

Submission by the Australian Nursing and Midwifery Federation

Private Health Reform Options – Consultation Paper

14 February 2025



**Australian
Nursing &
Midwifery
Federation**



Annie Butler
Federal Secretary

Lori-Anne Sharp
Federal Assistant Secretary

Australian Nursing and Midwifery Federation
Level 1, 365 Queen Street, Melbourne VIC 3000
E: anmfederal@anmf.org.au
W: www.anmf.org.au



Introduction

The Australian Nursing and Midwifery Federation (ANMF) is Australia's largest national union and professional nursing and midwifery organisation. In collaboration with the ANMF's eight state and territory branches, we represent the professional, industrial and political interests of more than 326,000 nurses, midwives and care-workers across the country.

Our members work in the public and private health, aged care and disability sectors across a wide variety of urban, rural and remote locations. We work with them to improve their ability to deliver safe and best practice care in each and every one of these settings, fulfil their professional goals and achieve a healthy work/life balance.

Our strong and growing membership and integrated role as both a trade union and professional organisation provides us with a complete understanding of all aspects of the nursing and midwifery professions and see us uniquely placed to defend and advance our professions.

Through our work with members, we aim to strengthen the contribution of nursing and midwifery to improving Australia's health and aged care systems, and the health of our national and global communities.

The ANMF appreciates the opportunity to provide a response to the Australian Government Department of Health and Aged Care for the public consultation on Private Health Reform Options. Consistent with the ANMF position statements on Public and Private Health Services and Medicare it is our view that the private system should complement the public system by presenting a choice that can be accessed by those who can do so. However, the private profit motive and fee-for-service model are at odds with the principle that health care is a fundamental human right for all. Government must therefore make investment in the public system a key priority and have safeguards in place to ensure quality care always comes before profit in the private system.



Further, it is the ANMF national position that:

- Health is a public good with shared benefits and shared responsibilities.
- Access to health care is a fundamental human right of every Australian, not a privilege.
- Australians requiring health care have the right to choose how and where that health care is provided.
- A universally accessible and free public health system is the best way to provide health care for all Australians and address disadvantage.
- Private health services that allow Australians to exercise their right to choose where they obtain health services are a useful complement to the public system and should remain as such.
- Governments should prioritise investment in the public system as the provider of high-quality health care that is accessible to all Australians when and where they need it.
- Private sector nurses, midwives and assistants in nursing should receive terms and conditions of employment equivalent to those provided in the public sector.



Overview

Second-Tier Default Benefits – short-term reform proposal

1. Issues for stakeholder feedback:

- Whether the proposed changes are implemented on a temporary or permanent basis and the period by which a post implementation review should be undertaken.
- The commencement of the proposed changes, noting the current annual processes for second-tier audit, categorisation and rate calculation.
- The criteria for determining what constitutes an established regional hospital eligible for a higher second-tier default benefit, noting the department regularly makes use of the Modified Monash Model (MMM)⁴ for geographic definitions.
- The level of the proposed increase to the second-tier rate for established regional hospitals and estimated impact on private health insurance benefit amounts. There are around 110 hospitals in Issues for stakeholder feedback:
- The extent to which a sector self-regulatory approach is viable, including how consensus arrangements may be identified, maintained and updated.
- The contribution the department or another third party may play in facilitating industry agreement on standardised contractual terms.
- The potential for regulatory changes to assist in the introduction of standardised arrangements and/ or to address issues that give rise to significant disputes about claims for benefits such as hospital certification requirements.

Response:

The ANMF supports proposals that aim to improve healthcare equity and access, particularly in regional and rural areas. However, any changes should be introduced cautiously, ideally on a temporary basis, until rigorous planning and evaluation demonstrate their benefits.

Implementation of Local Area Networks will change the dynamics of services that regional facilities offer. Modified Monash Model (MMM) 3 and 4 categories now have significantly reduced health services. Funding should consider catchment area and increased demand and services on MMM 2 areas.



In view of the uncertain results that such changes may achieve, it is not prudent to support a self-regulatory approach. It would also seem responsible to have any process change managed within the oversight of a Commonwealth Department, or third-party regulator, to ensure that any industry changes bring about public benefit, both in terms of health care access and economic viability. A regulator could be tasked with creating sector wide contract templates and have oversight of delivery of models and arranging a pricing index. This would minimise disputes and facilitate clear, fair pricing practices.

Payment terms and administrative costs – short-term reform proposal

2. Issues for stakeholder feedback:

- The extent to which a sector self-regulatory approach is viable, including how consensus arrangements may be identified, maintained and updated.
- The contribution the department or another third party may play in facilitating industry agreement on standardised contractual terms.
- The potential for regulatory changes to assist in the introduction of standardised arrangements and/ or to address issues that give rise to significant disputes about claims for benefits such as hospital certification requirements.

