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Morgan Stanley Health Forum

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Strategic Priorities Beyond FY17

Unlock Medibank's potential to drive growth and competitive positioning

Strong purpose – For Better Health

Deliver superior customer service	Optimise our product suite	Leverage our scale	Expand integrated care
<ul style="list-style-type: none">• Easy to deal with and enable channel of choice• Employees empowered to help customers• Trusted and reliable – we do what we say we'll do• Proactive and personalised engagement	<ul style="list-style-type: none">• Return value to our customers via product investments• Insight led propositions that improve choice, flexibility and fit to customer needs• Two brands focused on key segments, providing differentiation	<ul style="list-style-type: none">• Utilise our unique data and insights• Empower customers through data sharing• Personalisation and predictive analytics• Superior healthcare value – collaborative, partnership value-based purchasing	<ul style="list-style-type: none">• Leverage infrastructure and capabilities into new populations• Prevention through health and wellness• Substitution through in-home care• Support through healthcare concierging

Maintain strong financial position

Delivering Value in Healthcare for our Customers

Triple aims of healthcare



IMPROVE HEALTH OUTCOMES

Improving the
health
of populations



ENHANCE PATIENT EXPERIENCE

Improving the patient
experience of care
(including quality and
satisfaction)



REDUCE COSTS

Reducing the
per capita
cost of healthcare

Delivering Value in Healthcare for our Customers

Best in class healthcare outcomes, experience and value

HEALTH OUTCOMES

- Expansion of CareComplete
- Expansion of out-of-hospital health services and advice for Medibank customers and other populations

EXPERIENCE

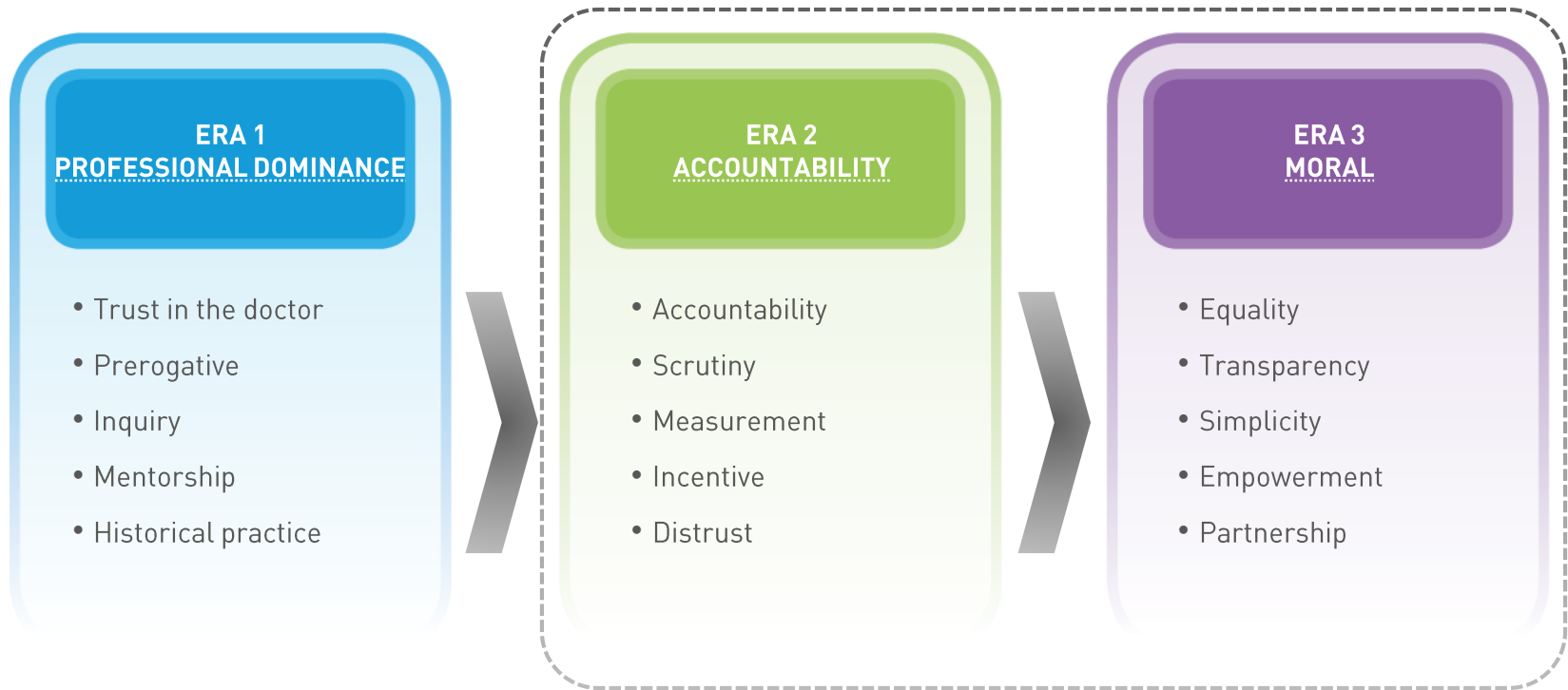
- Integrated PHI and provider experience
- Proactive health system navigation
- Differential customer experience with providers

