

# ISSUES PAPER: STANDARDISING CLINICAL DEFINITIONS

## Introduction

In Australia, there are over 50,000 separate private health insurance products, and a large number of these are exclusionary policies. An individual consumer can expect to be able to choose from about 1,000 products directed at their particular needs. A key concern for consumers is product complexity and inconsistent clinical definitions when comparing private health insurance products. The number of products available to compare, as well as the technical and inconsistent clinical definitions used, is confusing for consumers.

The purpose of examining clinical definitions is to develop options which empower consumers by simplifying and standardising clinical definitions, and presenting clear information in order for consumers to easily compare health insurance policies and understand their own product.

## Background

Consultations conducted by the department in 2015 revealed that a key concern for consumers related to product complexity and poor consumer understanding of private health insurance products. Nearly half of all respondents to the department's consumer survey said their inability to understand and properly compare policies was in their top three concerns. Divergence in definitions of clinical services between insurance policies exacerbates consumer confusion about what is covered and what is not, and the level of coverage.

During the 2016 election campaign, the then Minister for Health and Aged Care, the Hon Sussan Ley MP, committed to:

- developing standard definitions for medical procedures across all insurers so that consumers can compare policies more easily;
- ensuring that insurers use plain English and disclose policy information in a consumer-friendly way; and
- ensuring the current gateway [www.privatehealth.gov.au](http://www.privatehealth.gov.au) reflects these improvements and allows consumers to more easily compare policies and access information.

(<https://www.liberal.org.au/latest-news/2016/06/12/coalitions-plan-ensure-private-health-insurance-delivers-value-money>, 12 June 2016).

By using clear and consistent clinical definitions, consumers may feel more well-informed, empowered to compare health insurance policies more easily, and confident in knowing their own product. The provision of easily understood clinical definitions and clear information may encourage the take up of private health insurance.

The work to develop standard clinical definitions will link closely with other work of the Private Health Ministerial Advisory Committee (the Committee) including product design and information provision. Product design aims to simplify private health insurance by developing easily-understood categories of health policies – e.g. gold, silver, bronze – so that consumers know what they are, and are not, covered for. Information provision is aimed at ensuring there is adequate information available for consumers in order to empower informed choices and ensure transparency.

## Current Arrangements

### **Standard Information Statement**

Under the *Private Health Insurance Act 2007*, a private health insurer is required to maintain an up to date Standard Information Statement (SIS) in accordance with the *Private Health Insurance (Complying Product) Rules 2015*. A SIS is a summary outlining the main features of a policy including a list of services covered, exclusions and restrictions (see [Appendix A](#) for SIS permitted content for hospital, general treatment and combined policies). The list of defined services is limited and the category “other services” is used to cover all of the services not listed. It is likely this category adds to the confusion for consumers as it is unclear as to the type and number of services included in this category.

Insurers are required to provide a copy of the SIS to consumers when first insured, at least once every 12 months, and as soon as practicable when ‘a proposed change to insurance rules will be detrimental to the policy holder.’ SISs are also available on the Commonwealth’s website [www.privatehealth.gov.au](http://www.privatehealth.gov.au) to assist consumers in comparing products.

### **Private Health Insurance Policy Information**

Consumers can also access information on private health insurance policies through individual insurers either in hard copy or online. Each insurer decides on the content and how much information to provide to consumers. This information is separate from the SIS and has no regulatory basis. While insurers use consistent clinical definitions across their own policies, clinical definitions vary greatly between health insurers. Private health intermediaries also tend to use inconsistent clinical definitions when comparing or aggregating information on different products.

A quick search across private health insurance and intermediary websites revealed 14 different naming terms for ‘cardiac and cardiac related services.’ A table comparing SIS terms with terms used by insurers and intermediaries is at [Appendix B](#). This table also details additional terms that insurers and intermediaries use that are not included in the SIS. It will be important to consider whether the use of standard clinical definitions should be encouraged across the whole private health insurance industry, not just by insurers.

