

more
than
money



THE **FUTURE** OF HEALTH

A consumer perspective

Chapter 1

The trends reshaping health and
the future implications for the
Australian marketplace

February 2018

FOREWORD: *Reimagining* AUSTRALIA'S HEALTH SYSTEM

CAMERON FULLER

General Manager, NAB Health



Welcome to our customer insights publication
The Future of Health – A consumer perspective.

Over the coming weeks we're planning to share a series of publications exploring the interplay of social, economic and technology factors, changing consumer expectations and new business models and channels.

The three publications will cover consumer and practitioner's attitudes to health, the financial dimensions for consumers and practitioners, the health system and a range of examples of innovation emerging across the ecosystem.

Australians spend a significant amount of money on health via direct payments, insurance premiums and taxes with total expenditure continuing to grow. According to the Australian Institute of Health and Wellness Australia's health 2016 report this represented during 2013-14 9.8% of gross domestic product (GDP), however as the population continues to expand, our demographic profile matures, adverse behavioural impacts such as chronic disease (e.g. cardiovascular disease, diabetes and obesity) reshape demand, consumer expectations continue to rise and technology permeates the sector, the impact of health as a percentage of GDP is likely to rise significantly.

While Australia's healthcare system produces good outcomes by global standards, there's an opportunity for all of us to re-orientate the system towards improved outcomes and overall well-being.

Economic efficiency is only one dimension of this change with the emergence of technologies such as digital, big data, genomics and most importantly, the acute focus on the human dimension shifting the narrative towards a 'system thinking' based approach orientated around the consumer.

New and innovative models are emerging such as 4P Medicine which are assisting in redefining health towards:

- **Prevention** – Lifestyle behaviours and overall well-being are known as key drivers behind a range of medical challenges;
- **Prediction** – Health data and analytics are increasingly being used to inform health practices;
- **Personalisation** – 'Small data' provides a 'feedback loop' to reshape behaviours; and
- **Participation** – Self-medication, self-monitoring, patient decision making, goal setting and physical care are all central towards orientating health around the patient.

A fundamental recalibration of focus from 'volume to value' is also needed to ensure a system where the outcomes that matter most to patients are prioritised.

We've been very fortunate to obtain some wonderful insights and case studies from a range of industry stakeholders to contribute to these publications which highlight the emerging pathways and challenges faced.

NAB remains committed to providing insights to our customers and the community to navigate these emerging trends.

A handwritten signature in black ink, appearing to read 'Cameron Fuller', written over a light blue horizontal line.

Mr Cameron Fuller
General Manager NAB Health

EXECUTIVE SUMMARY: *The Shift Towards* CONSUMER EMPOWERMENT IN HEALTH

CATHRYN CARVER

Executive General Manager,
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ALAN OSTER

Group Chief Economist - NAB



To begin this Future of Health discussion, over 1,000 Australian consumers were surveyed to assess their own view of health, the collective health of our nation as well as their impressions on the current and future Australian health system.

It's clear from the survey's findings that being 'healthy' means much more than simply not being sick. In fact, for most of us, mental health is the most important determinant.

The ongoing strains on our health system are also evident with around 1 in 3 Australians (1 in 2 over 50), telling us they require some ongoing treatment or medication for a medical condition.

Nearly 1 in 5 of us visit a General Practitioner monthly and around 1 in 3 quarterly. And we clearly value our health network and the quality of care we receive – almost 2 in 3 of us believe we have a 'world class' health system.

But there are concerns for the future, with fewer than 1 in 2 Australians expecting that our system will still be world class in 10 years' time and almost 1 in 4 Australians planning to shop around for either better or cheaper health insurance cover. Only 44% of 18 to 29 year olds are covered.

Low wage growth, moderate employment growth and job security are impacting consumer's future income expectations. At the same time, family budgets are being reshaped by higher non-discretionary expenditure categories such as housing, energy, education and health costs.

As a result, some clear challenges are emerging including affordability (particularly for young Australians), access to some allied health services, health insurance concerns, and an apparent reluctance to embrace new and more cost effective digital technology based platforms.

Whilst our survey results highlight the current behaviours and attitudes to health, the findings are also important and instructive in shaping new pathways to future service delivery and consumer empowerment.

New innovative delivery models that reduce the cost, shift the orientation away from hospital treatment and improve outcomes are emerging, together with a greater awareness and availability of information on the factors that impact well-being including finances, lifestyle and the importance of the overall quality of our relationships with family and friends.

Cathryn Carver

Executive General Manager Client Coverage, C&IB

Mr Alan Oster

Chief Group Economist - NAB

TRENDS SHAPING THE FUTURE HEALTH LANDSCAPE















The state of health is being reshaped by the interplay between social and lifestyle, financial and technology trends, changing consumer expectations and the emergence of new business models and channels.

To assist our customers and community navigate this change the Future of Health publication brings together a range of case studies from key Australian health communities,

organisations and businesses that are embracing these trends and reimagining the Future of Health.

The legend below outlines the major trends and can be read in conjunction with the case studies that will be captured across the series of three publications to provide examples and pathways for the Australian community to respond to these shifts.

