

more  
than  
money



# THE **FUTURE** OF HEALTH

*A practitioner perspective*

## *Chapter 2*

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

**March 2018**

# FOREWORD: *Reimagining* AUSTRALIA'S HEALTH SYSTEM

## CAMERON FULLER

General Manager, NAB Health



Welcome to our Client Insights Publication the Future of Health – A practitioner perspective.

This is the second in a series of three publications we are sharing over the next few weeks that discuss the interplay of social, economic and technology factors, changing consumer expectations and new business models and channels.

The series explores consumer and practitioner's attitudes to health, the financial dimensions for consumers, practitioners and the health system, together with a range of examples of innovation emerging across the ecosystem.

We have 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 customer's and the community to navigate this changing landscape.

A handwritten signature in black ink, appearing to read 'Cameron Fuller', with a long horizontal flourish extending to the right.

**Mr Cameron Fuller**  
General Manager NAB Health

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

## CATHRYN CARVER

Executive General Manager,  
Client Coverage, C&IB



## ALAN OSTER

Group Chief Economist - NAB



To continue the Future of Health discussion, over 100 Australian health practitioners were surveyed to assess Australians health and their impressions on the health system. These practitioners were also asked to assess their business performance, challenges and drivers of growth, together with their attitudes to digital health and innovation.

It is clear from the survey's findings that Australians and their health practitioners are in agreement that the biggest health-related issues are chronic diseases such as obesity, cardiovascular disease and diabetes, together with mental illness and cancer.

Whilst Chapter 1 of our report had Australian men rate their health higher than women, our health practitioners provide an alternative perspective rating women as being healthier across all aspects of health (particularly oral health such as gum disease and tooth decay). Our practitioners viewed poor diet as the primary driver of Australians 'moderately' healthy outcomes today with inactivity, stress, smoking and excessive alcohol consumption significant factors. Looking ahead, inactivity, poor diet and stress are viewed as emerging trends that will reshape the health landscape.

It is clear from the survey's findings that most health practitioners' view our health system as 'world class' being more positive than the general population. However, they are concerned with the future and were much less likely to recommend the profession to their children than 10 years ago.

Business conditions were reported to be positive for the sector over the 6 month period to June 2017 with strong trading conditions across most practitioners, although there were differences in profitability and employment. Dentist's and general practitioners generally had higher profitability. Practitioner business confidence is higher than the broader economy with dentists predicting a lift in employment whilst general practitioners and specialists are expecting employment to soften.

Referrals and patient recommendations are expected to continue to be the biggest driver of business growth over the next year and from a cost & capacity perspective, availability of practitioners for general practice and specialties remains a key challenge.

Given the importance of the human dimension to health care, practitioners are reluctant to embrace video consultation or engage with patients via smartphones, computers or other devices, however they are more receptive to using digital technology to transform the payment process and enable health information to be shared via digital devices.



**Cathryn Carver**  
Executive General Manager, Client Coverage,  
C&IB – NAB



**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 customer 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 re-imagining 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
-  Big 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: PRACTITIONER'S PERSPECTIVE ON CONSUMER HEALTH

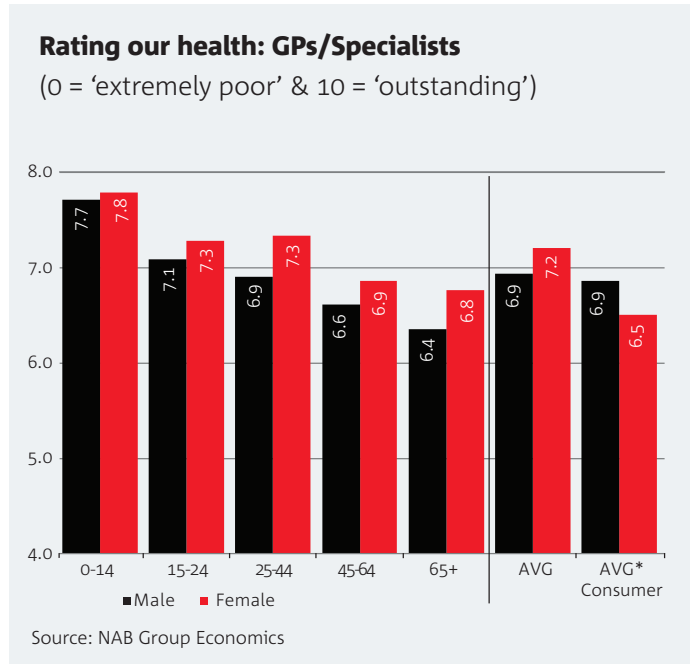
## How GPs, Specialists, Dentists and Other health practitioner's see Australia's health and healthcare system now and into the future.

Australian health practitioners on average rate Australians 'moderately' healthy overall.