Response:

The ANMF firmly believes that the recent disputes between private hospitals and health insurance providers highlight the need for robust regulatory frameworks to facilitate better agreements. The recent media reports on benefit claims disputes underscore the importance of developing standardised contractual terms that can guide these relationships. A sector self-regulatory approach is unfeasible, as it lacks the necessary oversight to maintain fairness and transparency. Standardised arrangements, supported by regulation, would enable policyholders to make more informed choices and would foster greater clarity regarding the costs of private health care procedures and services facilitating informed financial consent.



Hospital in the Home – short-term reform proposal

3. Issues for stakeholder feedback:

- What priority conditions, if any, should the mandated Hospital in the Home programs focus on and why?
- What evidence should be required to demonstrate that a specific Hospital in the Home program is:
 - well established; and
 - clinically beneficial?
- What are the appropriate arrangements for determining and requiring service providers to meet appropriate accreditation and service quality standards?
- Should the provision of the mandated Hospital in the Home programs be limited to any particular type of health care providers / facilities?
- What is the appropriate mechanism for determining the minimum contribution that insurers will be required to pay to the service provider for delivering the mandated Hospital in the Home programs?
- What factors should be taken into account in determining the number of Hospital in the Home programs included in the first tranche and what if any conditions should be placed on the period of time these programs will be mandated?
- What if any other regulatory arrangements may need to be changed to support the implementation, operation and financial sustainability of this reform option?

Response:

Hospital in the Home services in both the public and private sector has expanded to a Virtual Hospital Model and is now dealing with people requiring higher acuity care.

The ANMF supports the intent of this short-term reform proposal, that is, to improve access (for people who can afford private health insurance) to established clinically beneficial Hospital in the Home programs but stresses that safety, quality, and patient care should remain the priorities. Elective surgery is a mainstay of the private health system, and we support reforms that facilitate optimal health outcomes. The Enhanced Recovery After Surgery (ERAS) program, for example, is a multimodal peri-operative care pathway aimed at reducing the length of stay for people who have major surgery through early recovery (Queensland Government (Metro South Health), 2024).



As a general comment, the ANMF considers that people who receive these private health services should not be transferred back to the public health system as a cost shifting activity, for example, when complications arise, or they have met the limit of the private insurance cover.

Conditions admitted into Hospital in the Home Programs need to be based on locality, capacity, available carers, digital health, registered nurse and midwife workforce, admission criteria, location to hospital and ambulance services.

Doctors have typically had significant influence over private hospital system standards and conditions. It is the view of the ANMF that private hospitals should be obliged to replicate the standards, governance and legislative reporting mechanisms required within the public sector for the provision of Hospital in the Home programs.

The ANMF recommends that objective criteria regarding appropriate training, skills and experience are established to determine which providers can provide mandated Hospital in the Home programs. High accreditation standards and regulatory oversight is required to ensure high levels of care are maintained.

We expect that these services would be contracted out to registered domiciliary care providers. We reiterate the principle outlined above that people employed in the private health sector are provided with comparable wages and conditions as people employed in the public sector. In addition, we recommend that appropriate staffing and skill mix, comparable with the public sector, is implemented. We also advocate that there be a plan for continuity of service for all outsourced services to ensure that care delivery is not impacted by contractual changes.

The introduction of objective criteria for accrediting providers of these services is essential to maintaining the program's integrity. The ANMF advocates for a phased rollout, beginning with a limited number of providers to assess the model's effectiveness and sustainability.



Mental Health

4. Issues for stakeholder feedback:

- Should an amendment to the 10-year moratorium include provisions requiring that overseas trained psychiatrists dedicate time in both public and private hospital settings? If yes, what is the ideal balance of clinical work hours that should be performed in public hospital roles and in private hospitals?
- If the proposed amendment to the 10-year moratorium were implemented, should it apply to overseas trained psychiatrists currently practicing in Australia, or be limited to cohorts entering Australia following the amendment?
- Should the proposed amendment of the moratorium operate for a time-limited basis? If yes, for what time period should the amendment to the moratorium operate?
- Are there any potential risks or unintended consequences associated with the introduction of the proposed reform option? If so, do you have any suggestions to reduce or limit the impact?

Response:

Mental health services in Australia are critically underfunded and under-resourced, particularly in the public sector. The ANMF supports amendments to the 10-year moratorium on overseas-trained psychiatrists, provided that they work across both public and private hospital settings to ensure consistent and high-quality care. Working in the public health system provides an excellent opportunity for peer review in collaboration with colleagues who are qualified and experienced.

We also recommend that the Australian and New Zealand College of Psychiatrists establish a program similar to the one run by the Australian and New Zealand College of Anaesthetists (ANZCA) to assess internationally trained psychiatrists, ensuring that their training meets Australian standards. In the ANZCA program specialist international medical graduates (SIMG) are assessed to determine whether they can practice as an unsupervised specialist anaesthetist comparable to the standard required by an ANZCA fellow.

The ANMF understands that there is a tension between ensuring safety while also managing the risks associated with significant workforce shortages in the public system, such as in New South Wales, where approximately 50% of psychiatrists have indicated that they will resign due to remuneration and working conditions (Nichols, 2025).