VALUE

- Better health outcomes through value-based purchasing
- Transparency with providers and members
- Regulatory reform

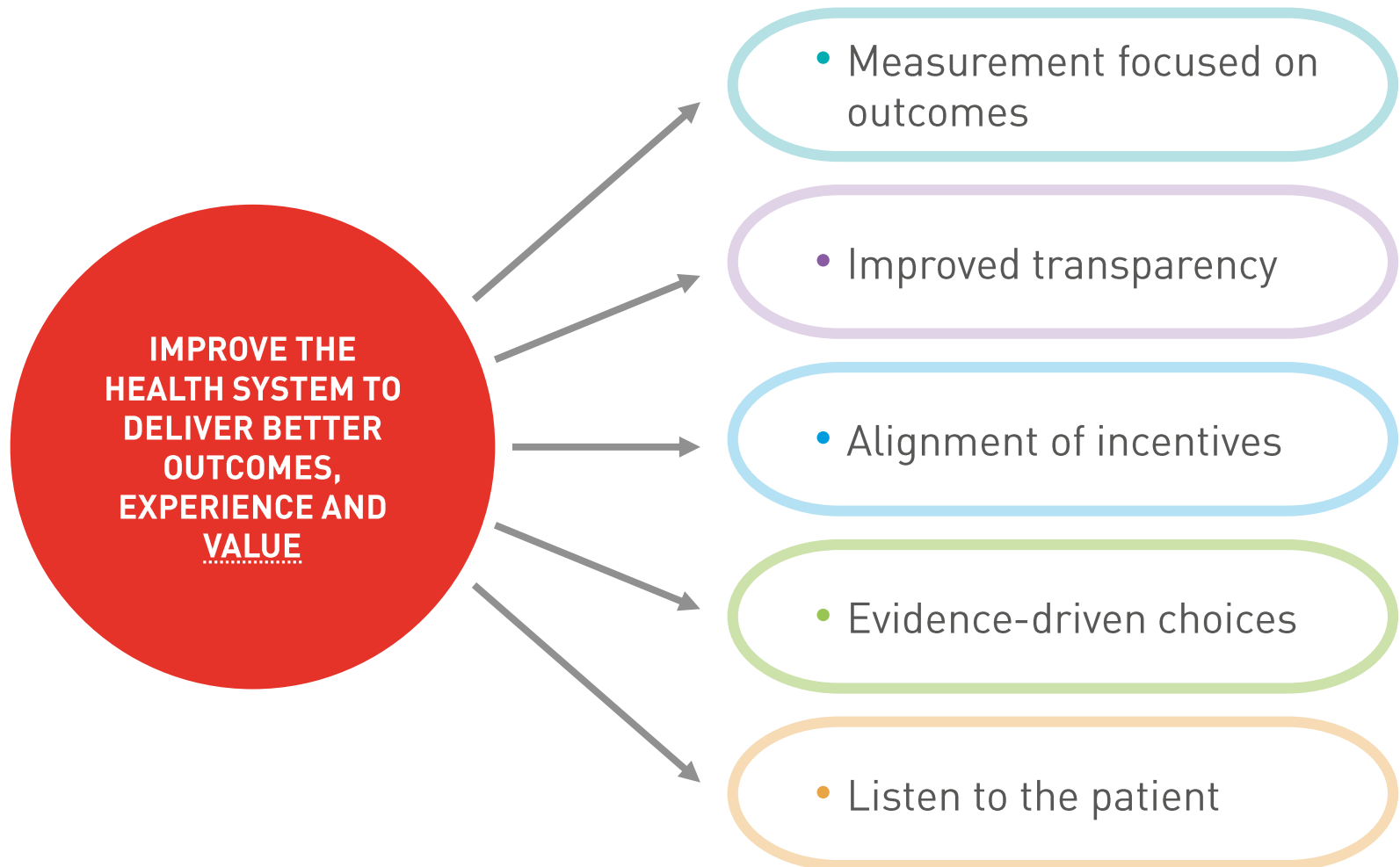
The Three Eras of Healthcare

Move to Era 3 healthcare – The ‘Moral Era’



Achieving Era 3 Healthcare

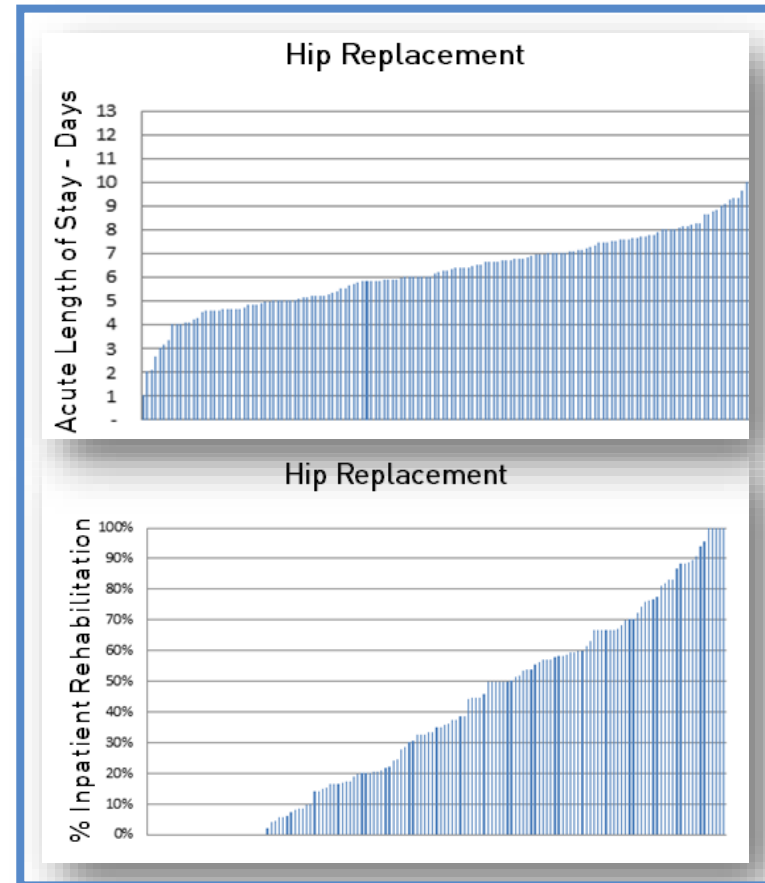
Requires action on multiple fronts



Measurement Focused on Outcomes

Shift focus from inputs and processes to outcomes

- Focused on hospital performance – quality, experience and affordability
- Strengthening clinical governance – *Standard set of outcome measures for private hospitals*