### **Existing Clinical Definitions**

It will be important to ensure that standard clinical definitions for private health insurance are developed with consumer needs considered at the forefront. There are currently a variety of different lists of clinical definitions which are used across different parts of the health system. These lists are identified below. These lists have been developed for a variety of specific purposes and, as such are complex and require specialist or clinical knowledge. While these lists are generally not ‘consumer friendly’ and unlikely to be fit-for-purpose for describing the services covered by private health insurance products they may provide some basis or framework for the development of new standard clinical definitions that can be used across the private health insurance industry.

### **Medical Board of Australia**

The Medical Board of Australia publishes a list of specialties and fields of specialty practice approved by the Australian Health Workforce Ministerial Council. While many of the clinical definitions are easy to understand for consumers, not all categories are relevant to private health insurance policies. It is one example of how to categorise medical specialties (at [Appendix C](#)).

### **Service Related Groups**

The Service Related Group (SRG) classification is based on Australian Refined Diagnosis Related Group (AR-DRG) aggregations and categorise admitted patient episodes into groups representing clinical divisions of hospital activity. The Australian Institute of Health and Welfare (AIHW) uses SRGs for hospital reporting purposes. There are 50 SRGs which are listed at [Appendix D](#). SRGs were developed specifically for hospital reporting purposes and not all clinical definitions are relevant for private health insurance.

### **SNOMED CT-AU**

The Australian Digital Health Agency has released a standard clinical terminology product, SNOMED CT-AU, as an extension to SNOMED CT, providing local variations and customisations of terms relevant to the Australian healthcare community. This standard clinical terminology product aims to create a comprehensive, non-ambiguous national vocabulary, for implementation software within the Australian healthcare community. Each term includes a full name, preferred name and synonyms and are categorised, for example, disorder, procedure, finding. *SNOMED-AU can be viewed at: <http://ontoserver.csiro.au/shrimp>*. While the list is comprehensive, it may not suit the consumer requirement of easy to understand clinical definitions.

### **Medicare Benefits Schedule**

The Medicare Benefits Schedule (MBS) is a listing of the Medicare services subsidised by the Australian Government. The schedule is part of the wider Medicare Benefits Scheme managed by the Department of Health. Each procedure includes a detailed description and is allocated a unique item number. It should be considered whether each clinical definition requires further detail of what common services are covered. This may make it clearer for consumers as they would only need to enquire about services less commonly performed and therefore not listed.

### **Clinical Definitions Working Group**

At the Committee meeting on 29 September 2016, it was agreed to establish a working group to further develop options for clinical definitions reform. Proposed membership of this working group was also discussed and the department has asked these organisations to each nominate a representative to participate on the working group. A list of the organisations is at [Appendix E](#).

The Chair of the working group, Dr Andrew Singer, Principal Medical Advisor at the Department of Health, expects that two face-to-face meetings will be required with much of the work to be completed out-of-session. Proposed meeting dates for the working group are:

- Meeting 1 – 22 March 2017
- Meeting 2 – 19 April 2017

The terms of reference for the Clinical Definitions Working Group, circulated to Committee members out-of-session on 10 January 2017, have now been agreed. The terms of reference are at [Appendix F](#).

The Clinical Definitions Working Group will report back to the Committee once work is completed on standard clinical definitions in approximately May 2017. This will allow the Committee to finalise advice to the Minister by July 2017, as per the agreed Work Plan.

## Work to be undertaken by the Clinical Definitions Working Group

In order to develop and implement standard clinical definitions, the Working Group will need to examine a range of issues including:

- *Categorisation of Clinical Definitions* – should each clinical definition include a list of common procedures under the high level definition? e.g. the most common MBS items;
- *Regulation* – should government legislate standard clinical definitions or should industry be self-regulated? e.g. industry agreement such as the industry code of conduct. This would rely upon the agreement and participation from private health insurers;
- *Updating Standard Clinical Definitions* – process to maintain updated list of standard clinical definitions once implemented; and
- *Coverage* – it is expected that standard clinical definitions will be implemented for private health insurers only. Should the whole private health insurance industry be encouraged to take up standard clinical definitions including government, intermediaries, hospitals and service providers?

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