SOCIAL & LIFESTYLE, FINANCIAL & TECHNOLOGY

-  Chronic disease
-  Mental wellbeing
-  Cancer
-  Growing population
-  Aging population
-  Genetics
-  Prediction
-  Digital
-  Participation
-  Data
-  Sensors
-  Rising costs
-  Fiscal constraint
-  Advanced Manufacturing

CONSUMER EXPECTATIONS

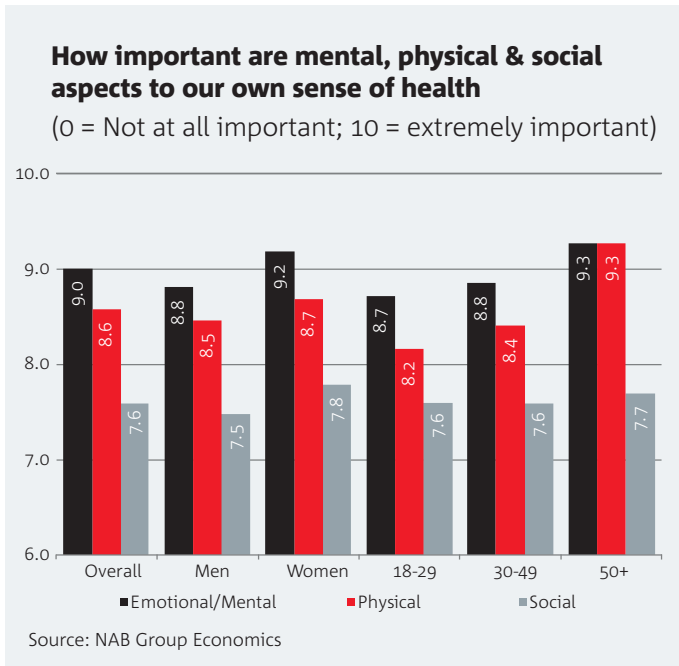
-  Wellbeing
-  Prevention
-  Social engagement/ community
-  Value/cost
-  Personalisation
-  Happiness
-  Empathy

HEALTH SYSTEM, NEW CHANNELS & NEW BUSINESS MODELS

-  At Home
-  New Channels
-  Omni-Channel
-  Globalisation
-  Outcome Based
-  Wellbeing
-  Ecosystem
-  Community
-  Predictive
-  Prevention
-  Personalisation

PART 1: PEOPLE'S PERSPECTIVE ON HEALTH

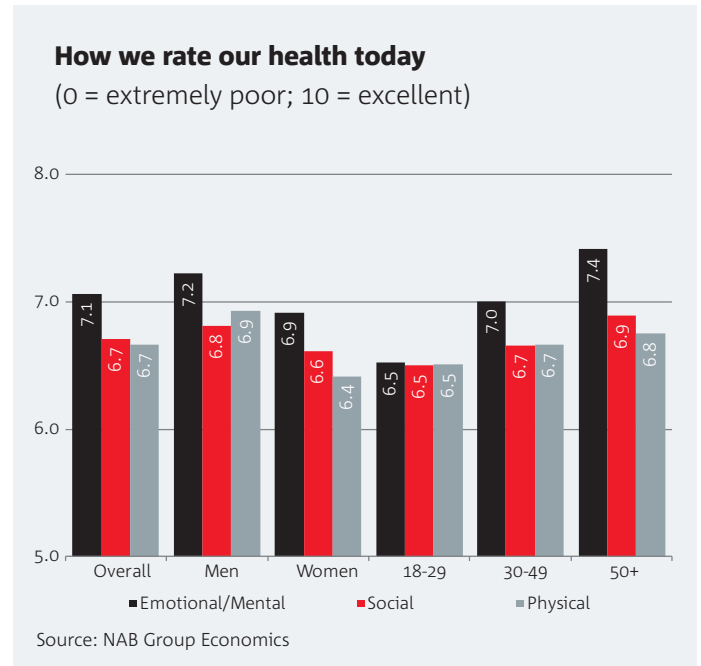
The word 'healthy' can mean different things to different people. In its broadest sense, being healthy can involve physical, mental, social and financial wellbeing, not just the absence of disease or infirmity.



When Australian consumers were asked to rate how important being emotionally & mentally, physically and socially healthy was to their own personal sense of health, they rated emotional health and mental health as the most important.

In the broadest sense, being healthy can also involve financial well-being. Indeed, previous NAB research has shown that financial health can detract from overall personal wellbeing and contribute to elevated levels of consumer stress.

In terms of factors that impact health, the biggest negative influences were not getting enough exercise, sleep, stress, poor diet, time away from family and friends, and finances. Whilst not of a particular concern, lifestyle factors such as smoking, drinking, not following medical advice and not spending sufficient time with family and friends were particularly evident in men.



