People with Disabilities WA

individual & systemic advocacy

**Submission**

**Inquiry into the value and affordability of private health insurance and out of pocket medical costs**

People with Disabilities (WA) Inc. (PWdWA) would like to thank the Standing Committee on Community Affairs References Committee the opportunity to provide information to the inquiry into the value and affordability of private health insurance and out of pocket medical costs.

PWdWA is the peak disability consumer organisation representing the rights, needs and equity of all Western Australians with disabilities via individual and systemic advocacy.

PWdWA is run BY and FOR people with disabilities and, as such, strives to be the voice for all people with disabilities in Western Australia.

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### People with disabilities WA (PWdWA)

Since 1981 PWdWA has been the peak disability consumer organisation representing the rights, needs, and equity of all Western Australians with a physical, intellectual, neurological, psychosocial, or sensory disability via individual and systemic advocacy. We provide access to information, and independent individual and systemic advocacy with a focus on those who are most vulnerable.

PWdWA is run by and for people with disabilities and aims to empower the voices of all people with disabilities in Western Australia.

**Introduction**

The following information provides a snapshot of some of the issues that people with disability have in relation to the value and affordability of private health insurance and out of pocket medical expenses. The submission is a synopsis of survey of PWdWA’s members all of whom have a disability or are a family member or carer of someone with a disability.75% of responses were from people with disability with 25% from family members and carers.

The survey focused on two areas of the terms of reference which have the greatest impact on people with disability, that is the take up of private healthcare and out of pocket expenses.

Respondents were asked whether private health care made a difference to their overall health. Less than half (43%) indicated it did, 34% said it did not and 23% were unsure.

According to the survey, the benefits of private health care include:

* Shorter waiting times
* Greater choice and greater control
* Access to specialists of choice
* Better access to ancillary services (dental, therapists)

The overwhelming disadvantages are out of pocket expenses and cover not allowing for extra appointments and specialist referrals.

For people with disability the perceived benefits outweighed the costs given the issues that they had with accessing services in the public system. Accessing health services that are essential for managing the health-related issues of many disabilities is a priority for people.

**The effect of co-payments and medical gaps on financial and health outcomes**

A major concern from respondents is the expense of out of pocket expenses in private healthcare, particularly where procedures are required more often than is covered.

‘*Existing provider unable to or unwilling to provide suitably qualified speech therapist to support our son’s communications needs so forced to use private speechie. $800 annual limit on speech therapy services used up and still have 6 months left needing services. Health insurer only pays $40 for each subsequent visit so major out of pocket expenses which son cannot afford so family meet which causes financial stress in family.*’

Respondents have also indicated that they are afraid to cancel their policy despite it being an extreme financial burden on their budget in case it is required in the future.

Respondents have said that extra benefits in their private health cover only covers treatments such as dentistry and optical which are often unrelated to their disability. Where it is related to their disability they have to pay for extra cover, for example only paying for the frames and not the lenses in optical cover.

70% of respondents indicated they were out of pocket because of their disability mainly because the number of appointments required is far greater than those allocated on their policy. Respondents indicated in certain cases because of the specialism required a premium rate is charged which in turn creates an out of pocket expense.

*‘I haven't had any problems as such with Medibank but find them extremely expensive for what they offer & the out of pocket expenses are huge even though I'm on a disability pension & have a health care card. I'm also in hospital a lot due to my disability & have to pay $200.00 each time which I think is ridiculous.’*

**The take up rates of private health insurance, including as they relate to the medicare levy surcharge and lifetime health cover loading.**

84% of respondents to our survey have private healthcare and 16% do not. The main reasons people do not have private health care is affordability due to low incomes. A number of respondents currently have private health care on their parents’ scheme, once they turn twenty-five, they will be unable to continue because of affordability. Some respondents may cancel their health care in the future due to the cost outweighing the benefits. One respondent was refused private health care.

60% of respondents who have private health care indicate that the level of cover they have does not support their needs.

‘*these days it just really gives a bit of discount on some ancillary health things.’*

*‘some things are covered and some things are not. I can’t afford to have all my needs covered.’*

*‘I would rather have health insurance that is good value and meets my needs.’*

**Any other related matter.**

Respondents were asked if there are elements of their healthcare insurance not covered because of their disability. The majority of respondents said they weren’t aware of any discrimination due to their disability however some respondents have not disclosed their disability. Respondents have indicated that for pre-existing conditions there is a one year wait period before respondents are covered.

Respondents were asked how fair and equitable the current system of public and private health care is for people with disability. Over 60% of respondents said it was not fair. The main reasons for this inequality includes the expense of private health insurance for people with disability, many of whom are on low incomes. Private health care does not cover all needs ‘ *very expensive and doesn’t cover everything i.e. can be out of pocket if you need a procedure* *repeated in the time covered –only covers some tests once every two years.’*

Respondents commented on the current push by public hospitals for people to have private health insurance and that people feel they are being pushed to the private sector to cover the gap in the public system. If a specialist knows that a person has private health insurance they may allocate them to the private system rather than the public system which will then leave the person with an out of pocket expense. This is not a fair system when this happens to a person with a disability with health insurance who is already in a low income. At least half of the respondents who had private health insurance were also people who were either on a pension or low income and essentially were trying to access services that they couldn’t get through the public system in a timely manner or services that could provide prevention.

A couple of people talked about how they would use the public system for hospital stays but the private system for therapy services. It is unclear at this point in time whether everyone who is currently using therapy services under private health insurance with a disability would then be eligible for those therapy services under NDIS. The preventative measures that can be gained at a cheaper cost with private health insurance were seen as something that should be available to all people with disability regardless of whether they have private health insurance or not. Again this is in the tricky area of whether it is health-related or disability related and so may not be covered by the NDIS.

**Conclusion**

The results of our survey show strongly that people with disability are at a distinct disadvantage firstly to access private health cover, and then with out of pocket expenses. Many people are under financial pressure to maintain private health care and do not receive much benefit from having such policies. Respondents often forgo hospital cover and use the public system when this need arises. Out of pocket expenses are a huge issue for people with disability, many people need ongoing treatment which is only partially covered on their policies or need specialist referrals where the cost greatly exceeds the cover that is provided.

People have expressed the need for treatments provided under the public system to be better promoted. Treatments under the chronic disease management plan and mental health plan can be accessed through a GP referral which provides medicare rebates. There is a huge disparity in the level of rebate available depending on the nature of the service required. There are also issues in how many specialists or therapists you can see through an advanced health care plan per year, and if you require more than one multiple times then there is massive out-of-pocket expense incurred without something to assist. The inequality in accessibility depending on the type of disability is also evident, such that a person seeking support for a spinal injury within the public system is almost immediate, whereas a person requiring support for autism for example is lengthy with waitlists in excess of twelve months.

Our members support the need to better resource and promote services under the public system to reduce wait times so the necessity to secure private health care is not essential to provide better access, choice, and control. The public system should be able to provide dental services for people on low incomes as well as preventative services such as physiotherapy and other therapies. While there continues to be a huge disparity between the public system and the perceived extras provided by the private sector and private health insurance system, people with disabilities who absolutely need the services will pay extra and potentially be in financial stress to ensure that their health needs are met.