

Private Health Insurance and Out-of-Pocket Medical Costs

Senate Inquiry Submission – July 2017

The Australian Federation of AIDS Organisations (AFAO) and National Association of People with HIV Australia (NAPWHA) welcome the opportunity to provide a submission to the Senate Inquiry into the *Value and Affordability of Private Health Insurance and Out-of-Pocket Medical Costs*.

Our submission addresses the following terms of reference:

- b) the effect of co-payments and medical gaps on financial and health outcomes;
- c) private health insurance product design including product exclusions and benefit levels, including rebate consistency and public disclosure requirements; and
- k) any other related matter

Key Recommendations

AFAO and NAPWHA make the following recommendations to this enquiry:

- that any potential barriers to private health insurance coverage of HIV self-testing devices be identified and removed, subject to an HIV self-test being registered on the ARTG;
- that the co-payment for HIV treatment be based on the treatment of the medical condition rather than the quantity of medications prescribed; and
- that people with HIV who are not eligible for Medicare be provided access to HIV treatment at a cost consistent with that which is available through the Pharmaceutical Benefits Scheme (PBS), in the interests of public health.

AFAO and NAPWHA

AFAO is the peak national organisation for Australia's community HIV response. We are recognised nationally and globally for the leadership, policy expertise, coordination and support we provide. Through advocacy, policy and health promotion, we champion awareness, understanding and proactivity around HIV prevention, education, support and research. AFAO provides a voice for communities affected by HIV and leads the national conversation on HIV. AFAO is particularly concerned to ensure communities affected by HIV are able to gain access to important medicines and medical devices as soon as possible, while simultaneously ensuring their safety and effectiveness.

The National Association of People with HIV Australia (NAPWHA) is Australia's peak organisation representing people living with HIV. NAPWHA's members comprise state and territory organisations of people living with HIV. Our focus is on policy and program advocacy to help ensure that Australia attains the highest standards in HIV prevention, treatment, care and research.

AFAO and NAPWHA promote the meaningful involvement, visibility and centrality of people living with HIV in all aspects of Australia's HIV response.

HIV in Australia

Australia's seventh *National HIV Strategy* sets a target of virtual elimination of HIV transmission in Australia by 2020. HIV treatment has a critical role in supporting Australia to achieve this target. Treatment enables an

individual to live a healthy life, if taken as prescribed. Long-term treatment also has the benefit of reducing an individual's viral load to undetectable levels, which prevents onward transmission of HIV.^{1,2} This is known as treatment as prevention.

Knowing one's HIV status is also critical. This knowledge empowers individuals to make informed decisions to improve their health and wellbeing and reduce the likelihood of HIV transmission. Central to knowing one's HIV status is testing.

To achieve the goals of the *National HIV Strategy*, barriers to treatment need to be identified and addressed. Similarly, with testing, emerging technology that enables individuals to test more frequently and more easily needs to be approved and made available to key populations.

ISSUES

Coverage for HIV self-testing devices

HIV self-testing is identified in the *National HIV Strategy* as a tool that can simplify the testing process and address access and acceptability issues such as cost, time and convenience. Australian research shows that HIV self-testing resulted in a two-fold increase in frequency of testing in gay and bisexual men at high risk of infection, and a nearly four times increase in non-recent testers.³ Currently, no HIV self-testing device is registered on the ARTG.

Framework for coverage by private health insurance

The remit of private health insurance coverage was expanded in 2007 with the introduction of provisions that define general treatment as including goods and services that are "intended to manage or prevent disease, injury or condition."⁴ The Private Health Insurance Industry Ombudsman has stated that these provisions "cover a wide variety of clinically appropriate alternatives to hospital treatment. This can include treatment provided in your own home or in community healthcare clinics (known as hospital substitute treatment), as well as programs to manage or prevent chronic disease."⁵

The provisions include programs that assist patients to better manage chronic and complex conditions. These programs are known as chronic disease management programs (CDMPs). CDMPs assist patients with chronic diseases to better manage their condition, reduce their risk factors and/or delay disease progression.⁶

There does not appear to be a regulatory barrier under the *Private Health Insurance Act 2007* preventing providers from covering HIV self-tests, however there is no expressed recognition of this technology either. HIV self-testing is a new form of technology that supports increases in HIV testing rates among individuals at