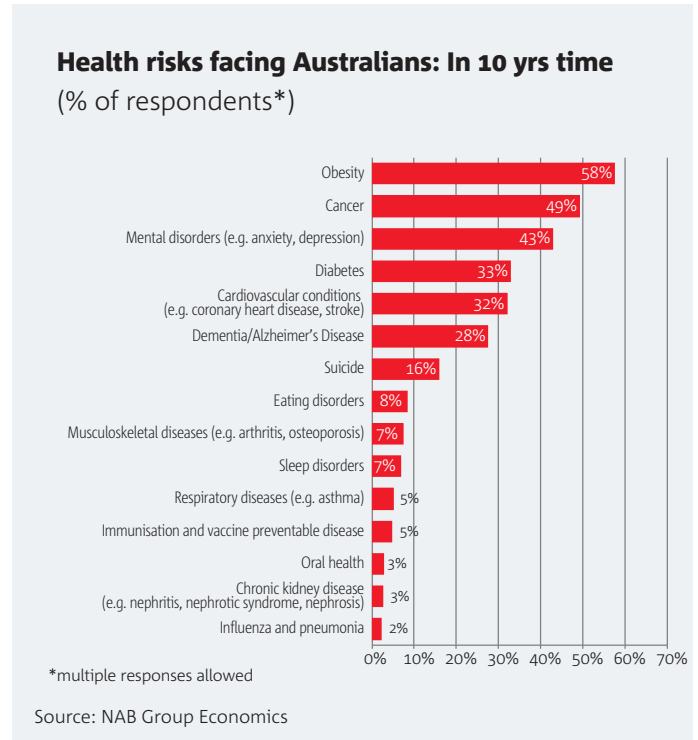
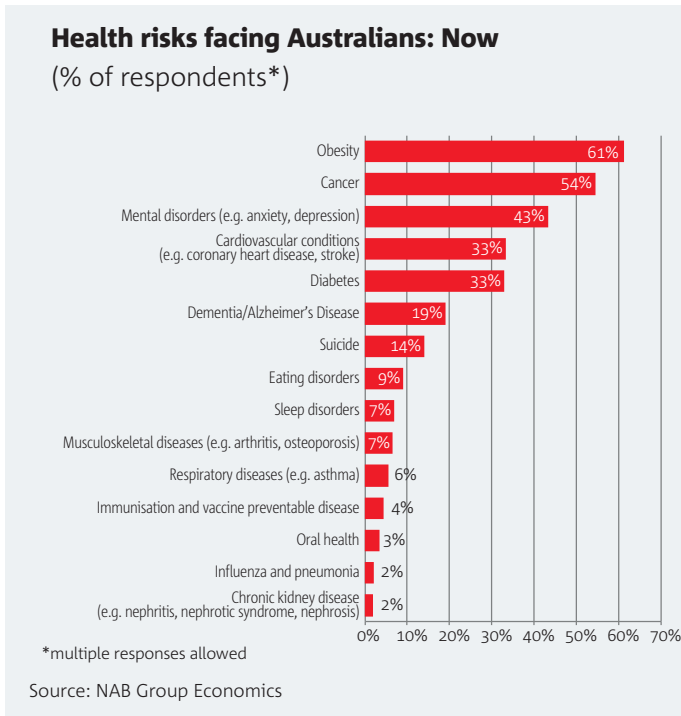
In the survey, young people scored the lowest for emotional, social and mental health. Over 50s enjoyed the highest score for all factors particularly emotional and mental well-being.

The biggest health related issues that Australian consumers face today are chronic diseases of obesity (61%), heart disease & stroke (33%) and diabetes (33%), together with cancer (54%) and mental disorders such as anxiety and depression (43%).

Consumers are not anticipating significant medical progress in addressing these key issues over the next 10 years, although dementia and Alzheimer's disease are expected to be more prevalent in older Australians (40%), while noticeably younger Australians expect suicide (27%) to be an issue.

Around 1 in 3 consumers said they require ongoing treatment or medication for a medical condition with a higher prevalence in women (38%) than men (28%). For over 50s, 1 in 2 people have a medical condition.

The most common conditions reported were anxiety, depression, mental disorders, blood pressure, hypertension, diabetes, arthritis and heart disease.



Le Taeo Afua 'a new dawn' – Western Sydney embracing new approaches to diabetes

With one person diagnosed every five minutes and over 1.7 million total cases[^], diabetes is spiralling out of control in Australia. Obesity is one of the main risk factors for developing diabetes. As obesity rates continue to rise, the number of people developing diabetes will only worsen. Given that 80% of diabetes cases are preventable by following a healthy lifestyle, scale-able solutions to support people to eat healthy foods and be physically active are essential to stem the diabetes tide.

A team of researchers and clinicians from Western Sydney University are trialling a whole range of interventions across South-Western Sydney to prevent diabetes occurring and to support people when it does.

Prof David Simmons, who's leading the team, says the key is to find interventions which are both scale-able and cost-effective. "There's no point in working on potential solutions which will not reach the right people or will be too costly to implement", says Prof Simmons. "Our projects use 'people power' including peer-support, and motivational strategies at their core, to help people make changes and maintain healthier lifestyles. They're all community based, and we believe what we can make work in South-Western Sydney will work in communities across Australia".

[^] Source: www.diabetesaustralia.com.au

A project at the heart of the team's interventions is *Le Taeao Afua*, working with Samoan communities located in a semi-rural area of south-western Sydney.

This project works with community volunteers who are trained in supporting and facilitating physical activity and diet changes in their peers, through delivery of group discussions and activities that focus on, for example, goal setting, self-monitoring, identifying and overcoming barriers to change and developing skills to put lifestyle change plans into action.

Le Taeao Afua, which translates to 'a new dawn,' was named by the project's reference group made up of 25-30 Samoan community members, including the High Commissioner and Consul General of Samoa, church pastors, GPs and various other community leaders. This reference group works alongside University researchers and clinicians to oversee every stage of the project, ensuring culturally appropriate and attractive approaches are followed at all times.

