

Bupa



Public & Private collaboration in health

November 24, 2016
ENASA



Who is Bupa?



OVER 60 YEARS OF EXPERIENCE

Bupa was created in 1947 in the UK with the merger of 17 provident associations.

Their mission was to “prevent, relieve and cure sickness and ill health of every kind”.

Our history goes back even earlier in **Australia to the 1930s**. Our business was founded to help people who could not afford doctors' fees.



OUR SOLE FOCUS IS HEALTHCARE

Our founders' mission translates nowadays to our purpose - longer, healthier, happier lives.

We have grown by anticipating and meeting people's healthcare needs throughout their lives.

INTERNATIONAL IN OUR SCALE

We have over **32 million** customers in over **190 countries**. We employ more than **84,000** people, principally in the UK, Australia, Spain, Poland, New Zealand and Chile, as well as Saudi Arabia, Hong Kong, India, Thailand and the USA.

BUSINESSES WITHIN AUSTRALIA

- Bupa Health Insurance
- Bupa Aged Care Australia
- Bupa Health Services

WE HAVE NO SHAREHOLDERS

We **reinvest our profits** to provide more and better healthcare to our customers and communities around the world.



How do we Operate within the Australian Health Insurance industry?



- Bupa is the largest privately-owned health insurance provider in Australia with a market share of over 27%
- We support more than 3.7m policies (contracts) in their health and wellbeing
- We deliver a range of health services to more than 1m people through our network of almost 230 Bupa-owned dental clinics, 36 optical stores and expanding audiology and GP services
- We provide care for more than 6,500 residents across a growing network of more than 70 care homes in Australia

The Health Insurance Landscape in Australia



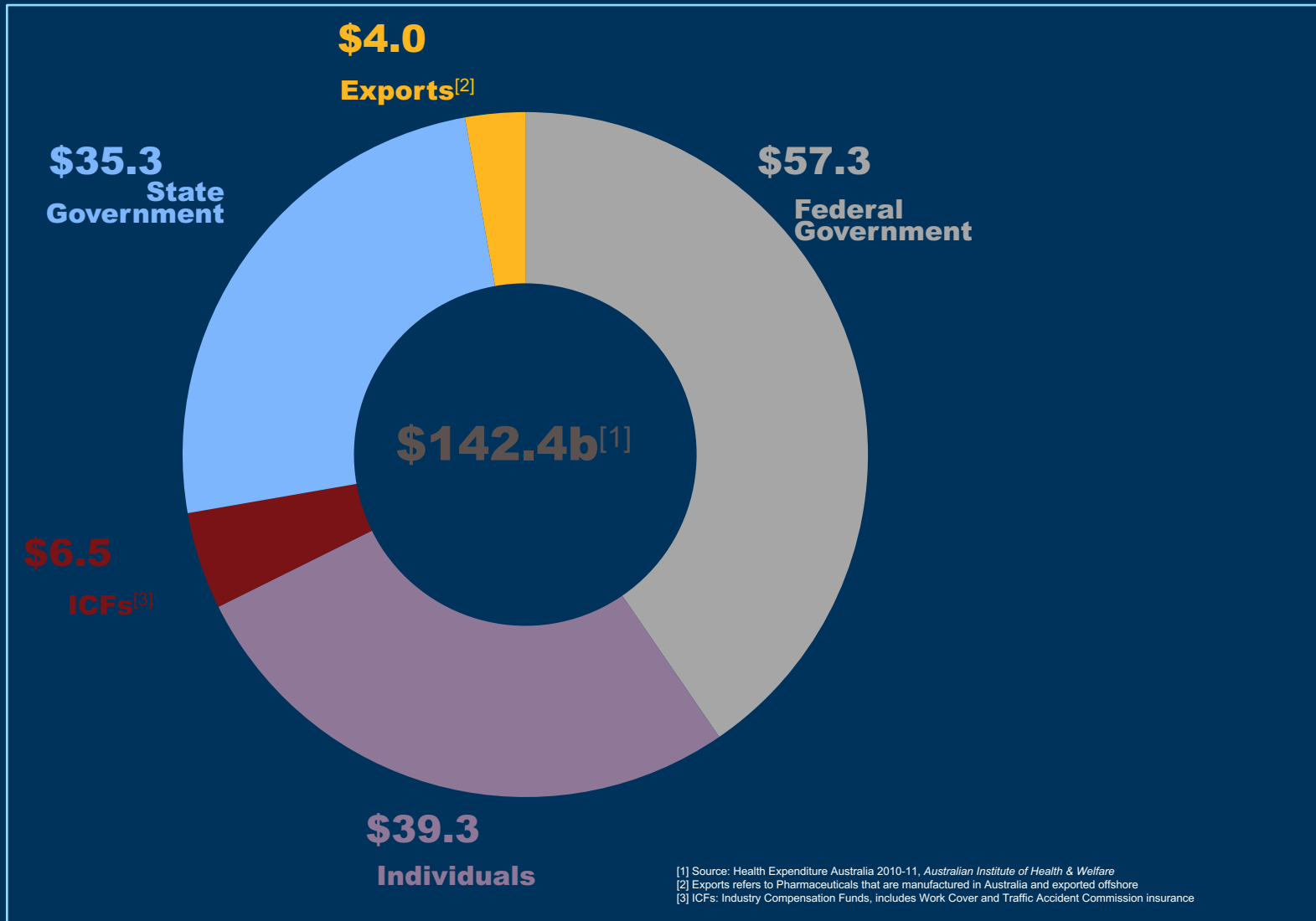
- Bupa believes in a strong public health and care system, supported by a strong private system
- Private health insurance has been around longer than the publicly funded system
- Around 70 per cent of Australia's health care is delivered by the private health sector
- Private health insurance is an essential part of a high-quality, financially sustainable health system



