

CANCER REVIEW 2016 – Frequently asked questions & key messages

23 August 2016

Q	A
What is happening?	<ul style="list-style-type: none">• To manage the increasing cost of claims and to keep future premiums affordable we've added medical oncology consultations and chemotherapy treatment to the list of Southern Cross Affiliated Provider-only healthcare services. This means that to be eligible for cover under their policy, members will need to see an Affiliated Provider for these healthcare services.<ul style="list-style-type: none">– Specialist consultations with a medical oncologist will be Affiliated Provider-only from 7 November 2016.– Chemotherapy treatment will be Affiliated Provider-only from 7 November 2016.
When is this happening?	<ul style="list-style-type: none">• These changes take effect from 7 November 2016. From this date, members who haven't received prior approval will need to see an Affiliated Provider for chemotherapy treatment or medical oncology consultations in order to be eligible for cover under their policy.
What if a member is currently going through cancer treatment, or needs to regularly see an oncologist?	<ul style="list-style-type: none">• Southern Cross members currently undergoing chemotherapy treatment and/ or medical oncology consultations, or who have a prior approval in place, can continue to see their current provider. This is because any cover or prior approvals that have already been confirmed are not affected, and we want to ensure there is no disruption to the member's treatment plan.• These members (currently undergoing treatment or with a prior approval) will be contacted in late August.• We will continue to accept these members' claims with their current provider for eligible healthcare services, for the remainder of their treatment plan• Our Claim Approvals team will guide members through the process for confirming their cover under their policy and where to go for treatment.

<p>What if a member has just been diagnosed with cancer and has not had their first appointment/ treatment?</p>	<ul style="list-style-type: none"> • Our Claim Approvals team will guide members through the process for confirming their cover under their policy and where to go for treatment.
<p>What if a member has had chemotherapy treatment or seen a medical oncologist in the past?</p>	<ul style="list-style-type: none"> • Our Claim Approvals team will guide members through the process for confirming their cover under their policy and where to go for treatment.
<p>Why is it happening?</p>	<ul style="list-style-type: none"> • Rising healthcare costs continue to be a concern for our members. They tell us this every day. Negotiating agreed prices with suitably qualified healthcare providers in the Affiliated Provider programme is an important way Southern Cross can address rising healthcare costs and help to keep future health insurance premiums more affordable. • As the largest private healthcare funder in New Zealand, it's our responsibility to do what we can to manage the increasing costs our members are being charged. Contracting reasonable prices with suitably qualified healthcare providers is in the best interests of all our members. • As a not-for-profit health insurer, we aim to ensure a wide range of New Zealanders have timely, affordable and sustainable access to private healthcare. • For members, using an Affiliated Provider means: <ul style="list-style-type: none"> – you know up-front how much, if anything, you need to pay (ie certainty of co-payment) – our Affiliated Providers organise prior approval directly with Southern Cross and claim on your behalf. • Between 2012 and 2015, Southern Cross has seen a 52% increase in the number of members seeking private chemotherapy treatment. As new cancer and chemotherapy treatments are developed, the demand for private chemotherapy will only increase. <ul style="list-style-type: none"> – The costs of treatment during this time have also grown at an unpredictable rate – with claims inflation for chemotherapy treatment growing at levels between 7% - 27% year on year. By comparison, general claims inflation for all Health Society claims was 6.2% in FY15. – Radiotherapy has been Affiliated Provider-only since 2008.