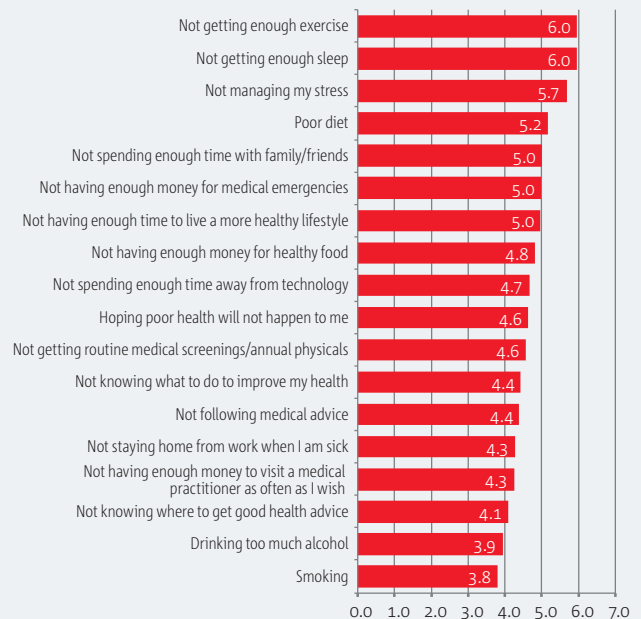
The lifestyle program is being delivered via churches in south-western Sydney. Two Samoan community coach/facilitators are employed by Western Sydney University to train volunteer peer support facilitators from each church to deliver activities and support groups to their fellow community peers. The community coach/facilitators also provide one to one assistance where community members are finding a lifestyle change particularly challenging. Activities are practical and fun, and include cooking classes, walking groups and dance sessions.

An inclusive approach is taken so that all ages and abilities are welcome, allowing whole families to participate together. A suite of resources is available for those involved in the program to help them with their lifestyle changes, including diaries, pedometers, water bottles, resistance bands and evidence-based information leaflets that have been translated into Samoan.

The project is funded through a partnership between South Western Sydney Local Health District, South Western Sydney, WentWest and Wentworth Healthcare Primary Health Networks, and the Translational Health Research Institute at Western Sydney University. "All of our partners are committed to better health in our region and having them all collaborating with us is vital to the success of our programs," said Prof Simmons.

Factors Impacting Health: Overall

(0 = not at all; 10 = extremely negative impact on my health)



Source: NAB Group Economics

With 35% of those that have joined the program already having diabetes, 12% of whom weren't aware, and over 90% in the overweight or obese categories, this program could be vital in leading to a new dawn without diabetes. A leader from Minto church describes the research team as "sent from God to save us from diabetes."

Dr Freya Macmillan, leading *Le Taeao Afua*, says it's all about empowering communities. "We don't waltz in and tell people what we think is best and what we think will work for them. We have some great expertise in managing and preventing diabetes, but these communities are the experts on themselves" says Dr Macmillan. "It's imperative that we work together to find effective solutions – changes which are sustainable and which will continue once we inevitably step away".

The team know they're in a race against the clock. "Diabetes is an epidemic which is hurting communities across Australia and it's only going to get worse", says Prof Simmons. "The good news is that we can turn this tide by working together across communities to improve awareness, increase prevention strategies and ensure we have coordinated management and treatment plans in place".

This case study was provided by Translational Health Research Institute (THRI) Western Sydney University.



PART 2: HUMAN DIMENSION TO HEALTHCARE AND THE ROLE OF DATA & TECHNOLOGY

The frequency with which Australian consumers visit a health practitioner or utilise health information varies considerably depending on the type of service.

General practitioners, pharmacists and dentists are clearly the most frequently used health services with consumers increasingly supplementing this with health-related information from websites.

Interestingly, when consumers were asked what their behaviours would be if there were no barriers (e.g. time, money and access) consumers would significantly increase their usage of hospitals and allied health services particularly psychologists, psychiatrists, chiropractors and osteopaths. Dentists would also be visited more frequently.

Although men and women were in broad agreement in their behaviours, women embraced internet and health-related apps, use pharmacies, see optometrists and received advice from family and friends more readily.

By age, over 50 year olds found it easier to use the broad array of health services while young people used health-related internet services more than any other age group.

Overall, Australian consumers have high levels of satisfaction with the quality of care they receive showing a lower level of satisfaction with health apps and health-related internet services.

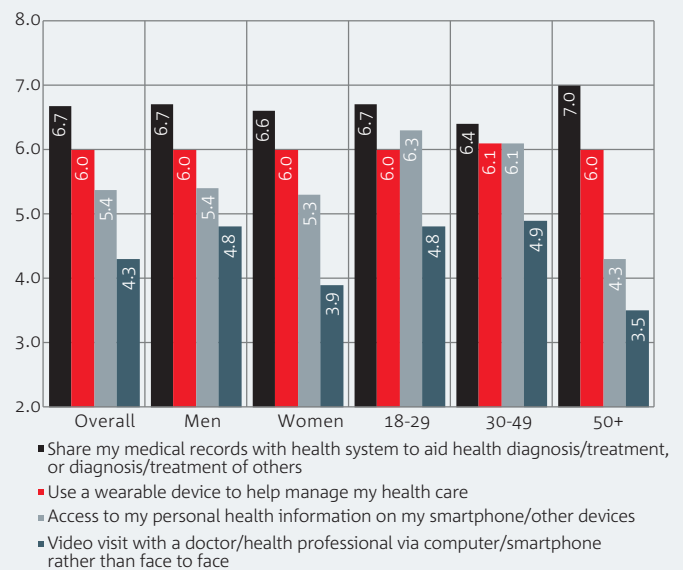
Consumers embracing new digital methods is only part of the picture. It also depends on consumers and practitioners being comfortable using and embracing them. Age is a key determinant to consumers' attitudes to adopting some of the emerging technologies.

Overall, consumers' willingness to adopt new health technologies such as eHealth video visits to a doctor was low with a more moderate appetite to share electronically medical records with the health system and adopt wearable devices.

Accessing health records on smartphones or other devices was neutral.