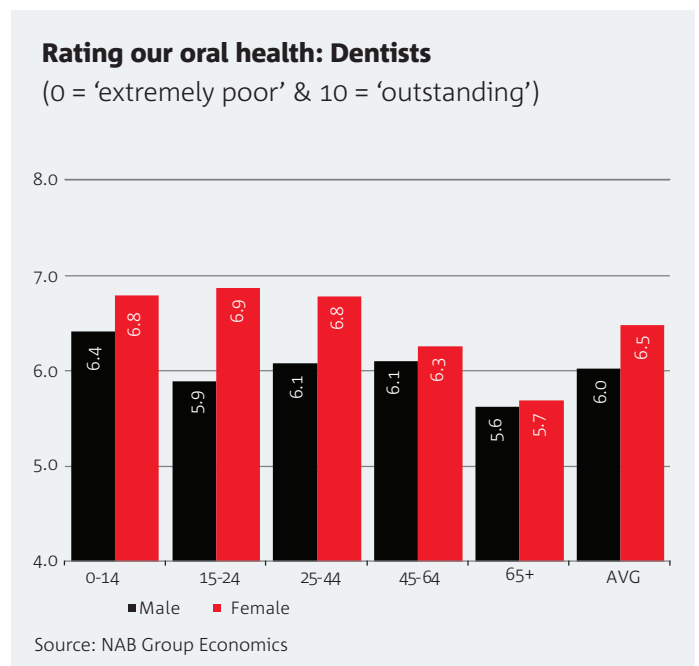
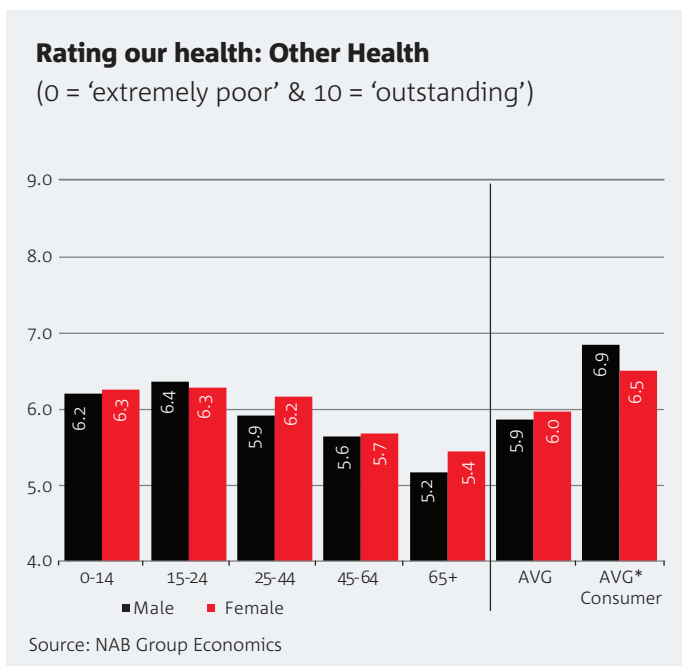
Practitioners think that women are healthier than men across almost all aspects of their health (physical and oral) and in nearly all age groups. Apart from their oral health, young people are healthier than older people.

This is in contrast to our own perceptions where men perceive their physical and mental health ahead of women.

According to general practitioners and specialists, children (0-14) are the healthiest of all aged groups, with over 65s rated the least healthy across both women and men.

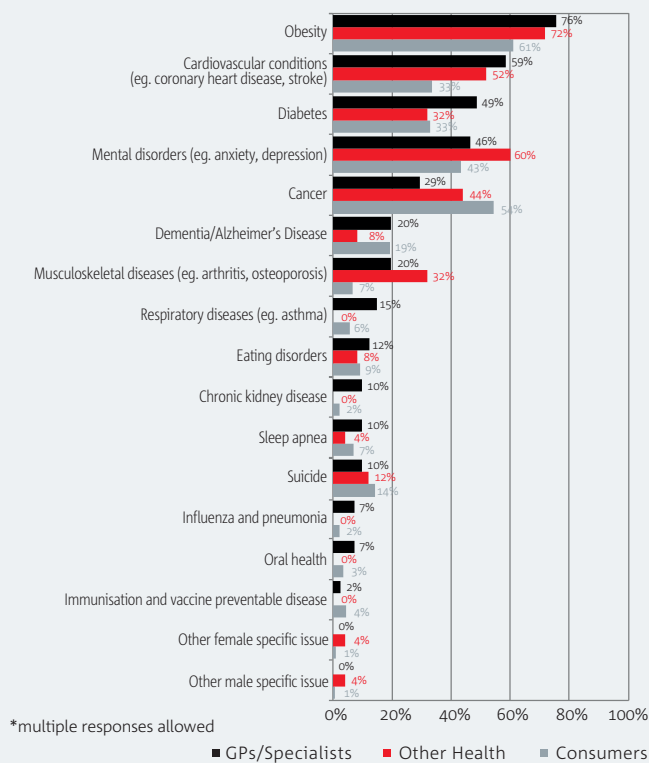


Other health practitioners (eg. physiotherapists, optometrists, chiropractors and other allied health service providers) were less positive about our health. On average, they scored the overall health of Australian women at just 6.0 points and men at 5.9 points.



## Health related risks facing Australians: now

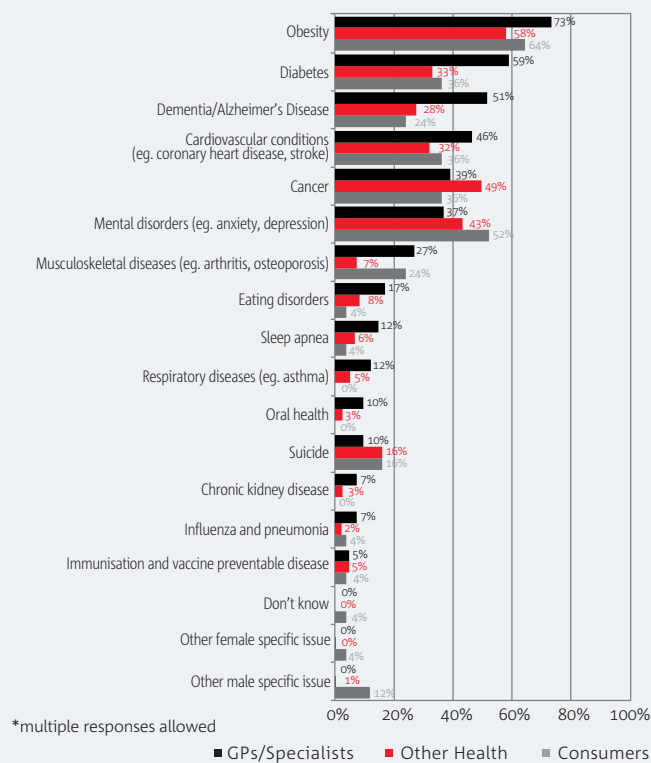
(% of respondents)\*



Source: NAB Group Economics

## Health related risks facing Australians: in 10 years

(% of respondents)\*



Source: NAB Group Economics

Interestingly, other health practitioners believe that men are healthiest between ages of 15-24 and that their health steps down consistently as they age. In contrast, they believe women's health remains broadly the same from the ages 0-44 with a steepening deterioration in their overall health from age 45-64.