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- ¹ Rodger A. *Association between sexual activity without condoms and risk of HIV transmission in sero-different couples when the HIV-positive partner is using suppressive antiretroviral therapy: the PARTNER study*. 21st International AIDS Conference, Durban, abstract TUAC0206, 2016.
 - ² Opposites Attract: FACTSHEET Results of the Opposites Attract Final Analysis presented at the International AIDS Society Conference on HIV Science, July 2017.
 - ³ Jamil, M.S., et. al. Effect of availability of HIV self-testing on HIV testing frequency in gay and bisexual men at high risk of infection (FORTH): a waiting-list randomised controlled trial, The Kirby Institute, UNSW Sydney, Sydney, NSW, Australia, February 2017.
 - ⁴ *Private Health Insurance Act 2007* (Cth), s121-10.
 - ⁵ Private Health Insurance Ombudsman: <http://www.privatehealth.gov.au/healthinsurance/whatiscovered/broaderhealthcover.htm>
 - ⁶ Biggs, A., Parliamentary Library, Chronic disease management: the role of private health insurance, Research Paper, 2013–14, October 2013.

high-risk of HIV. To address the burden of chronic and complex conditions in Australia private health insurance coverage should cover technologies that are critical to both communicable and non-communicable diseases.

Recommendation

That any potential barriers to private health insurance coverage of HIV self-testing devices be identified and removed, subject to an HIV self-test being registered on the ARTG.

Out-of-pocket expenses for HIV medications

Each time a medication is dispensed, there is a co-payment – currently \$38.80 at the general rate, and \$6.30 at the concessional rate. In addition to the costs of HIV medication, many people with HIV pay additional co-payments for treatments associated with other HIV-related medical conditions, for example, the control of lipids, diabetes and depression. Research shows that these cumulative costs cause financial stress, and result in some people forgoing treatment, leading to lower medication adherence.⁷ The outcomes of this are poorer individual health outcomes and increased onward transmissions, as a result of viral rebound.

Cumulative costs of accessing HIV treatments

People with HIV take between two and three medications in combination for their HIV treatment⁸, so to treat HIV alone they must contribute multiple co-payments. Annually, an individual who is on two combination HIV medications would be charged \$465.60, while someone on three combination HIV medications, would pay \$698.40.

Cumulative costs of accessing medications for HIV-related comorbidities

In the 2016 longitudinal research report into the health and wellbeing of people with HIV in Australia, *HIV Futures*, well over half (59%) of respondents indicated that they had a major health condition other than HIV. The management of multiple chronic health conditions is associated with higher out-of-pocket health spending.⁹

The annual cost for dispensing one non-HIV medication script would be \$465.60. This figure combined with the figure above of \$698.40 for the costs of three HIV medications, totals \$1164. The PBS-safety net is intended to provide protection for individuals from excessive PBS payment. However, it would be of no benefit in this scenario as the total amount falls beneath the PBS safety-net threshold of \$1494.90.

In one Australian study, 9% of people with HIV reported that they had ceased medication because of pharmacy costs, 14.6% reported that they had delayed purchasing medication because of pharmacy costs, and 19.6% of patients stated that it was difficult or very difficult to meet pharmacy dispensing costs.¹⁰

⁷ McAllister, J., et al, Financial stress associated with reduced treatment adherence in HIV-infected adults in resource-rich settings. *HIV Medicine*, July 2012.

⁸ Positive Life NSW, Antiretroviral co-payments for people with HIV in NSW, January 2013.

⁹ McRae I., et al. Multi-morbidity is associated with higher out-of-pocket spending: a study of older Australians with multiple chronic conditions, *Australian Journal of Primary Health – CSIRO Publishing*, May 2012.

¹⁰ McAllister, J., et al, 2012, Financial stress associated with reduced treatment adherence in HIV-infected adults in resource-rich settings. *HIV Medicine* 2012

Recommendation

That the co-payment for HIV treatment be based on the treatment of the medical condition rather than the quantity of medications prescribed.

HIV treatment for people who are ineligible for Medicare

We raise the issue of health care for people not eligible for Medicare as a *related matter* to the Terms of Reference for this inquiry. In the context of communicable diseases, barriers to accessing prevention, including treatment as prevention, undermine Australia's public health efforts.

People who are on temporary visas are ineligible for Medicare-subsidised treatments, and so must pay full price for access to medications. The costs of purchasing combination HIV treatment can cause financial strain which leads to the unintended consequence of people not starting treatment, or taking breaks from their treatment. The health implications of stopping treatment are considerable, both at the individual level, and also at the population level, due to the impact on individual health and the risks of onward transmission.

While treatment for communicable diseases such as tuberculosis and sexually transmissible infections other than HIV is provided free in the interests of public health, people with HIV are denied access to life-saving treatment that prevents onward HIV transmission.

Recommendation

That people with HIV who are not eligible for Medicare be provided access to HIV treatment at a cost consistent with that which is available through the PBS, in the interests of public health.