Receiving and sharing my health data

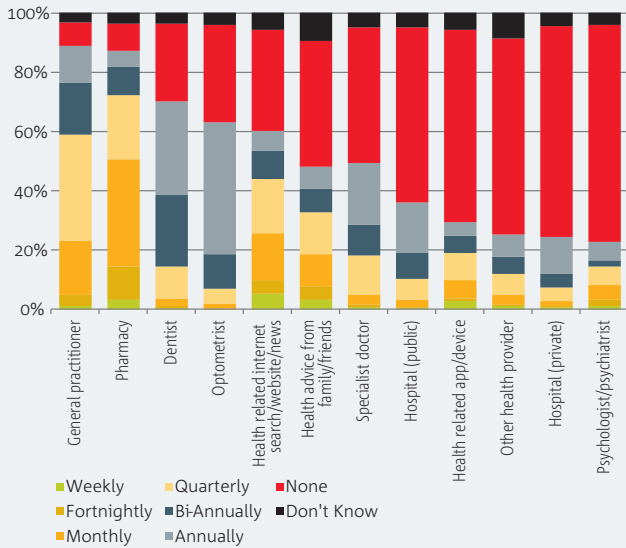
(0 = strongly disagree; 10 = strongly agree)



Source: NAB Group Economics

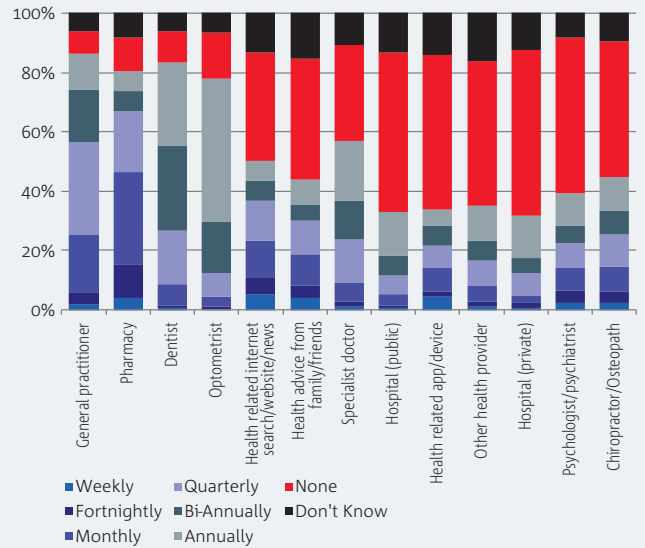
What's important to consumers in choosing a health professional is the human dimension and skills such as explaining, empathy, listening, caring and compassion. Interestingly, being friendly was far more important for men (29%) than women (14%) and for 18-29 year old's (34%).

Frequency of visits to health practitioners or information services



Source: NAB Group Economics

How often would you visit these health practitioners or sources if no barriers



Source: NAB Group Economics

Health-tech startup Medipass Solutions and NAB combine to redefine the healthcare experience with HICAPS Go

Health-tech start up Medipass Solutions and NAB have worked together to create a new digital solution launched as HICAPS Go that makes it easier for patients to find a healthcare practitioner, get an upfront cost estimate, make an appointment and take care of payment or claiming for the consultation.

The HICAPS Go platform which was recently launched, provides a world-class patient and practitioner experience by digitally connecting patients to practitioners and to health funds while also leveraging the current NAB-owned payment/claiming terminal system, HICAPS.

This real-time connection across the healthcare ecosystem delivers value for all stakeholders:

- **Patients:** a simplified and transparent experience including ease of locating, booking and managing a health practitioner appointment, estimating out-of-pocket costs for a consultation ahead of time and on the spot claiming.
- **Health funds/payers:** reduced claim processing overheads, simple pay and claim functionality and improved fraud controls.

- **Health practitioners:** electronic booking, claiming and payments, reducing administrative needs and simplifying the payment process.

“NAB and Medipass Solutions are redefining the healthcare experience, delivering an ‘Uber-like’ approach to the way patients, practitioners and health funds integrate,” NAB’s EGM Digital and Innovation, Jonathan Davey said.

“This new solution makes it easy for patients to find a practitioner, see their availability, make an appointment, receive an upfront estimate on the costs and make a payment after consultation.

“It delivers a seamless and transparent experience for patients, practitioners and health insurers, through a digitally integrated platform; the first of its kind globally with such breadth and capability.”

Daniel Chircop from Transform Physio, one of the early adopters of the platform, said HICAPS Go has vastly improved transparency for his patients.

“The transparency with the gap payment I think is really fantastic; with this new process it’s [the gap payment] right in front of them and they can check before they pay,” Mr Chircop said.

Medibank's Dr Andrew Wilson, Group Executive Healthcare & Strategy, said the HICAPS Go platform would make life easier for the whole health ecosystem.

"The HICAPS Go solution enables customers to book, pay and claim with greater ease and will ultimately eliminate the need for customers to pay the whole bill upfront and then recoup the benefit from Medibank," Dr Wilson said.

"For providers there'll no longer be the need for dedicated payment terminals and phone lines in their practice and they'll have more satisfied customers by claiming the benefit from Medibank at the time of treatment.

"It will also assist in providing much greater transparency for consumers and providers around cost of service, product coverage, and benefits available, both prior and after treatment," Dr Wilson said.

For Transform Physio, the speed of finalising payments would solve a big pain point.

"With the old method I'd need to set aside five or so minutes at the end of each session to make sure I get through the billing process, but doing it with the new method means I don't even have to leave the room," Mr Chircop said.

"With the speed now I can definitely better serve my patients."