When it came to oral health, dentists highlighted a big difference in the oral health of women at 6.5 points in comparison to men at 6.0 points. This difference is particularly pronounced between women and men between the ages of 15-44 after which the oral health of women deteriorates and the difference narrows.

Australian GPs/specialists and other health practitioners were asked to nominate the biggest health-related issues that Australian face today and in 10 years' time.

Around 3 in 4 GPs/specialists and other health providers said obesity is by far the biggest issue we currently face which aligns closely with the sentiment of Australian consumers.

The next biggest issue identified include cardiovascular conditions, diabetes and mental disorders. Less than a third of health practitioners saw cancer as a major issue which was in stark contrast to consumers where more than 1 in 2 saw this as a major risk.

Other health providers were much more concerned than GPs/specialists about mental disorders, cancer and musculoskeletal disease, but somewhat less worried about cardiovascular conditions and diabetes.

Obesity is expected to be our biggest health related issue we will face in 10 years' time. GPs/specialists were the most pessimistic relative to other health practitioners who expect some improvement.

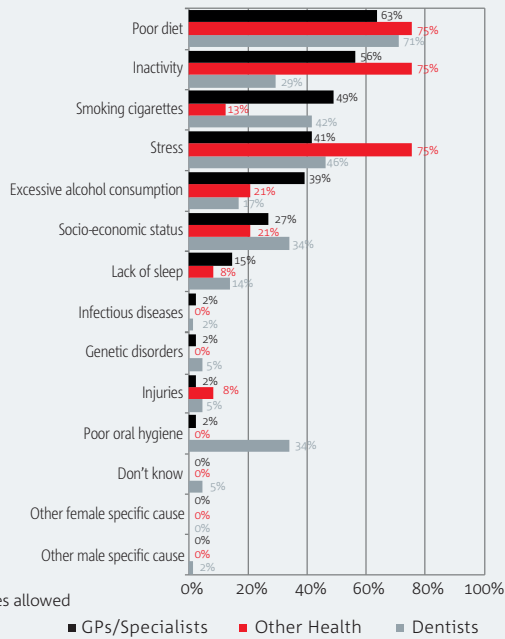
More GPs/specialists than other health practitioners think diabetes and cancer will become major health issues in 10 years' time. Dementia is also expected to be much more prevalent as the population ages. In contrast, improved outcomes are expected for cardiovascular disease and mental disorders.

Other health practitioners expect that cancer and cardiovascular disease to still be major issues and are expecting mental disorders and diabetes to become major issues in the future.

Consumers don't believe there will be any significant progress in addressing major health issues and expect obesity, cancer, mental disorders, diabetes and cardiovascular conditions to remain the key challenges they will face in 10 years' time.

### Biggest causes of health related risks facing Australians: now

(% of respondents)\*



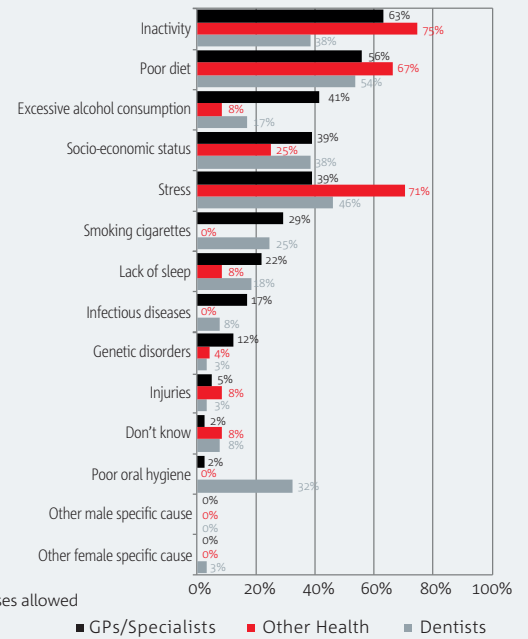
\*multiple responses allowed

■ GPs/Specialists ■ Other Health ■ Dentists

Source: NAB Group Economics

### Biggest causes of health related risks facing Australians: in 10 years

(% of respondents)\*



\*multiple responses allowed

■ GPs/Specialists ■ Other Health ■ Dentists

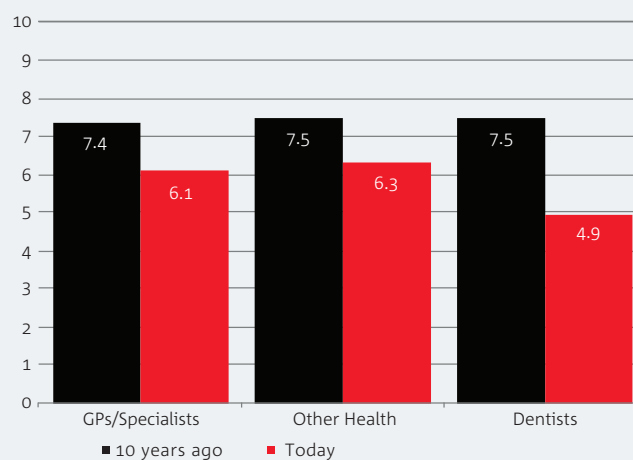
Source: NAB Group Economics

Despite rating Australia's health system highly, advocacy to recommend their profession to their children or family was much less likely than 10 years ago.

All health practitioners rated more poorly in this area with dentists seeing the biggest reduction over this time.

### Recommending your profession to your children or other family members as a career choice

(0 = not at all; 10 = completely)



Source: NAB Group Economics

## Tree change? The pros and cons of running a rural pharmacy

What does it take to run a successful rural pharmacy? Two business owners – including the winner of 2017's Pharmacy Guild of Australia's Pharmacy of the Year Award – discuss the challenges and rewards of working in a small town.

Pharmacists play a vital role in Australia's country towns. Lucy Walker and Joseph O'Malley, who both own successful rural pharmacies in Queensland and Tasmania, discuss.

When Lucy Walker needs to visit the city, she takes her own four-seater plane.

'We can fly to training sessions and professional events in Brisbane or Toowoomba and be back in a day,' she says. 'Driving would take up at least two days, and that would be very disruptive to our business.'