Who Funds the Australia Health System



Total Health Industry Expenditure (\$b 2010-11)



How do we Compare to the OECD



- We have a life expectancy of 82.2 years - the sixth highest in the OECD
- Australia has one of the lowest rates of tobacco consumption (12.8% of the population aged 15 and over)
- We are the fifth most obese country in the OECD (28.3% of the population aged 15 and over).
- Health expenditure is 8.8% of GDP, about the same as the OECD average of 8.9%
- There are areas where Australia can improve:
 - It has high rates of hospital admission for chronic conditions - better managed in primary care
 - Australians spend more on out-of-pocket health care costs than the OECD average.

Understanding the Australian Health System



- Despite some failings, Australia has a good health system
- Private health insurance sits alongside a universally available public health system - Medicare
- We are fiercely protective of this effective mixed system
- The Federal government expenditure on health alone represents 36.8% of personal income tax collected



Government Incentives for Private Health Insurance

- Key to maintaining the mixed system are government incentives:
 - Private Health Insurance rebate
 - Lifetime Health Cover surcharge
 - Medicare Levy Surcharge
- However over the past 8 years these have been eroded or impacted by Government regulatory change



Health System Challenges

- There are significant pressures on health system sustainability globally from the rising costs, consumer demands and expectations, advancing technologies, health workforce shortages, and the impact of the growing and ageing population
- Long term sustainability will require new and innovative ways of delivering much more health care from the available resources.



What Challenges do we Face

1. As a funder like the Government we face the same high level challenges
2. Changes to incentives and increasing cost of premiums means we face a significant affordability challenge
3. Increased confidence in the public health system



Addressing shared challenges



Leading Causes of Death in Australia



- Coronary Heart Disease
- Dementia and Alzheimer's Disease
- Cerebrovascular Disease
- Lung Cancer
- Chronic Obstructive Pulmonary Disease

In 2014–15 - more than 11 million Australians (50%) had at least one of eight selected chronic conditions and of these people, 5.3 million had two or more of the eight conditions

Bupa COACH Program



- Originated in 1995 as a PHD study at St Vincent's Hospital in Melbourne
- World's first evidence-based program of coaching for the prevention of chronic disease
- The COACH Program is now the most widely used chronic disease management program in Australia operating in the public health system in every State, the majority of the private health funds and has expanded to Europe.
- Accredited Practising Dietitians deliver the coaching to patients with chronic disease(s)
- Based on best practice guidelines for the management of chronic disease.
- 7126 members have been coached since Bupa commenced the program in January 2008

We have Expanded into Bupa Telehealth Coaching



- Evidence based wellness, prevention or chronic disease management services
- Help customers manage their health, improve their health literacy
- Help customers engage health professionals to achieve optimum outcomes
- Set goals and develop realistic action plans.

