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Analysis of Australian Universal Health Coverage: Issues and Potential Solutions

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Abstract: The Universal Health Coverage (UHC) is a key element in improving the well-being of Australians. Many factors can affect UHC, and they are also the essential building blocks of a well-functioning health system. This paper will evaluate the issues in terms of UHC within the Australian context. The Australian context has a mixed public-private funding system, which has effects on the three dimensions of the UHC. However, issues still need to be addressed such as high out-of-pocket, wastage of health care resources and inequalities in health care resource between regional and urban areas. In addition, the Australian Government need to innovate and implement new sources to fund the health care services, so that the UHC would be more stable and sustainable.

1. Introduction

Countries should devote to protect and promote health for everyone living there, as this is essential to human welfare and sustainable development of economy and society over the long term. [1] The UHC plays a significant role in achieving this goal. UHC defined by World Health Organization (WHO) is that all the population and communities in the country can receive the essential and quality health care services. [2] They include a range of health care services that people may needs, which are health promotion, health prevention, rehabilitation and palliative care, without encountering financial hardship. [2] Countries should achieve three objectives to realize UHC. Firstly, everyone in the country should have accesses to health care services when needed, not only for those who can pay for the services. Secondly, the health care services people received should be of quality and good enough to address their health issues. Thirdly, the UHC system should protect people using health care services against suffering financial risk, should not expose them to the risk of financial harm. Many factors can affect UHC, and they are also the essential building blocks of a well-functioning health system. They are leadership and governance, health information systems, health financing, human resources for health, sufficient medical products and technologies and services delivery. [1] However, there are still barriers or limitations in achieving UHC for many countries, including Australia. This essay will evaluate the issues in terms of UHC within the Australian context.

2. Classification of main funding arrangements

There are four primary forms of health financing for a health system based on the report of The

King's Fund. [3] Firstly, taxation is one of the typical funding arrangement. It can be directly levied on individuals, households and firms or indirectly levied on the manufacture and sales of goods. This type of health funding intends to pool the risk among the large population so that the health care services can be available to everyone. Secondly, private health insurance (PHI) is another way to fund health expenditure. This form of health financing is through the contribution of companies or individuals who take out the PHI policies from private insurance companies. The expenditure on the PHI is based on how likely are policyholders to require health care services. In addition, the level of the risk can be assessed mainly in three ways. They are individual risk like age, community risk, for example, people in the same area pay the same premium, and group risk, for example, the employees of a company pay the same premium. Thirdly, the Government requires a percentage of employees' gross income as the premium. Employees pay a proportion of their salaries and employers pay the remaining amount; this form of health care financing is known as social health insurance (SHI). Employee and employers share the total SHI amount required and contribute to the health care funding collectively. [4] Lastly, people directly pay for the health care services they used from their pocket at the point of use, which is also known as out-of-pocket expenses. It is the main form of health care funding in many low and middle-income countries; the out-of-pocket represents a large proportion of total health expenditure there. However, it composes only a small proportion of health expenditure in high-income countries. Based on these sources of health funding, different countries develop different UHC models; therefore, the single payer system is a directly but not the only mechanism to achieve UHC. [5].

As to the Australian context, the sources of health care funding are not from single ways but different ways as per the report from the Australian Institute of Health and Welfare (AIHW). [6] It illustrates that the total health care expenditure is $155 billion in 2013-2014, 68% of which is funded by the Australian Government, the remaining 32% of total health care expenditure is paid for through individual out-of-pocket expenses representing 18%, PHI accounting for 8.3% and accident compensation schemes taking up 6.1%. [6] Therefore, it can be concluded that the health care expenditure in Australia is funded through a mixture of public contribution and individual contribution rather than a single source of health care financing.

3. Effects of this policy on UHC

Although the funding for health care services is prepaid and pooled, it is still needed to make a tradeoff among the three dimensions of UHC. They are the population to be covered by the policy, the types of health care services to be made available to people, and the percentage of total costs of these health care services to be covered. [1] Moreover, the funding arrangement of the Australian context, mixed public-private funding system, have effects on the three dimensions of UHC. Firstly, Australian are required to pay out-of-pocket charges when they access the healthcare services in many cases due to the mixed public-private funding system. Based on the report from ABC, more than 1.3 million Australians put off seeing a doctor due to out-of-pocket costs. Furthermore, the out-of-pocket have burdened 11 million Australians, and the out-of-pocket are still increasing. [7] From the perspective of UHC, this source of health care services funding is likely to restrict the development of UHC because it would decrease the proportion of the population to be covered by the policy. However, the out-of-pocket expenses can be beneficial to the health care services funding, which means a higher proportion of total costs for the services can be fulfilled. As a result, the development of UHC would be boosted. Secondly, 68% of health services expenditure is funded by the Australian Government, which is a large proportion of total health care services funding. [6] Therefore, the development of UHC can be facilitated as most of the expenditure is funded by the Government so that the total expenditure is more likely to be met by it. However, since people need to pay a small

proportion of their medical bill, even pay nothing if they are bulk billed. Consequently, they are more likely to overuse health care resources; in addition, overtreatment is more probable to occur as well. [8] Therefore, the proportion of total costs for total health care services would be decreased, then the development of UHC may be impeded due to the wastage of health care resources.