The business is Lucy Walker's Chemmart pharmacy in Goondiwindi – a town of 5500 people on the Queensland and New South Wales border which is over 350 kilometres from the nearest city.

'There's no question that distance is our greatest challenge,' she says. 'Being remote affects simple things – for instance, our orders are only delivered once a day and company representatives don't visit often, if at all. I moved here from the city and it's certainly a very different environment but pharmacists

are needed even more in remote areas and I don't see any reason why being in the country should stop you from providing a great service to the community.'

### Streamlined processes

It's now six years since Walker bought an established traditional pharmacy and embarked on extensive renovations. Her most recent investment is a robotic dispensing system. 'I'm always looking for ways to streamline dispensary processes so I can spend more time with my customers,' she says.

This year, she won both the Pharmacy Guild of Australia's Pharmacy of the Year Award and the Award for Community Engagement.

'In a country town it's much easier to get to know and respond to your customers' needs,' she says. 'For example, we've made our consult rooms available to breastfeeding mothers and anyone who needs to talk to a specialist but can't Skype from home. Our aim has always been to create a social and community hub as well as a health destination.'

Social media plays an important role in her engagement strategy.

'Facebook in particular is a great way to get health messages across and let people know what's happening in store,' she says.



## An expanding role

The expanding role of pharmacists is particularly welcome in rural areas, says Joseph O'Malley, who owns a pharmacy in Ulverstone, Tasmania, and is a member of the Community Pharmacies for Rural & Indigenous Australia (CPRIA) Advisory Group.

'Over the past few years we've been able to perform a wider range of health-based services including asthma checks, medication reviews and flu immunisations, and a diabetes screening trial is currently underway,' O'Malley says.

'I believe that, in rural communities, it's important for doctors, nurses and pharmacists to collaborate on more than medication. For example, people often have a significant wait to see a specialist or get advice from someone like a dietitian or a diabetes educator. There is certainly a collaborative role for the pharmacist in that space.'

## Common challenges

There's no such thing as a single rural model – as O'Malley points out, his business is vastly different from one in an isolated area such as Arnhem Land or Thursday Island. However, they do have some challenges in common.

'It's certainly trickier to find good staff once you're more than an hour away from a capital city or large regional centre,' he says. 'Many rural pharmacists encourage students to do their third or fourth-year placements with them in the hope that they'll return as an intern and stay.'

This strategy is one that has worked well for Walker.

'I invest a lot of resources in staff development and focus strongly on students and interns,' she says. 'I've had an intern continue as a pharmacist for five years.'

Most rural pharmacies have to pay considerably higher wages than their city counterparts.

'The hourly award wage is mid 20 dollars and that's what many young pharmacists are being paid in capital city pharmacies,' says O'Malley. 'We have to pay close to \$40 an hour for someone with the skills and experience we need. It's a challenge in terms of cash flow but retaining good people is much more cost-effective in the long term than having a high turnover of staff.'

On the positive side, rents are likely to be considerably lower than in the city. There are also a number of programs funded through the [6CPA](#), the latest agreement between the Federal Government and the Pharmacy Guild of Australia, that support businesses assessed as having some level of remoteness or isolation. O'Malley adds that the CPRIA also works hard to support pharmacists in regional locations.

'As a group, CPRIA promotes rural pharmacies and encourages younger pharmacists to give it a go,' says O'Malley. 'Once they've settled in a metropolitan area and have family responsibilities, they're much less likely to consider a move.'

For Lucy Walker, the environment itself has a strong appeal.

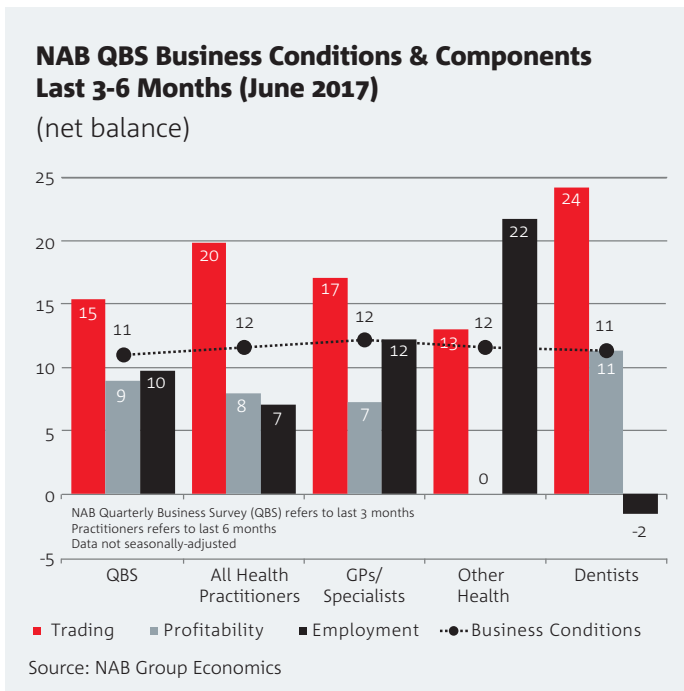
'I really noticed the difference when I moved from the city,' she says. 'People really are friendlier. They smile at you and stop to talk in the street and the children all know each other and play together. A country town can be a great place to raise a family as well as build a successful business.'

This article was first published on NAB Business Research and Insights – nab.com.au/insights 20 October 2017.



# PART 2: PRACTITIONER BUSINESS CONDITIONS & CONFIDENCE, TOGETHER WITH CHALLENGES, GROWTH DRIVERS AND PRACTICE MANAGEMENT

Overall, business conditions for Australian health practitioners at +12 were broadly similar to conditions in the broader economy at +11. Both were led by strong trading conditions at +20.