- Supporting hospitals to address variation – *Hospital Benchmarking Reports*
- Setting targets for best practice – *Medibank/RACS hernia initiative*



Improved Transparency

Ensure cost and outcomes are apparent to all

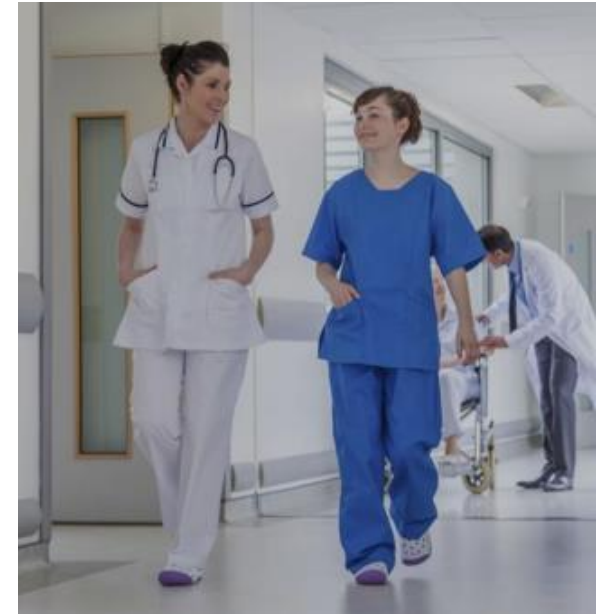
- Standardising terminology and making products simpler
- Enhancing surgeons' and hospitals' understanding of variance in practice – *Medibank/RACS variance reports*
- Reducing bill shock by creating greater transparency around out-of-pocket costs – *HealthShare*
- Sharing insights and creating a momentum for change – *health sector engagement*