Health Coaching



FoodSwitch



Switch

Each product in FoodSwitch has been rated using Traffic Light Labels for total fat, saturated fat, sugar and salt so you can see at a glance how healthy it is. You'll also get a list of healthier food choices you could switch to.



- Helps customers make healthier food choices with immediate, easy-to-understand nutritional information
- Downloaded more than half a million times in Australia and New Zealand



The banner features a background image of a hand holding a baby's foot. At the top, there are logos for Bupa, St John of God HealthCare, and UNSW Australia, along with social media icons for Facebook, Twitter, LinkedIn, and a general share icon. The main text reads: 'Pregnant or recently had a baby? Protecting your emotional wellness is important for you and your loved ones. Take 5 minutes to look after your wellbeing with mummmatters.' At the bottom, there is a blue bar with the text 'mummmatters' and a white button that says 'Download now'.

Bupa ST JOHN OF GOD HealthCare UNSW AUSTRALIA

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Pregnant or recently had a baby?

Protecting your emotional wellness is important for you and your loved ones.

Take 5 minutes to look after your wellbeing with mummmatters.

mummmatters Download now

- mummmatters is a tool for all women who are pregnant or recently had a baby, to help them better understand their emotional wellbeing and inspire them to plan for staying well.
- mummmatters includes questions about symptoms of depression and aspects of psychosocial health.
- The tool was developed in partnership with Saint John of God Health Care
- A key goal of mummmatters is to help bridge this gap in access to care, and to inform as many women as possible about the importance of emotional health and wellbeing during pregnancy and the postnatal period.

Polypill



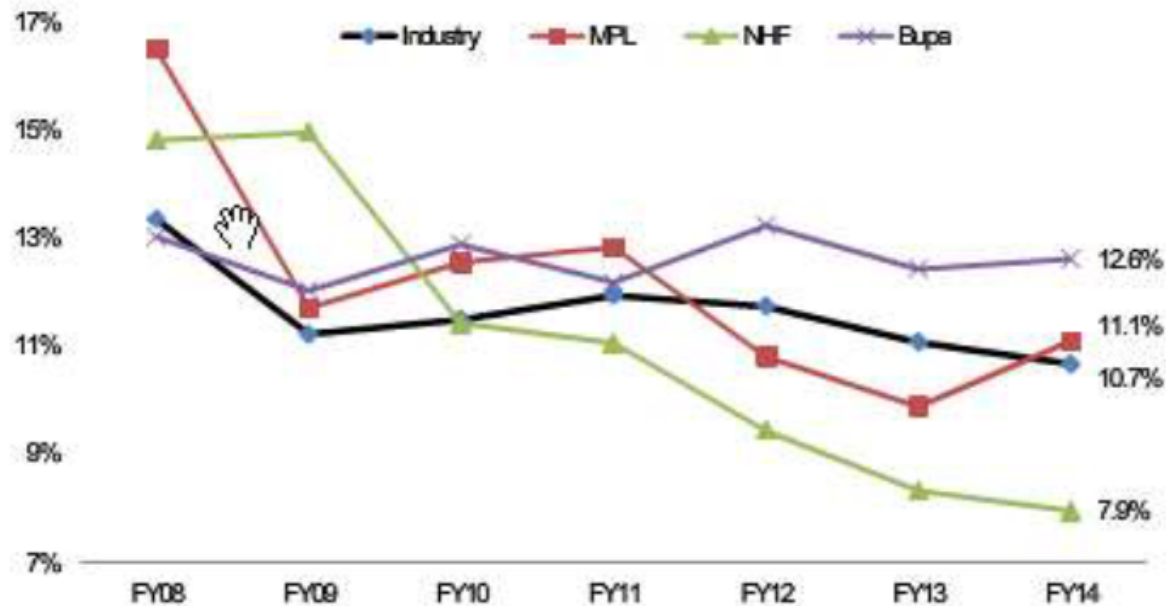
- SmartGenRx aims to develop products designed to increase access to effective medicines and better health outcomes for people with a range of major cardiovascular conditions.
- SmartGenRx is a partnership between Bupa and The George Institute supported by grant funding from the National Health and Medical Research Council of Australia, the National Heart Foundation and others.
- The first SmartGenRx product is a single product – a Polypill -containing multiple component medications commonly used in combination to treat cardiovascular disease.