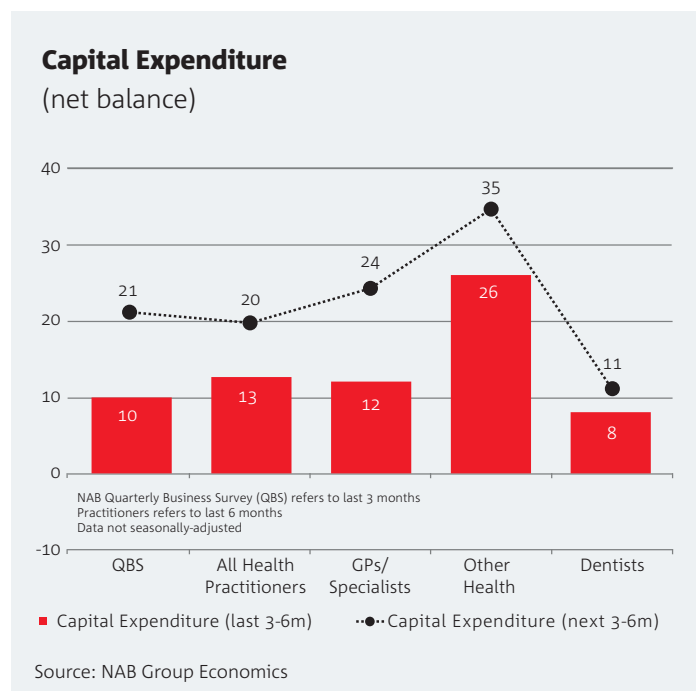
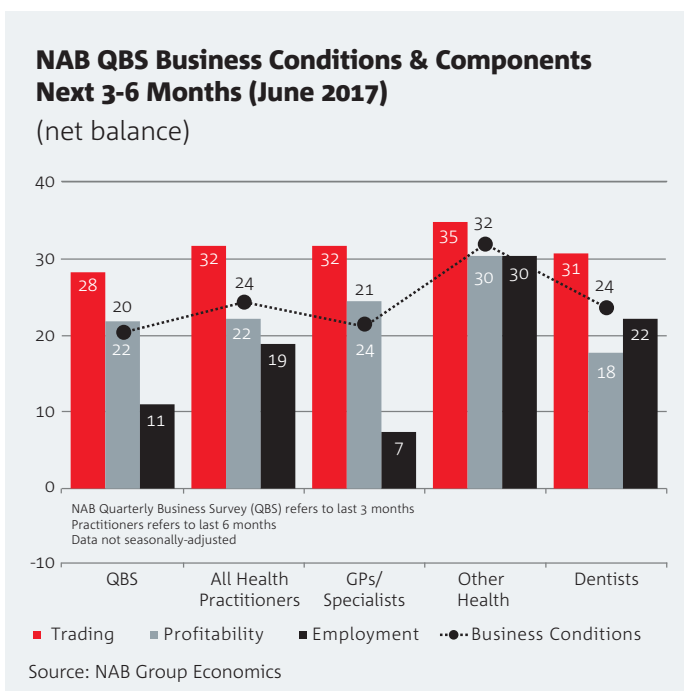


The impact from strong trading conditions on profitability at +8 and employment at +7 was also positive.

All practitioners reported positive and also broadly similar business conditions in the last 6 months, led by strong trading conditions. Profitability and employment was also positive.

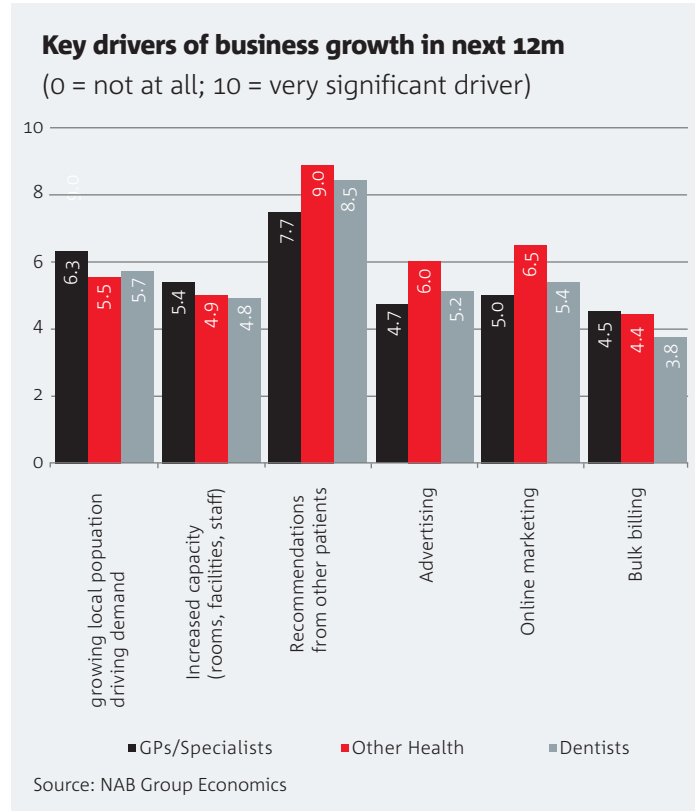
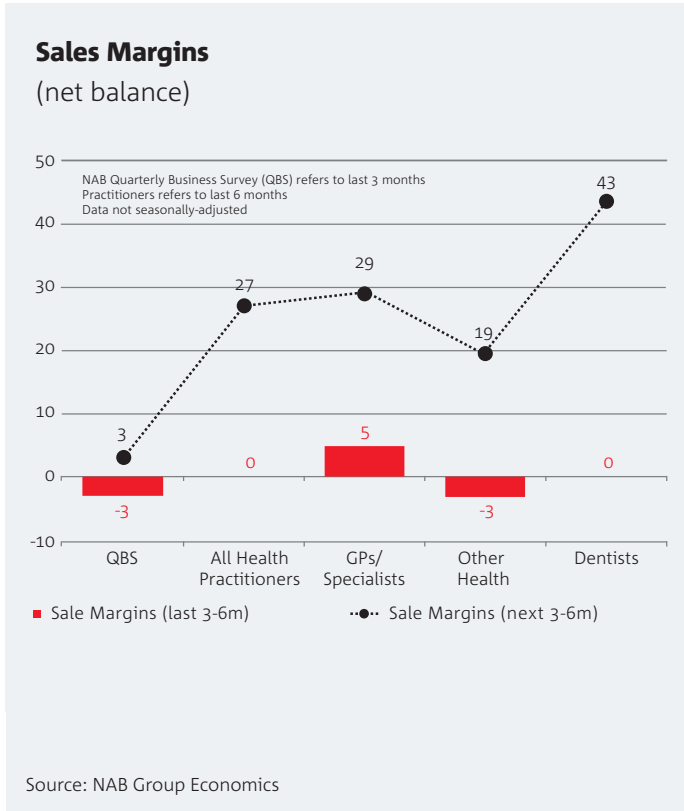
Business confidence amongst health practitioners for the next 6 months was slightly higher than the broader economy. Other health practitioners exhibited higher confidence than dentists and GPs/specialists.

