable age for dependents in PHI from 24 years to 31 years

Carers Australia supports the general policy proposal to increase the maximum allowable aged for dependents from 24 years to 31 years. Option 3 (creating a new category of dependent child and two new insured groups) is preferred to offer the most flexibility for insurers and families in terms of tiered products and differential pricing, however we note that this increases complexity.

As such, Carers Australia **recommends**:

6. Changes including rationale and implications need to be clearly explained to parents, families and adult dependents
7. Data on products, pricing and uptake should be collected and published in order to evaluate the impact of the changes.

Consultation 1 – Part Two: Remove the age limit for dependents with a disability

Carers Australia supports the general policy proposal to remove the age limit for dependents with a disability. Option 2 (creating a new category of adult dependent which is limited to people with a disability and who are over 17 years old, with two new insured groups) is preferred to offer the most flexibility for

² The Consultation Paper states the ABS definition of disability as ‘The person is unable to do, or always needs help with any of the core activities of mobility, self-care and communication’ (p.11) from SDAC 2015 reference

³ See ABS, ‘Definitions’ in Disability, Ageing and Carers, Australia: Summary of Findings [accessed 5 February 2021]

<https://www.abs.gov.au/statistics/health/disability/disability-ageing-and-carers-australia-summary-findings/latest-release>

⁴ See AIHW, ‘Defining disability’ in People with disability in Australia [accessed 2 February 2021] <https://www.aihw.gov.au/reports/disability/people-with-disability-in-australia/contents/about-this-report/defining-disability>

insurers and families and would allow for better data about rates of uptake and pricing of products. However, we draw attention to the following:

- The Consultation Paper acknowledges “the adult dependent option allows insurers to charge a different premium price” (p.11)
 - The impact of changes should be part of the actuarial studies of incentives announced in the 2020-21 Budget⁵, where the Budget papers state “*People with a disability will be provided with the flexibility to access more affordable private health insurance without age limits as they can be covered under a family policy at no or low cost – rather than purchase a standalone policy*”.⁶
 - Will having a disability equate to higher premiums than for other families with dependents of the same age but without a disability?
- It is unclear if families and people with disability will be required to disclose their disability to potential insurers, which is impacted on by the definition chosen and evidence required
 - Will the specific disability restrict specific products offering coverage?
 - How does this relate to the Australian Human Rights Commission guidance for providers of insurance and superannuation under the *Disability Discrimination Act*?⁷
- As raised by stakeholders in the consultation on Friday 29 January 2021 attended by Carers Australia, coverage for a dependent with disability under a family policy will end on the parent or parents’ death and the family policy lapses.
 - What other options could be considered for dependents with disability for continued coverage under family policies of other family members where the possibility exists (e.g., a sibling’s family policy)?

As such, Carers Australia **recommends**:

8. Further information needs to be provided on disclosure of a disability and evidence requirements, including how this may impact on premiums
9. Any changes including rationale and implications need to be clearly explained to parents, families and adult dependents
10. Data on products, pricing and uptake should be collected and published as part of the actuarial studies of incentives in order to evaluate the impact of the changes, including whether the changes do actually improve value for families and carers and people with disability.

Consultation 2 - Expanding home and community based rehabilitation care (Development of a rehabilitation plan that includes out of hospital care)

Carers Australia supports the policy principle to improve the process for identifying the most appropriate rehabilitation arrangements for a patient, including the most appropriate setting for those services, and encouraging insurers and providers to consider an expanded range of models of care that are cost-effective and specifically designed for their patients.

The Consultation Paper notes (p.15):

- That a rehabilitation plan would take into account the services the patient needs, the medical circumstances of the patient and other factors in determining the need for rehabilitation, and the best location for those services.
 - This should also include living circumstances, carer needs and broader social determinants that may impact on a person’s rehabilitation

⁵ Australian Government Department of Health Budget 2020-21 factsheet, ‘Private Health Insurance – actuarial studies of incentives’ [accessed 2 February 2021]

<<https://www.health.gov.au/sites/default/files/documents/2020/10/budget-2020-21-private-health-insurance-actuarial-studies-of-incentives.pdf>>

⁶ Australian Government Department of Health Budget 2020-21 factsheet, ‘Private Health Insurance – increasing the age of dependents’ [accessed 2 February 2021]

<<https://www.health.gov.au/sites/default/files/documents/2020/10/budget-2020-21-private-health-insurance-increasing-the-age-of-dependents.pdf>>

⁷ Australian Human Rights Commission, *Guidelines for providers of insurance and superannuation under the Disability Discrimination Act 2016*, [accessed 2 February 2021]

< <https://humanrights.gov.au/our-work/disability-rights/guidelines-providers-insurance-and-superannuation-under-disability>>

- The amount and duration of aftercare following an operation may vary between patients for the same operation, as well as between different operations. However, aftercare is different to rehabilitation.

Carers Australia **recommends:**

11. Consideration is given in the development of any guidelines into the needs of underserved populations, including the needs of the carer and broader social determinants that may impact on a person's rehabilitation
12. Clear information on differences between aftercare and rehabilitation and what to expect is required for consumers

Consultation 3 - Out of hospital mental health services

Carers Australia supports the policy principle for increased flexibility to fund benefits for preventative mental health initiatives, increased access and choice of mental health benefits, more appropriate and more targeted care. We also acknowledge the reference to younger consumers, noting there are 235,000 young carers aged up to 25 years in Australia

- Part One: Benefits payable for preventative mental health treatments to all patients – ‘Insurers could decide their own rules for offering these products, which may include: offering preventative services to all consumers; or offering preventative services to consumers who are identified as meeting a set of criteria’
 - It is widely understood that providing care to family members or friends often comes at personal cost. It can be a rewarding yet demanding and socially isolating experience, where carers have among the lowest levels of wellbeing of any group of Australians, where preventative mental health support and services are essential to carers.
- Greater support for non-face to face services such as teleconsultations, remote monitoring or clinical advice provided from a specialist or mentor to the patient's provider
 - An increased reliance on technology for medical appointments and therapies must include consideration to the costs associated with acquiring and setting up various IT equipment, maintaining an adequate internet connection and levels of data within the home, or a private space within a home
 - For a variety of reasons, non-face to face standards are not suitable for many people, for example, cultural norms, level of comfort, disabilities that may affect communication
 - Accessibility also needs to be considered, for example, availability of translators, and hearing or vision impairment.

Carers Australia **recommends:**

13. The preventative mental health needs of carers are considered in any criteria/eligibility determination
14. The digital literacy, infrastructure and access needs must to be considered for provision of non-face to face services to ensure equity and appropriateness of access