Alignment of Incentives

Look at more effective funding models

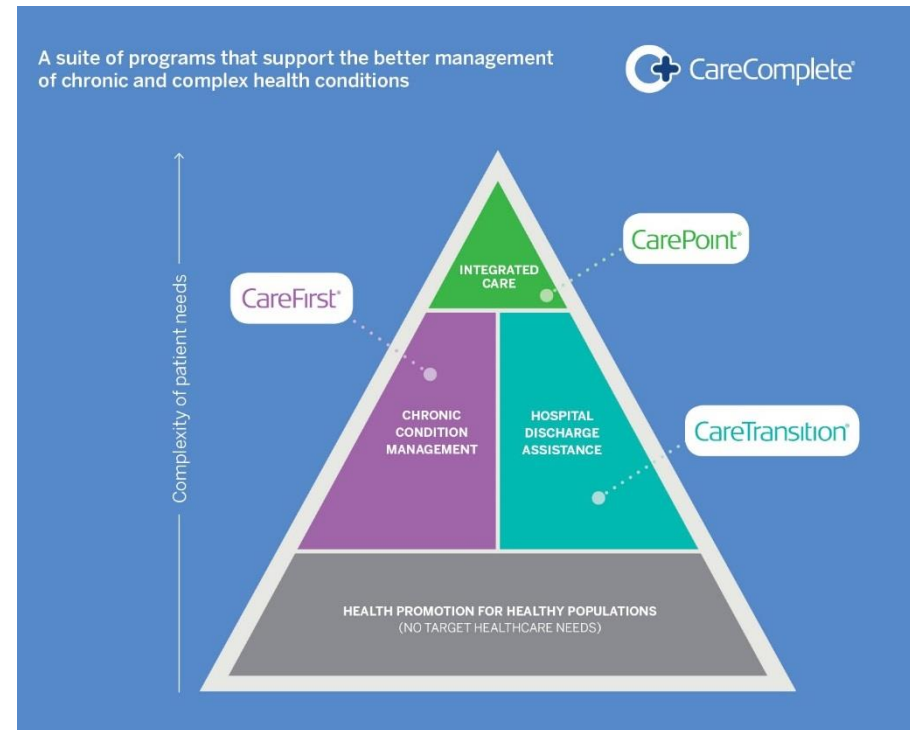
- Shifting focus away from price and volume to quality and outcomes
- Incentivising providers through hospital contracting
- Requiring compliance with industry standard guidelines – *hospital acquired complications*
- Moving towards single payment for overall care of a given condition
- Provider is accountable for process, outcome and cost



Evidence-driven Choices

Use improvement science

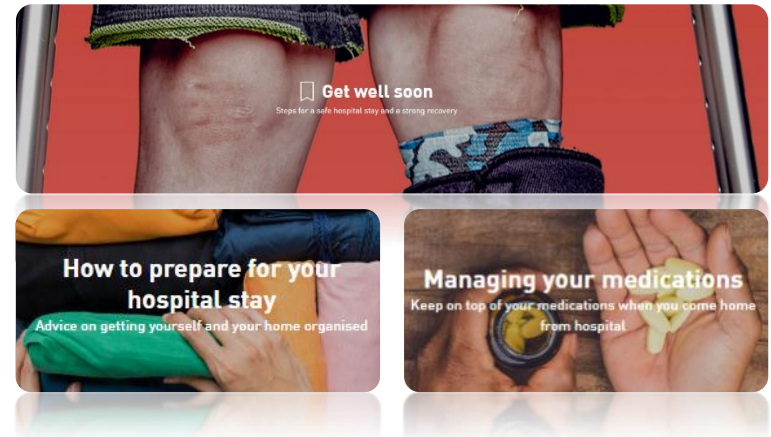
- Reducing incidence of low-value and inappropriate healthcare
- Supporting our customers with chronic disease - *CareComplete*
- Delivering in-home services to our customers - *rehab, chemo and palliative care in the home*
- Using predictive analytics to understand and plan for our customers' health needs