Capital expenditure among health practitioners was positive in the past 6 months and somewhat stronger than the broader economy. It was highest for other health practitioners and lowest for dentists. Broadly in line with the economy, health practitioners are expected to increase their capital expenditure in the next 6 months.



In contrast to sales margins over the last 6 months which were neutral, a big improvement is expected over the next 6 months particularly when compared to the broader economy.

Patient recommendations are expected to be the most significant driver of business growth in the next year with other drivers including population growth and increased capacity (GPs/specialists) and online marketing/advertising (Other health practitioners and dentists).



## Health professionals, are you making the most of your accountant?

Could you get more value from your financial services provider? If you only ever talk tax, you could be missing out. Stannards' Marino Angelini explains changes in the health practice and accountant relationship and why wealth building, cost cutting and asset protection should all be part of the service.

At the start of his accounting career, Marino Angelini worked with pencil and paper and entered every figure by hand. Today, as a Partner at Stannards, he keeps his entire document management systems in the cloud.

'Cloud-based processes have changed the way we relate to our clients,' he says. 'For example, electronic accounting is much faster and more efficient for us so we can keep their costs to a

minimum. It's also quicker and easier for our clients so they're likely to have more billable hours. If a new client has been preparing accounts manually, we give them as much help as they need to move online and start capitalising on the benefits.'

With technology to take care of routine and time-consuming tasks, accountants are free to adopt a more advisory role.

'I coined the phrase 'the future belongs to those who plan for it' and that's the principal we work with at Stannards,' Angelini says. 'By looking to the future and thinking strategically we can manage our clients' cash flows and surplus funds along with their compliance. We believe in working towards pre-determined outcomes rather than hoping for a particular result.'

## Gazing into the future

Angelini develops one- to five-year rolling forecasts for each of his clients.

‘Naturally the focus of our advice changes as their careers progress,’ he says. ‘Those in their forties tend to be most concerned about their children’s education and paying off the family home, while those in their fifties and sixties are thinking about retirement and selling their practice.’

‘We’re now working much more closely with our clients so that we can provide timely, high-quality and personalised advice.’

Following a recent change in legislation, only accountants with an Australian financial services licence (AFSL) can provide advice about self-managed superannuation funds (SMSFs).

‘Superannuation is a very popular investment for health professionals because it’s a protected asset and, at retirement, limits are either tax-effective or tax-free,’ Angelini explains. ‘Sound and reliable advice is vital so we work closely with trusted, externally-licensed wealth advisers.’

Asset protection is also fundamental to any practitioner’s wealth creation strategy.

‘Patient litigation isn’t an everyday occurrence but it can happen,’ he says. ‘There’s also a risk that employees will claim unfair dismissal. We make it a priority to ensure the wealth our clients have accumulated is not vulnerable to an event that could well be outside their control.’

## Communicate with a specialist

Close and effective relationships are built on regular communication but, according to Angelini, some health professionals don’t engage with their accountant as often as they should because they’re concerned about how much a phone call might cost.

‘We manage that by establishing fixed annual costs for an agreed range of services,’ he says. ‘Unless we tell them otherwise, our clients can assume everything they require is included in that price. If something does crop up that lies outside the scope of the agreement, we let them know and provide a quote for the extra service so they never have to worry about unexpected bills. We also

offer the option of equal monthly instalments to support their cash flow.’

Angelini recommends all health professionals seek specialist accounting advice.

‘Surgeries and practices have complex accounting requirements in areas such as billing and cash flow, increasing compliance and ongoing changes to Medicare,’ he says. ‘It takes an accountant with a deep understanding of the industry and specialist knowledge of the regulatory environment, specific taxes and tax reductions to ensure you’re best placed to build wealth and achieve your financial goals.’

## Three important questions to ask your accountant

### 1. How well do you understand my industry?

As a health professional, you operate in a complex world of regulation, taxation and evolving business models. Your accountant needs to be on top of regulatory and other changes to ensure you’re meeting your obligations, taking advantage of all appropriate deductions and protecting your assets as you build your wealth. A specialist can also assess your business in the context of the broader industry to identify any areas that would benefit from extra attention.

### 2. Do you charge a fixed fee?

Transparency and regular contact underpin a strong relationship with your accountant but, if you’re charged for every call, you might think twice about picking up the phone. A flat fee can help to keep all lines of communication open and, and as long as the extent of the cover is clearly set out, there’s no risk of unpleasant surprises or time-wasting disagreements.

