

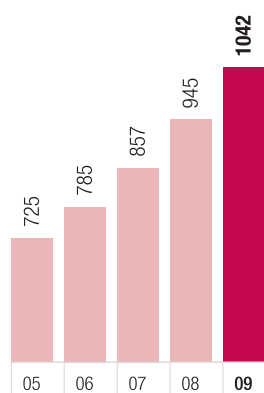
Trends and Statistics

Each year, HCF gathers statistics to monitor trends in the provision of funding private health care services. The information – provided for hospital and ancillary care – includes trends in the types of health care provided, average costs and number of patients. Manchester Unity data is not included in this year’s report.

Highlights of funding private health care services:

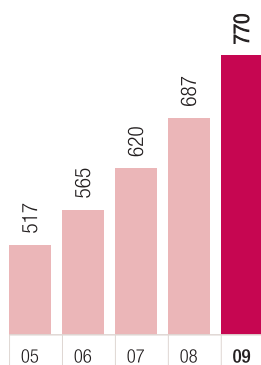
- The total number of admissions to hospital for the year increased by 21,257 to 273,694 admissions
- 11,000 more members were admitted to hospital this year, totalling over 154,000 members
- total number of members admitted to same day hospital increased 10%, to 97,626
- 63% of all hospital admissions were for same day procedures and represented 20% of all charges
- 82% of members’ total hospital admissions were in a private hospital, with 18% in a public hospital
- 98% of all hospital admissions were provided in an HCF (HPPA) network hospital
- the average private hospital charge per admission was \$2,385, a 4.4% increase on last year
- The average benefit paid on behalf of the 200 highest cost claimants was \$105,162. This is equivalent to 60 years single membership on our Top Plus hospital cover.

Total health care benefits paid increased by 10% to \$1,042 million



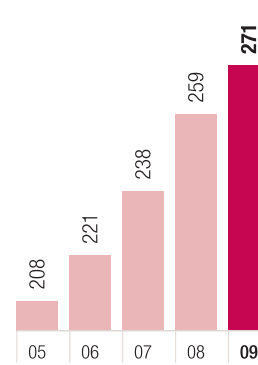
Total benefits paid (\$ million)

\$770 million was paid in hospital care benefits, a 12% increase on last year



Total hospital care benefits paid (\$ million)

\$271 million was paid for ancillary claims, a 4.8% increase on last year



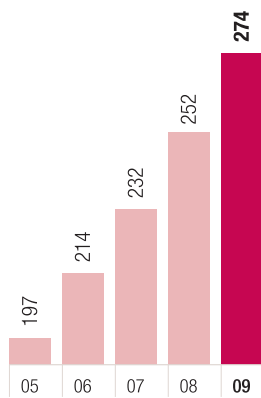
Total ancillary health care benefits paid

Hospital Care

Hospital Care Scorecard: The Year at a Glance

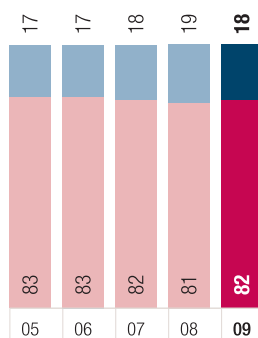
Patient Satisfaction	Measure	2007/08	2008/09	Change %	Variance
Access to and choice of care					
Total number of admissions to hospital	Admissions (no.)	252,437	273,694	8.4%	21,257
Total number of members admitted to hospital	No. of members	142,171	154,119	8.4%	11,948
Total number of members admitted to hospital (same day)	No. of members	88,734	97,626	10.0%	8,892
Total number of members admitted to hospital (overnight)	No. of members	70,069	75,017	7.1%	4,948
Proportion of total admissions in a public hospital	% admissions	18.6	18.4	(1.1%)	(0)
Proportion of total admissions in a private hospital	% admissions	81.4	81.6	0.2%	0
Private hospitals and day hospitals under contract (HPPA)	HPPA (no.)	399	416	4.3%	17
Admissions within HCF (HPPA) network (national)	% all admissions	98%	98%	0.0%	-
Medical services provided to HCF members in hospital	Medical services	2,087,000	2,164,000	3.7%	77
Specialist doctors participating in HCF gap cover scheme (national)	No. covered	20,222	22,939	13.4%	2,717
Medical services fully covered by "gap cover"	% services	87	87	0.0%	-
Efficiency and charges					
Average length of stay (all overnight)	Actual	5.6	5.5	(2.0%)	(0.11)
Average length of stay (all episodes incl. same day)	Actual	2.7	2.6	(2.6%)	(0.07)
Average private hospital charge per admission	Actual	\$2,285	\$2,385	4.4%	100
Weighted average increase in HCF medical gap cover fees	Percentage	3.2%	3.3%	3.1%	0.10
Financial					
Total benefits paid to hospitals	\$ millions	\$470	\$526	11.9%	\$56
Total benefits paid for prosthesis	\$ millions	\$88	\$100	14.2%	\$12
Total benefits paid for medical services in hospital	\$ millions	\$99	\$112	13.1%	\$13