While the focus of this consultation refers to short-term reforms, we recommend that the Government focus in the medium to long term is on the investment of innovative nurse-led models. For example, we refer the Department to the ANMF submission to the recent Review of the PHN Business Model and Mental Health Flexible Funding. In this submission, we indicated that the people most in need of mental health services, experience the greatest difficulty accessing private mental health services due to affordability and waiting times and that the provision of public mental health services is inadequate. Consequently, improving coordination, access, continuity of care and information sharing are key priorities that need to be addressed by the Federal Government.

The ANMF calls for a focus on nurse-led models of care, particularly mental health nurse practitioners, who are well-positioned to address the gap in mental health services. Mental health nurses practice in a range of settings including inpatient, community, support services, emergency departments, correctional facilities, residential aged care facilities, private practice, welfare services, alcohol and drug services, and primary health. Investment in the training and development of the mental health workforce is essential to improving access to services and ensuring high-quality care.

Maternity Care

5. Issues for stakeholder feedback:

- Which private health insurance product tier(s) should provide coverage for the 'Pregnancy and birth' clinical category to enable improved access and affordability for policyholders?
- What are the implications for policyholders and the health system in retaining the current arrangements and the implications associated with a change, including the impact on premiums and the value proposition of private health insurance.
- If you consider the clinical category of 'Pregnancy and birth' should be a mandatory inclusion in another product tier(s)? Do you consider the related clinical categories of 'Assisted reproductive services' and 'Miscarriage and termination of pregnancy' should be included in the same product tier(s) as 'Pregnancy and birth' or remain in the currently assigned product tier?
- What other changes, if any, to existing private health insurance product rules and regulatory arrangements may be required to make the addition of cover for maternity care in lower product tiers provide value to the patient and be sustainable for the sector?



Response:

The ANMF supports, in principle, the intent of this reform, to increase access to private maternity services options for people who can afford private health insurance. We note, however that access to private obstetric services does not necessarily lead to better health outcomes for mothers and babies, compared with women who access publicly provided midwifery-led models (Miller et al., 2022). The ANMF advocates for the inclusion of continuity of care models and employment of endorsed midwives in both public and private systems to ensure that women and people giving birth receive continuity of care.

‘Assisted reproductive services’ and ‘miscarriage and termination of pregnancy’ should remain in the currently assigned product tier. There may be perverse unintended consequences resulting from including these clinical categories in the same product tier. For example, some women/people will decide to purchase a product based on their life decisions and decisions such as intentions to have children. We anticipate that including these related categories in the same product tier would result in women paying much higher premiums, which would most likely act as a disincentive for women and their partners who do not intend to have children.

Any changes should aim to minimise costs for individuals while maintaining access to safe services for women and babies. It also needs to be acknowledged that workforce shortages extend beyond maternity care to paediatric care.



Changes to risk equalisation arrangements to support improved access to more affordable private health insurance coverage for mental health and maternity care through amendments to the Risk Equalisation regime

6. Issues for stakeholder feedback:

- In-principle, do you support changes to the Risk Equalisation regime to equalise some or all of the benefits insurers pay for mental health and maternity care?
- Based on your experience and/or understanding of private health insurance claims for mental health and maternity care, what Risk Equalisation parameters should be considered or further examined (for example, patient age, benefit amount(s), types of treatment)?
- What information, data or modelling does the private health sector require to assess the impact of amendments to the Risk Equalisation arrangements on private health insurance premiums, product offerings and to inform government on the timeframe for implementing the proposed changes?
- What other changes may need to accompany amendments to the Risk Equalisation arrangements to support improved patient access to mental health and maternity services?

Response:

The ANMF supports changes to the Risk Equalisation regime to make mental health and maternity care more affordable. We strongly believe that the current community-rated system should be preserved to prevent the privatisation of health services, which could ultimately mimic the inequities seen in other countries, like the United States.

We recommend a robust regulatory environment for the private health sector. For example, in Queensland there is a small unit that is tasked with regulating private health providers. We recommend that the resources and powers of comparable regulatory units at a national level need to be strengthened for this function to be performed well.

The ANMF has observed other parts of the health system, such as in disability services, where changes that have been implemented without adequate evaluation have resulted in unintended consequences such as reduced quality of care. Private sector reforms should not reduce governments' focus on providing appropriate infrastructure for public health services. Any changes to the regime must be carefully evaluated and based on evidence, with clear regulatory oversight to ensure that they benefit both people needing care and the broader healthcare system.



Conclusion

The ANMF appreciates the opportunity to provide a response to the Australian Government Department of Health and Aged Care for the public consultation on Private Health Reform Options. We remain committed to improving Australia's health care system and ensuring that it remains accessible and equitable for all. While we support reforms that seek to enhance health care delivery, we emphasize the need for careful planning, regulation, and oversight to avoid unintended consequences. The private sector must complement, rather than replace, the public system, and any changes should prioritise safe, quality care, workforce conditions, and financial sustainability. Ultimately, the ANMF calls on the Government to prioritise investment in the public health care system and to implement reforms that benefit all people in Australia, not just those who can afford private health insurance. By working together and focusing on the needs of people and health practitioners alike, we can create a healthier, more equitable future for all.