### 3. Are you proactive?

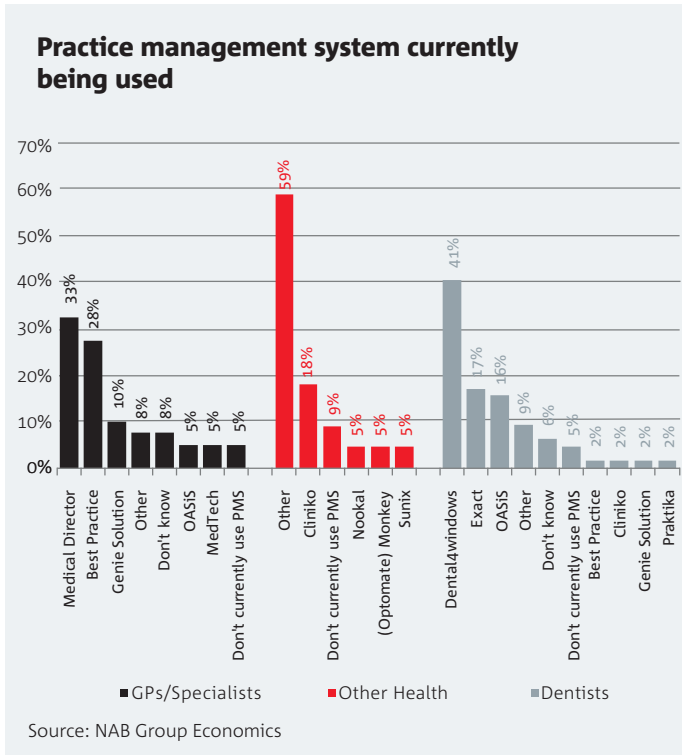
Health professionals are notoriously busy people with little time to think about either their business or their financial future. A good accountant will look ahead, think strategically and make suggestions to help you operate in the most tax-effective and efficient way and take advantage of opportunities as they arise.

This article was first published on Business Research and Insights - [nab.com.au/insights](http://nab.com.au/insights) 12 January 2018.



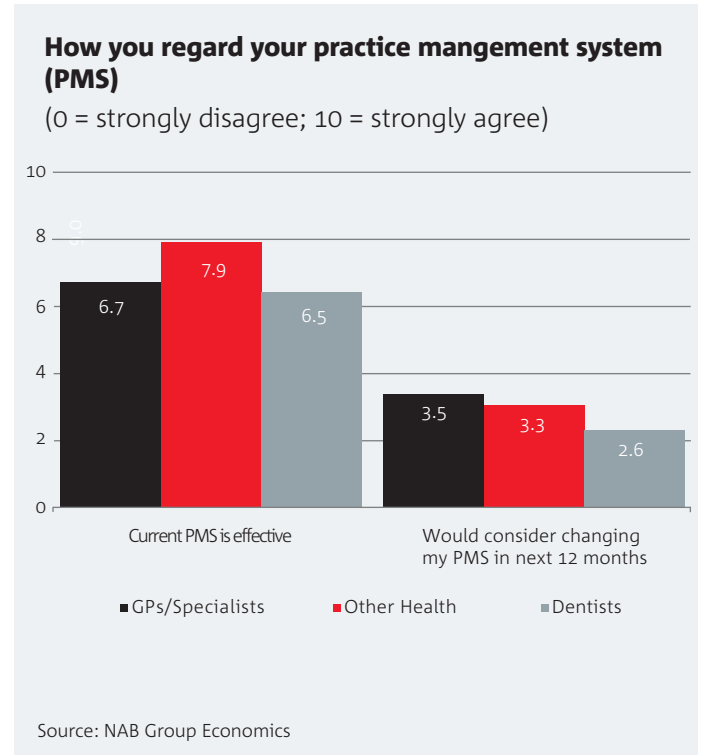
Around 1 in 3 surveyed GPs/specialists currently use Medical Director as their main practice management system (PMS) and just 1 in 4 use Best Practice.

The majority of dentists (41%) use Dental4Windows for their PMS and Clinko was the most common PMS used by Other health practitioners (18%).



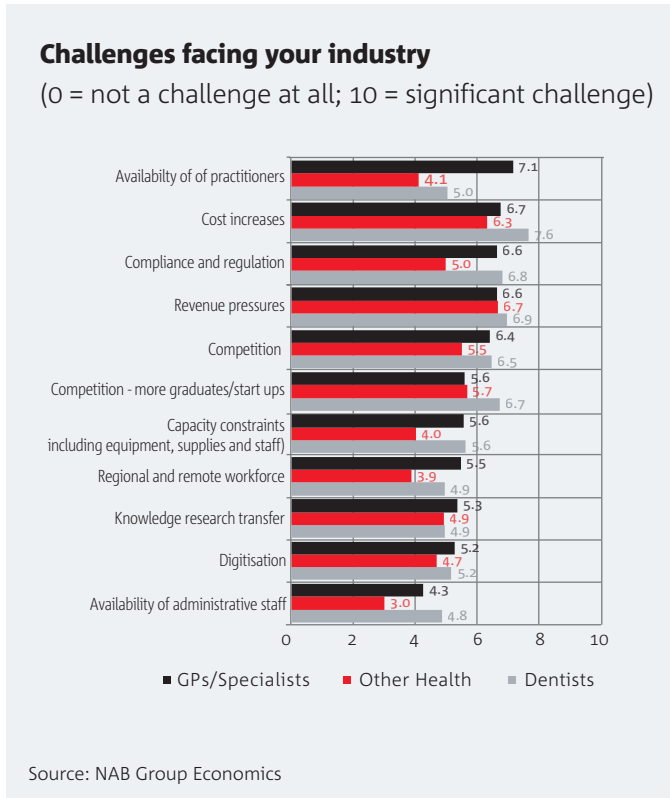
When asked to rate how effective their current PMS was Other health practitioners were the happiest scoring 7.9 out of 10 points (10 strongly agree).

GPs/Specialists 6.7 points and dentist 6.5 points rated their current PMS lower, although Dentists were the least likely to consider changing their PMS in the next 12 months.



# PART 3: HEALTH SYSTEM PERSPECTIVES NOW & INTO THE FUTURE

Health practitioners have also identified a number of challenges facing the industry.



For GPs/specialists the most significant challenge they face is availability of practitioners at 7.1 points, followed by cost increases at 6.7 points, compliance and regulation at 6.6 points, revenue pressures at 6.6 points and competition at 6.4 points.

They are least concerned about availability of administrative staff at 4.3 points and digitisation at 5.2 points.

Other health practitioners believe the biggest challenge they will face come from revenue pressures at 6.7 points and cost increases at 6.3 points.

They are least worried about availability of administrative staff at 3.6 points, regional and remote workforce at 3.9 points, capacity constraints at 4.0 points and availability of practitioners at 4.0 points.

For dentists the biggest issues are cost increases at 7.6 points, revenue pressures at 6.9 points, more graduates and start-ups at 6.7 points and competition at 6.5 points.