Listen to the Patient

Empower the customer in decision making

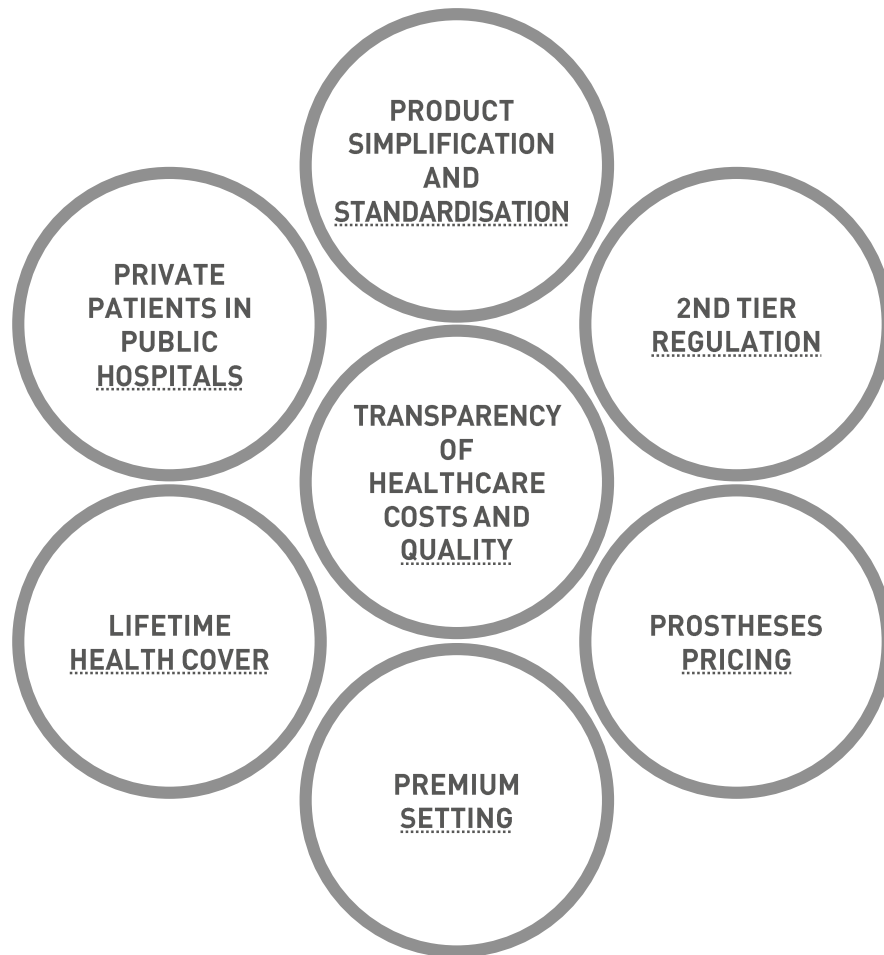
- Providing customers with the information they need to make informed decisions – *Health Concierge*
- Focus on what matters to customers:
 - Patient reported experience measures – *PREMS*
 - Patient reported outcome measures – *PROMS*
 - Customer satisfaction levels – *NPS*
- Creating a seamless and transparent healthcare experience for customers – *Medipass digital platform*



Advocating for Regulatory Reform

Regulatory reform needed, but pace and extent of change less certain

PHI REVIEW



BROADER REGULATORY LANDSCAPE



- Medicare Benefits Schedule Review
- Primary Healthcare Advisory Group
- Prosthesis List Advisory Committee
- Private Health Ministerial Advisory Committee
- Senate Inquiry into PHI



- Options paper for pricing and funding for safety and quality

Conclusion

Further collaborative action on multiple fronts required to sustainably deliver the triple aims of healthcare

- Australian health system (including private health) is one of the best in the world...
... but it needs to get even better
- Transformative change – rather than just incremental change – required
- Medibank looking to help lead the push into the next era through a range of initiatives, including expansion of health services
- Further industry-wide collaboration needed to deliver the required outcomes

Q&A