Where is it happening?	<ul style="list-style-type: none"> • We intend to enter into Affiliated Provider agreements with all current private medical oncologists and facilities. Our aim is for there to be no change to the availability of these services to members.
Who is affected?	<ul style="list-style-type: none"> • All members other than those on an UltraCare or HealthEssentials plan, or those we have contacted as they are currently going through treatment or have a prior approval in place. <ul style="list-style-type: none"> – UltraCare members can choose their own provider, and the premium for UltraCare reflects this choice. – The HealthEssentials plan does not cover chemotherapy treatment or medical oncology consultations.
When is it happening?	<ul style="list-style-type: none"> • The change takes effect on 7 November 2016. • Any Southern Cross members currently undergoing treatment or with a prior approval in place will be individually contacted by letter to the policyholder in late August (mailing date Wednesday 24 August). • All policyholders will be sent a policy update either in the post or via My Southern Cross during September to advise of these changes.
How are we advising members?	<ul style="list-style-type: none"> • Policyholders will be sent a policy update either in the post or via My Southern Cross during September to advise of these changes. • Policy documents and other plan information will be updated online for members from 7 September, and available in print from 7 October 2016 for members and prospective customers.
What else will be in the Policy Update?	<ul style="list-style-type: none"> • We have other information to tell some policyholders, this includes: <ul style="list-style-type: none"> – Premium structure change: policyholders turning 65 at their next renewal after 1 November 2016, or with a member on their policy turning 65, will be advised of the change in premium structure to gradually move the age of common rating from 65 to 75

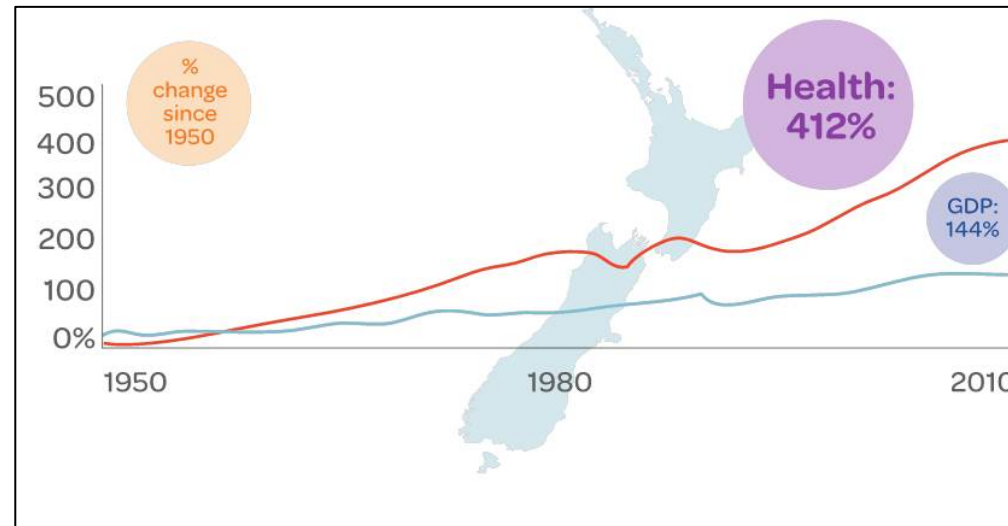
- Wellbeing members with a cardiac PEC are being advised that cover is now provided the same as for their other PECs.
- Members with a PC concession are being advised that PEC cover can now be retained after two years continuous cover (rather than three).

How are providers being advised?

- Providers have been contacted in writing from early August.

AFFILIATED PROVIDER FAQs (FOR MEMBERS)

- Q** **A**
- What is the Affiliated Provider Programme?**
- The Affiliated Provider programme provides Southern Cross members with access to a range of healthcare services at agreed prices, and makes prior approval and claiming easier.
 - For almost two decades we've been building relationships with medical specialists, facilities, GPs and allied health professionals. There are more than 700 Affiliated Provider agreements across New Zealand, including 1,300 healthcare providers, covering 20 different medical specialties.
 - Concern about rising healthcare costs continues to be top of mind for Southern Cross members. Sustained increases in price will make access to private healthcare increasingly difficult for many New Zealanders. Since 1950, spending on healthcare in New Zealand has climbed by 412 per cent compared with a 144 per cent rise in GDP.



- One of the ways we can help manage increasing claims costs is through our Affiliated Provider programme. We contract with doctors, specialists and medical facilities to provide Southern Cross members with certain healthcare services at agreed prices. Part of this programme includes having

cover for some healthcare services under your policy only if they are performed by an Affiliated Provider.