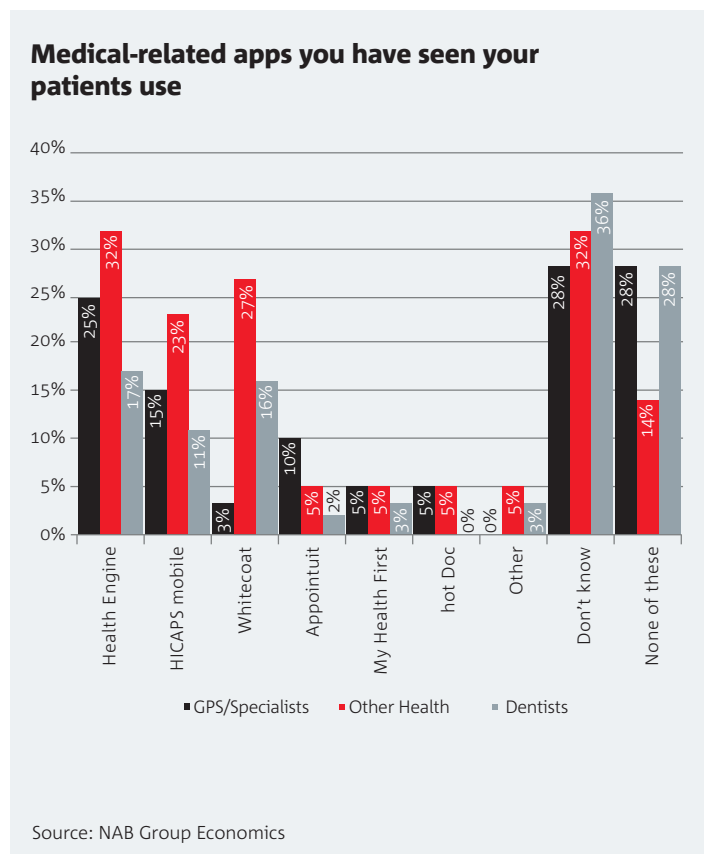
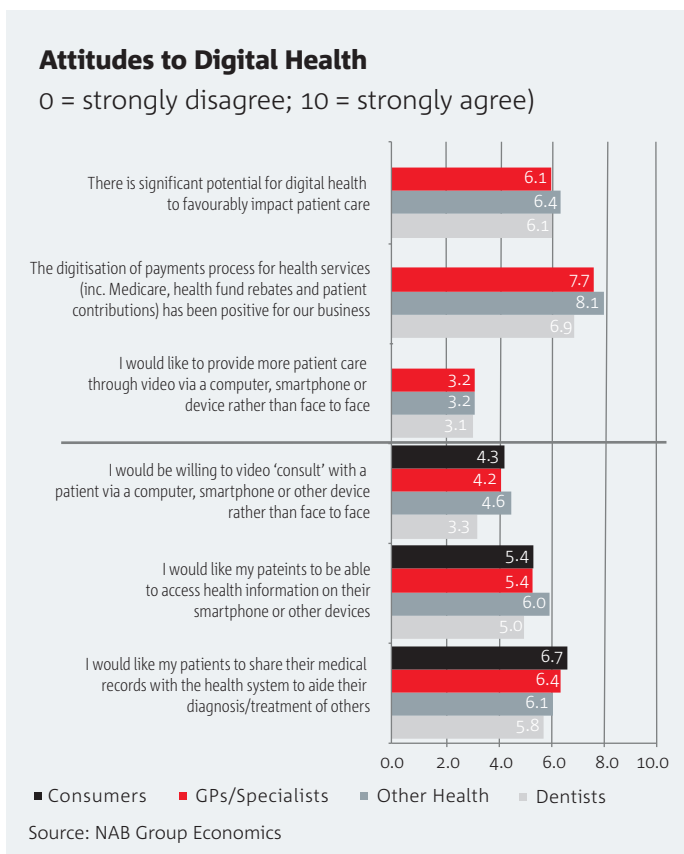
They worry least about administrative staff availability at 4.8 points, knowledge resource transfer at 4.9 points and regional and remote workforce at 4.9 points.

# PART 4: PRACTITIONER'S PERSPECTIVE ON INNOVATION & DIGITAL HEALTH

When health practitioners were asked for their opinions relating to some key aspects of digital health and sharing their patient's medical records they were only 'moderately' in agreement that 'there is significant potential for digital health to favourably impact patient care'. The opinion across all practitioners was broadly aligned with Other health practitioners scoring 6.4 points (10 strongly agree) and GPs/specialists both scoring 6.1 points.

However, when it came to the digitisation of the payment process (including Medicare, health care fund rebates and patient contributions) they were much more positive with other health practitioners scoring highly at 8.1 points and dentists the least positive at 6.9 points.

When it came to their patients and digital health delivery, all practitioners were much less positive. In particular, they were not very willing to video 'consult' with their patients. The attitudes of practitioners towards video consults also mirrored that of Australian consumers.



In terms of accessing health information on smartphones or other devices, other health practitioners were the most receptive at 6.0 points and dentists the least receptive at 5.0 points. GPs/specialists and consumers attitudes were broadly aligned at 5.4 points.

When it came to sharing medical records with the health system, consumers were more agreeable at 6.7 points than GPs/specialists at 6.4 points, other health practitioners at 6.1 points and dentists at 5.8 points.

Health Engine (a booking app) is the most commonly used medical-related app used according to 32% of other health practitioners, 25% of GPs/specialists and 17% of dentists.

Whitecoat (an online healthcare provider directory) was the next most common app according to 27% to their health providers and 16% of dentists.

HICAPS mobile was also a common used app according to 23% of Other health providers, 15% of GPs/specialists and 11% of dentists. Appointuit was used by 10% of GP/specialists patients.

Just over 1 in 4 patients visiting GPs/specialists or a dentist have not used a medical related health app, compared to just 14% visiting Other health providers.

### **Next: Chapter 3**

The next chapter of the Future of Health series will explore the Health System and the perspectives of some of the leading industry stakeholders.



**Important information**

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