Addressing Affordability

Health Insurers are Feeling Margin Pressures



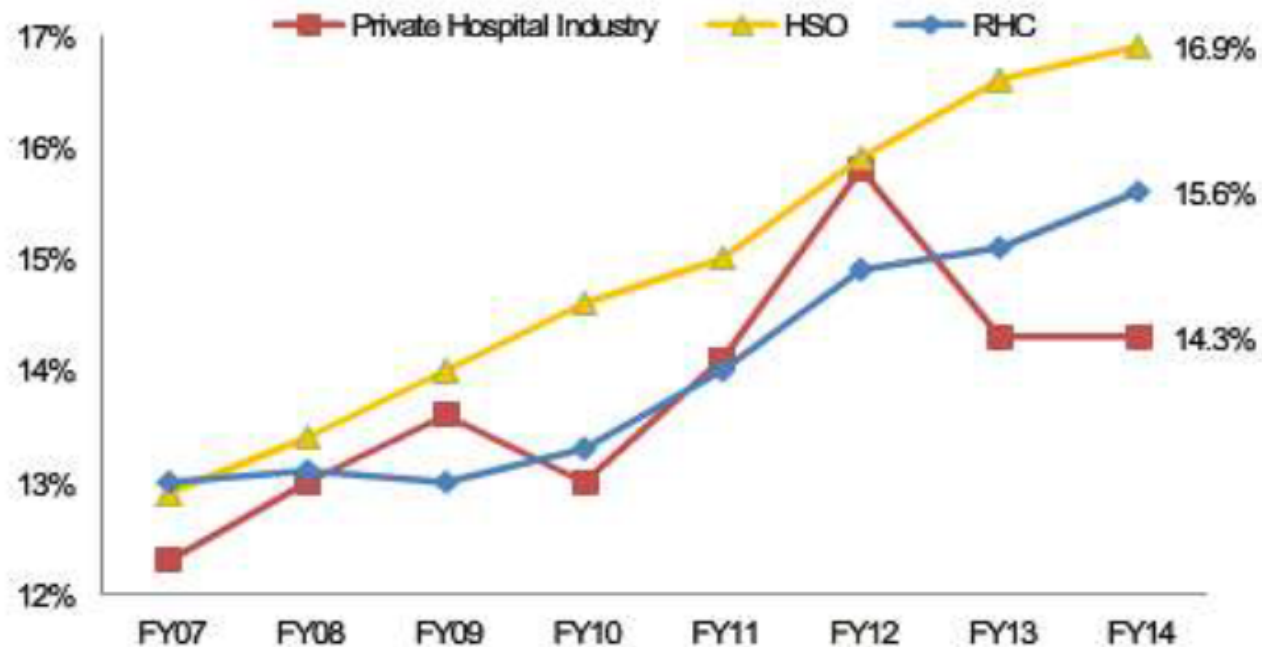
Insurer's hospital gross margins are shrinking despite ~6% pa rate rises



Source: Australian Department of Health, PHIAC Operations of Private Health Insurers Annual Reports. Gross margins calculated as hospital claims / hospital insurance premiums.

Hospitals are Experiencing Margin Growth

Private hospital's EBITDA margins are continuing to expand



Source: Company Data, ABS. RHC and HSO figures refer to Australian private hospitals segment EBITDA. Industry EBITDA have been estimated using industry data.

Pay for Quality Model

Bupa & Healthscope Strategic Partnership



Background

- Measuring variations in practice to improve quality of care reduces errors and costs
- Historically hospitals have not wanted to collaborate in the quality agenda
- Strong evidence base and clinical consensus on the characteristics of best practice

Vision

- Create a link between quality, safety and funding
- Recognise and reward providers who deliver 'value/quality for money'
- Be able to isolate the CVP, quality and market power elements of pricing
- Generate greater competitive tension
- Drive industry change
- Improve members' quality experience and impact health outcomes

The Pay for Quality model incorporates

- Multi-faceted approach to measuring and rewarding quality
- Pay for Participation and Pay for Performance
- Uses industry benchmarks
- Industry/Healthscope-driven and Bupa-driven quality initiatives



In closing..



- Every member of the health system has a role to play in shaping the future of the health system
- I challenge you to think differently –
 - be willing to test and learn different approaches to care
 - Embrace the opportunities, efficiency, innovation and resources of the private sector have to offer to ensure the delivery of a sustainable integrated system