It's a sentiment echoed by Errol Street Physio's Ben Smith, who also participated in the pilot development.

"Any new efficiency that helps free-up staff is definitely a positive. Our focus really is on the patient management," Mr Smith said.

Medipass Solutions Co-Founder Pete Williams said the new platform is unique in the marketplace.

"There are currently no products in market the same as the one we're creating; providing customers with a better experience, more transparency, added flexibility and improved trust," Mr Williams said.

"We're really reimagining the healthcare customer experience, for patients, practitioners and health funds, creating one that's entirely digital, simpler to navigate and instantly accessible."

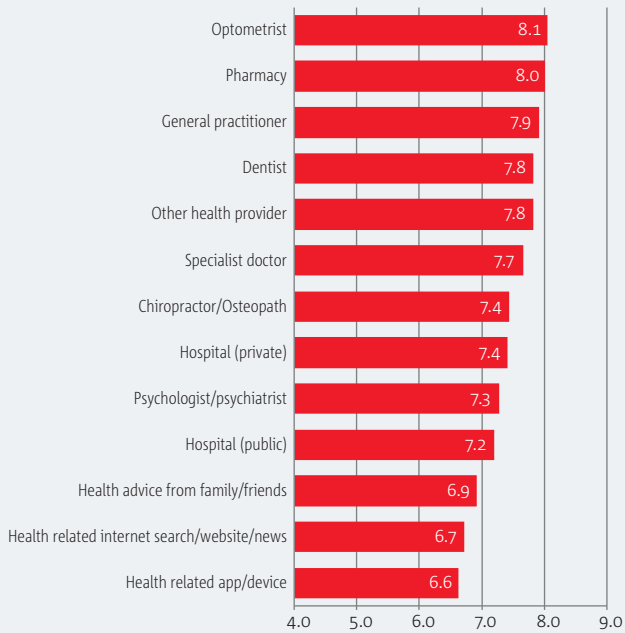
The new HICAPS Go platform initially focuses on Allied Health, with plans to broaden into other areas of the health ecosystem, such as medical, over time. The platform is now live, gradually being integrated with Health Funds and is initially focused on growing the market in Melbourne and Tasmania before expanding to other cities across Australia.

For more information, visit: hicaps.com.au/go



Satisfaction with quality of care received

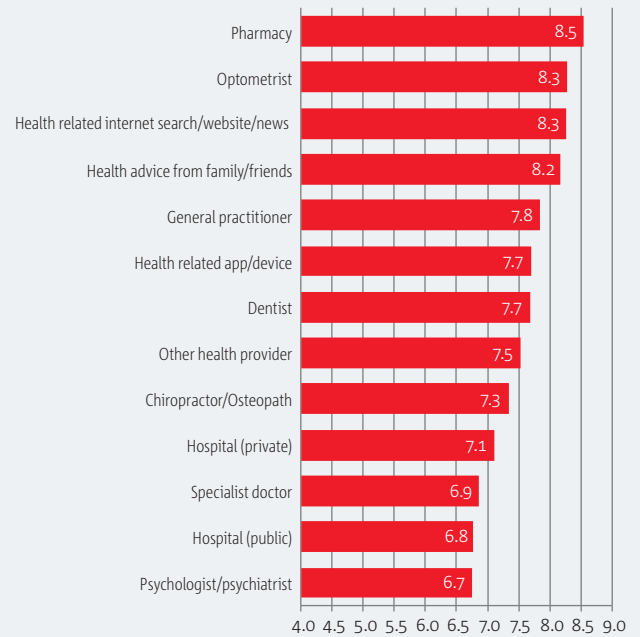
(0 = Extremely dissatisfied; 10 = extremely satisfied)



Source: NAB Group Economics

Ease of seeing/using health practitioner/service

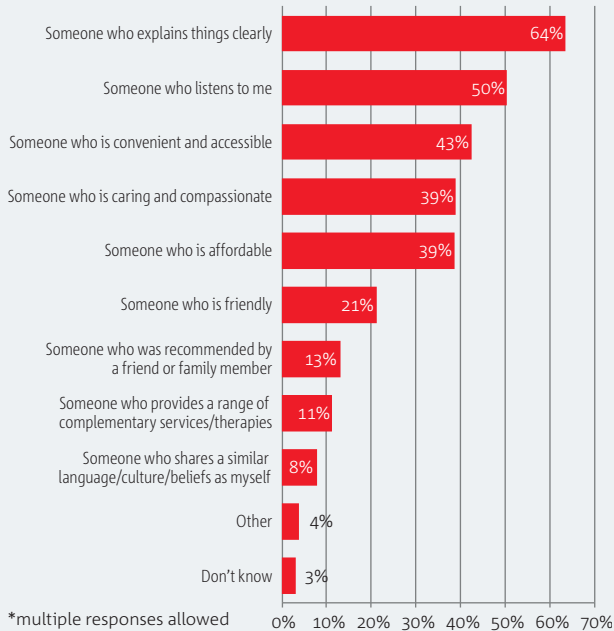
(0 = Extremely difficult; 10 = extremely easy)