- 50% of all claims costs now come through Affiliated Providers.
- Southern Cross has more than 820,000 members. Using an Affiliated Provider is an effective way we can all contribute to managing the rising costs of healthcare, and to keeping future health insurance premiums affordable.
- We are committed to the Affiliated Provider programme – it's been going since 1997 and is important for the sustainability of the Society and for keeping your future health insurance premiums affordable. From 2004 we have been adding to the list of healthcare services that are Affiliated Provider-only.
- We are a New Zealand owned, not-for-profit, friendly society. We don't have shareholders which means that we can return over 90 cents of every dollar paid in premiums to our members via their claims (compared to 67.5c of every dollar returned in claims by all other health insurers combined). We can only keep doing this if we manage the costs of those claims.

But how does this help me?

- It helps you as agreed prices mean you know up front how much your contribution will be (if any), plus it makes the process of prior approval and claiming quicker and easier for both members and providers.
- Going to an Affiliated Provider means you don't have to organise prior approval or submit a claim yourself – the Affiliated Provider does this on your behalf.

Aren't you removing my choice?

- The intention of the Affiliated Provider programme is to have as many contracts in place as possible so you do have a range of providers you can choose from. We seek national coverage for healthcare services when we change them to be Affiliated Provider-only.
- Every doctor, specialist, surgeon or facility in New Zealand that meets the necessary standards can join the Affiliated Provider programme, provided we can agree on prices. These standards include having a vocational registration with the New Zealand Medical Council, relevant credentials, and registration as a health practitioner under the HPCA Act.

	<ul style="list-style-type: none"> • Overall we aim to contract with any willing and suitably qualified provider who we can agree reasonable prices with.
<p>Other messages</p>	<ul style="list-style-type: none"> • In 2010, 16 per cent of all Southern Cross claims were paid through Affiliated Providers. In the last financial year this has grown to over 50%. • We paid over \$749 million in claims in the last financial year. • It's normal business practice to know in advance what a service will cost. Contracting for healthcare services is an important way we deliver better value to our membership. • We believe it's our role to negotiate on behalf of our members. For members with shared cover plans, knowing in advance exactly what their contribution will be (if any) is very important.
<p>My friend says X company doesn't treat its customers like this.</p> <p>She says switch to X while I'm still healthy</p>	<ul style="list-style-type: none"> • We look after the health and wellbeing of more New Zealanders and pay more claims than any other health insurer in New Zealand. • We're here to look after the health of our members – we have no shareholders or overseas owners. • Rising healthcare costs continue to be a concern for our members. They tell us this every day. Negotiating agreed prices with suitably qualified healthcare providers helps to keep future health insurance premiums affordable. • Ultimately the Affiliated Provider programme is a partnership with the medical community, and has proven to be a hugely positive programme that ultimately benefits our members.

Timeline for Affiliated Provider-only healthcare services

1997	AP programme started
2004-2008	Angioplasty using drug eluting stents (approx. 2004), varicose vein surgery (2005), radiotherapy (2008)
2010	Endoscopy, cataract surgery
2011	Mohs surgery, intravitreal injections, PET/CT scans, prostate surgery
2012	Coronary and peripheral angiograms / angioplasties, endoscopic modified Lothrop, catheter ablation of atrial fibrillation
2013	Hip and knee joint replacements, CT/CAT and MRI scans, Cholecystectomy, hernia repairs
2014	Extraction of teeth, excision of skin lesion, carpal tunnel release, vasectomy, adenoidectomy, tonsillectomy, grommets, ophthalmic laser suite, excision of pterygium
2016	Valve replacement, coronary artery bypass graft surgery (CABG), valvuloplasty, skin biopsy, cryotherapy, curettage and diathermy, mammography, advanced ECG, ophthalmology surgery, ophthalmology consultations, ophthalmology tests, allergy services, contrain biofeedback and electrostimulation for faecal incontinence, synthetic ligament repair and reconstruction, percutaneous medial branch thermal radiofrequency neurotomy, simple superficial vascular malformation sclerotherapy and embolisation, robotic partial nephrectomy, radiofrequency ablation of benign bone lesions, laser treatment for pharyngeal, laryngeal and oesophageal conditions Chemotherapy treatment and medical oncology consultations