4. Evaluation of human resources for health in terms of UHC

Various aspects can affect UHC, in this analysis will evaluate the human resources in terms of UHC. The development of UHC requires the support from a sound health system, and a good health system needs to be underpinned by well-distributed health workforce who are highly trained and qualified. [9] The health workforce plays a crucial role in the delivery of health care services. In Australia, there are above 100,000 practitioners who are registered in 2015, 88,000 of which are employed in the medical field. [10] Beyond that, above 360,000 nurses and midwife are registered, and 305,000 of which are employed in 2015. [11] The density of medical physicians in Australia is about 36 per 10,000 people, compared to the United States (US) with about 26 per 10,000 people, Canada with about 26 per 10,000 people and the United Kingdom (UK) with 28 per 1000 people. In terms of the density of nurses and midwives, there are about 127 per 10,000 people in Australia, which is also higher than the US, Canada and the UK [12]. Moreover, the number is far more than the threshold set by WHO. [13] Therefore, Australia has a sufficient number of health workforces, which would be beneficial to Australian towards UHC. They provide a solid foundation for UHC, as the services need to be delivered through the workforce.

However, people living in rural and remote areas will never consider there are many doctors. More than 400 medical practitioners per 100,000 people work in major cities, compared to 200 in rural and remote areas. [14] It is understandable as they would access to better development opportunities and better infrastructure. Nevertheless, this inequality would cause people living in rural and remote areas that can not access the health care services of the same quality as the urban population. Moreover, fewer people would be covered by health care services due to the shortage of health care workforces. Therefore, the development of UHC would be hindered as the dimension of the population to be covered would be reduced. In addition, although Australia already has numerous health workforces, they still import many health workforces overseas. In 2014, Australia granted 2820 work visa for overseas health workforces to fill the job vacancies, while 3547 students graduated from medical schools in the same year. [15] It may be because of the imbalance between medical generalists and specialists. People need specialists to focus on a narrow field, but they more need generalists to deal with their daily health issues, rural and remote areas require more medical generalists particularly, like GP. [15] Consequently, the demand for general medical services may be not met well, which would restrict the dimension of the population to be covered. In addition, the Australian payment system, fee for services, would be an incentive for doctors to provide more health care services. However, this may also give rise to inappropriate medical care, for example, unnecessary eye, knee and back surgery, and medication for mental illnesses like depression. [15] This would lead to wastage of health investment and adversely impact on those who need health care services. Therefore, the dimensions of the population to be covered and the total cost to be covered would be decreased, restraining the development of UHC.

5. Barriers and limitations in UHC

Based on the analysis above, the barriers and limitation in UHC of Australia can be summarized. Firstly, people face financial hardship when accessing health care services; namely, they may not see a doctor due to the out-of-pocket expenses, or the out-of-pocket expenses would severely impact on their daily life. Secondly, inequities in health resources between major cities and regional areas would

reduce the population to be covered by health care services. Thirdly, wastage of health resources like overtreatment and overuse of services would decrease the efficiency of the health system, which means the investment does not get good value for money. If the wasting expenditure is used effectively, the development of UHC would be advanced.

6. Potential sources of health funding

The traditional sources of health funding could be taxation on taxable income of people to fund the Medicare, out-of-pocket expenses and PHI. Two new potential sources could be adopted in Australia as per the suggestions from WHO. Firstly, Government could increase the tax on such as tobacco and alcohol, named 'sin taxes', which could reduce the consumption of them to increase the public health and increase the funding for health care services. [16,17] Secondly, the Australian Government could run more lotteries dedicated to health in a national and state level, which can expand health care funding. Thirdly, Government can attract overseas investment on the Australian health industry through, for example, reducing the barriers to foreign investment and exchanging technologies for the overseas investment.

7. Conclusion

Although many countries declare they have a UHC, many barriers and limitations obstruct the countries towards UHC. Australia do well in UHC generally, however, issues still need to be addressed such as high out-of-pocket, wastage of health care resources and inequalities in health care resources between regional and urban areas. In addition, the Australian Government need to innovate and implement new sources to fund the health care services, so that the UHC would be more stable and sustainable.

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