Source: NAB Group Economics

What's important to consumers when choosing a health professional

(% of respondents)*

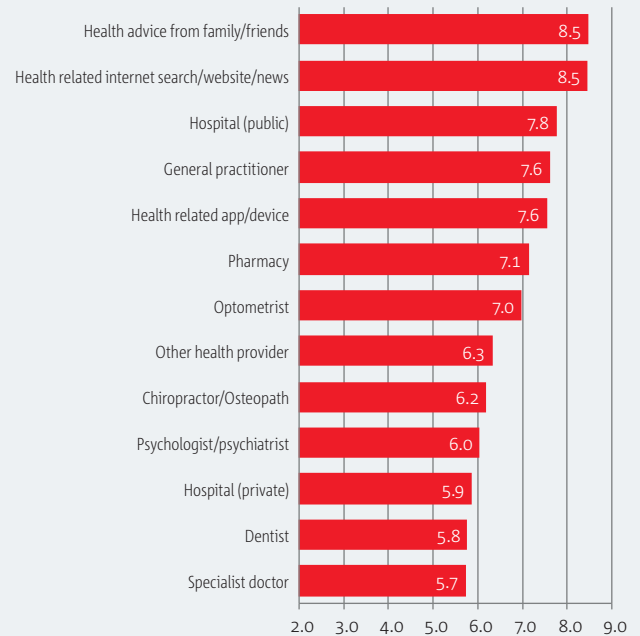


*multiple responses allowed

Source: NAB Group Economics

Affordability of health services/information

(0 = extremely unaffordable; 10 = extremely affordable)



Source: NAB Group Economics

PART 3: HEALTH SYSTEM PERSPECTIVES NOW AND INTO THE FUTURE

Overall, almost 2 in 3 people believe Australia currently has a “world class” health system. Life in the “Lucky Country” – What Makes Australia a Great Place to Live & Our Vision and Concerns for the Future also found that “Quality Healthcare” was among the most important factors making Australia a great place to live (and third overall after our open spaces and people and lifestyle).

But there are challenges...

Only 46% still expect Australia to have a world class health system in 10 years’ time, while Life in the “Lucky Country” shows Australians also expect “Quality Healthcare” to deteriorate when asked whether the things that make it a great place now would get better or worse in the next 10 years (see chart below with data).

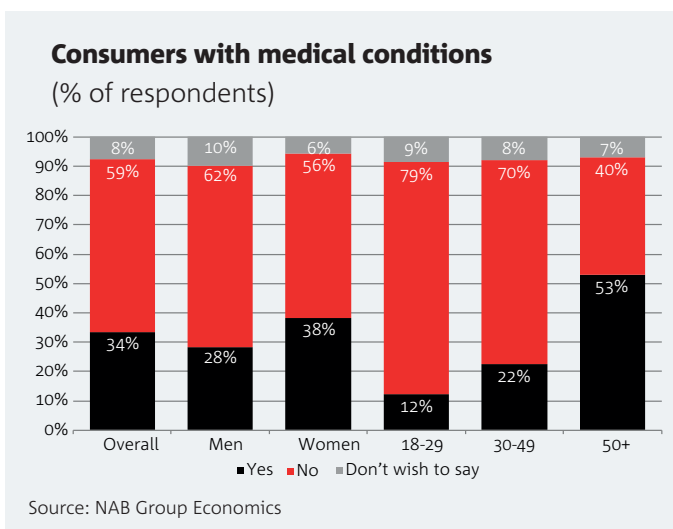
So, while Health is expected to deteriorate, so are many other things - and more so (e.g. living costs, housing, taxes, jobs).

The challenge for government is that they may need to address a number of issues including (and ahead of) health.

The average Australian consumer spent around \$1,700 out of their own pocket on their (and their family’s) healthcare and medicine over the past 12 months.

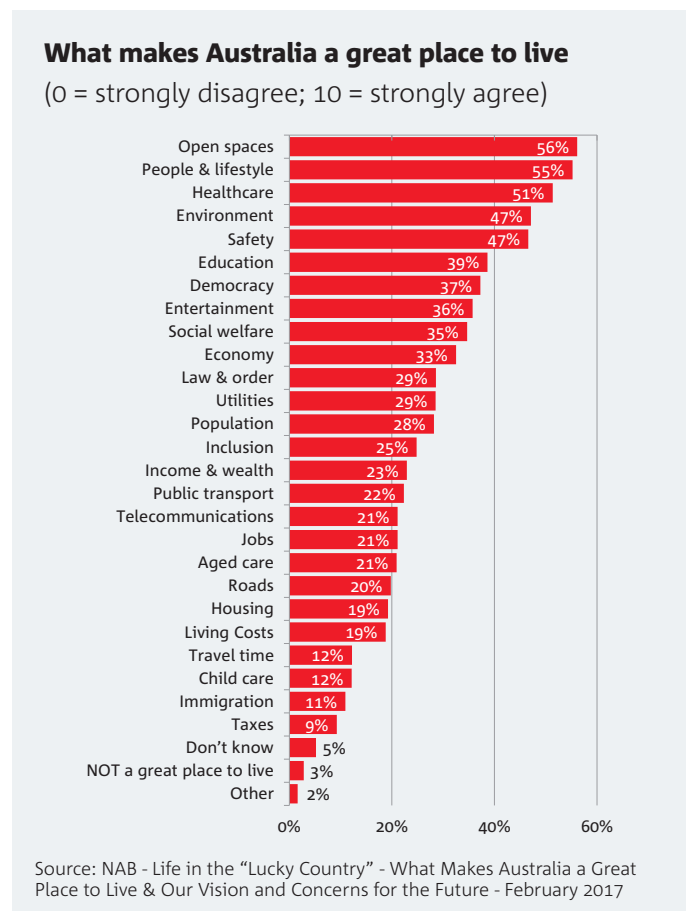
By state, out of pocket spending was highest in VIC/TAS (\$2,106) and NSW/ACT (\$1,894) and lowest in SA/NT (\$959) and WA (\$1,168).

Men (\$1,681) and women (\$1,707) spent about the same, but 18-29-year old’s (\$2,363) spent significantly more than 30-49-year old’s (\$1,486) and over 50s (\$1,526).

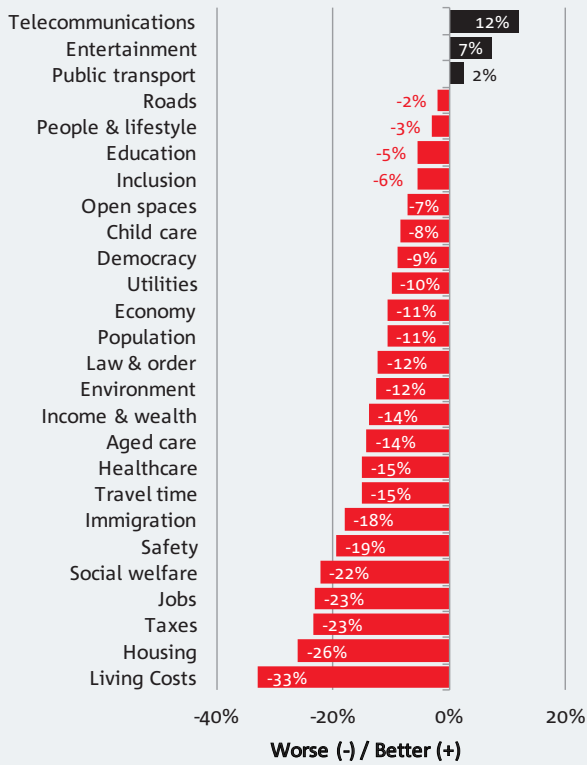


By income, those earning between \$50-\$75,000 p.a. spent the least (\$981) and those earning between \$75-100,000 the most (\$1,776). Interestingly, those earning \$35-\$50,000 (\$1,654) spent slightly more than the highest income earners (\$1,565).

Over 34% of consumers surveyed have medical conditions which increased to 53% of people over the age of 50. This highlights the increasing pressure the current and future system faces.



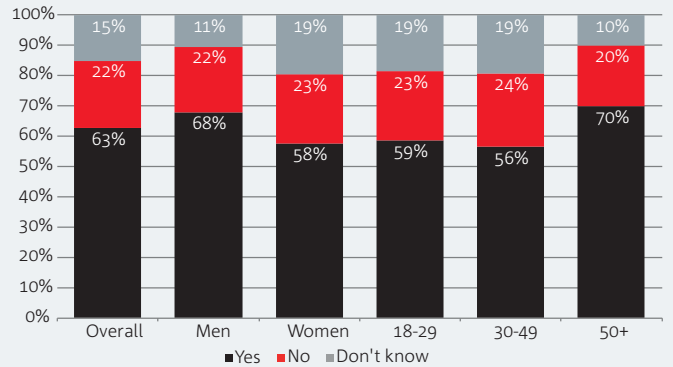
Will the things that make Australia a great place to live improve or get worse in 10 year's time?



*net balance (improve/deteriorate) e.g. 9% expect living costs to get better; 42% to get worse: On balance -33% worse

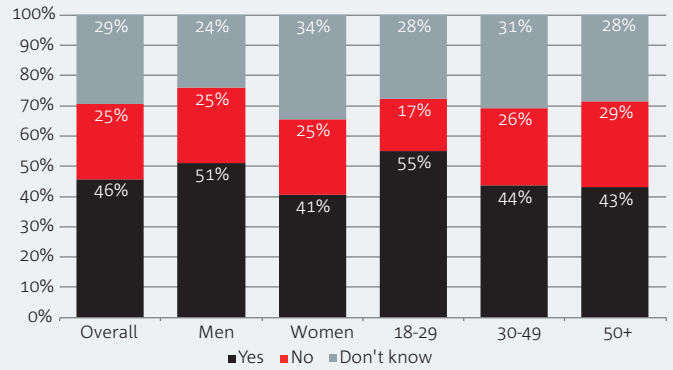
Source: NAB - Life in the "Lucky Country" - What Makes Australia a Great Place to Live & Our Vision and Concerns for the Future - February 2017

Does australia have a world class health system now?



Source: NAB Group Economics

Will australia have a world class health system in 10 years' time?



Source: NAB Group Economics

Just over 1 in 2 (55%) Australians currently have private health cover showing a clear relationship between income and private health cover with 7 in 10 (72%) of high income earners covered compared with 1 in 3 (34%) in the lowest income group.

By age, 59% of 30-49 year old's and 57% of over 50s have private health cover with only 44% of 18-29 year old's insured. This could partly reflect government policy that encourages Australians aged over 30 to join a private health fund by imposing an extra penalty premium every year they delay joining a fund after this age.

Peace of mind (47%), reduced out of pocket expenses that aren't covered by Medicare (41%), shorter waiting times to access medical services (37%) and better-quality healthcare (26%) are the main reasons for private health insurance. A key difference was the number of women (49%) wanting private health cover to cover out of pocket expenses than men (33%) which may reflect a higher level of consumer health anxiety.

1 in 2 (47%) Australians with private health cover are happy and don't have any plans to change anything. But almost 1 in 4 (23%) are disillusioned and plan to shop around for cheaper and better cover.

Next: Chapter 2

The next chapter of the Future of Health series will explore the Health Practitioner including the financial perspectives of their health business, demand trends and attitudes to the health system and innovation.

Important information

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