We funded 273,694 hospital admissions for 154,119 members



Hospital episodes – (thousands)

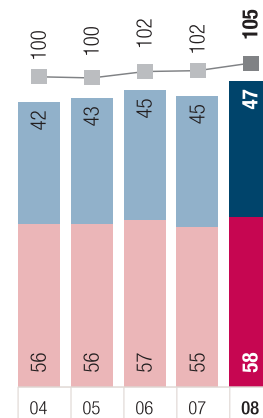
Most admissions were in the private sector



Hospital shares of HCF patient admissions
Percentage of total admissions

■ Private
■ Public

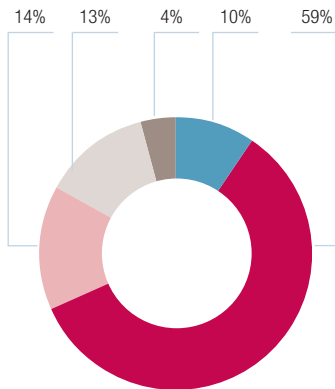
The overnight admission rate increased 4% and the overnight case mix was more complex



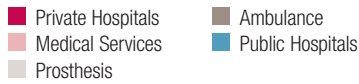
Overnight admission rate per 1,000 HCF members and Case mix index
Calendar year

■ Surgery and Obstetrics
■ Medical, Psychiatric and Rehabilitation
■ Case mix Index (Base year 2004)

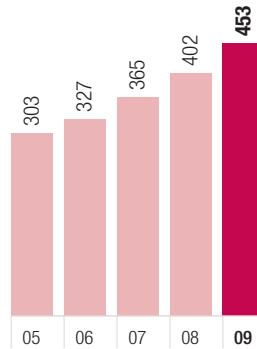
Private hospital share of benefits paid was 59%



Distribution of hospital benefits

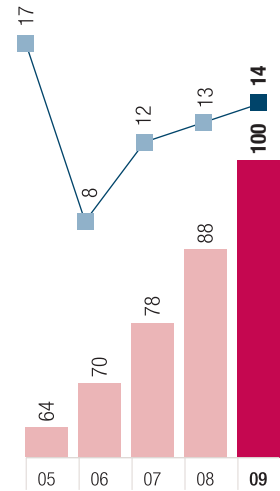


Private hospital benefits paid increased by 13% to \$453 million

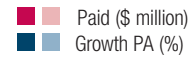


Total private hospital benefits excluding prostheses (millions)

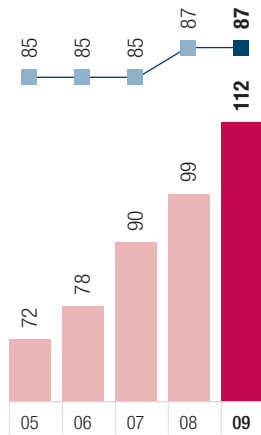
Prosthesis benefits increased by 14% to \$100 million



Benefits paid for prosthesis



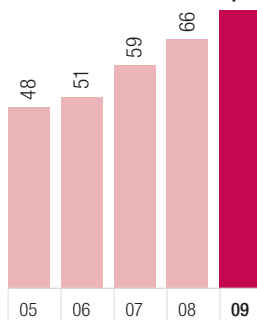
Medical benefits paid this year increased by 13% to \$112 million



Benefits paid for medical services

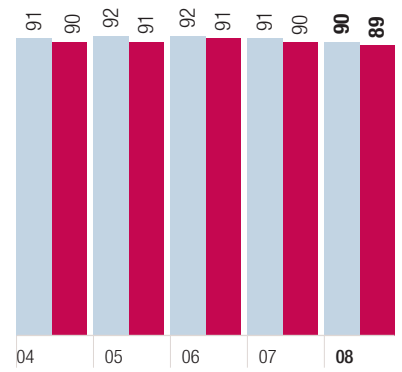


Public hospital benefits paid increased by 14% to \$75 million

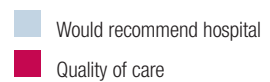


Total public hospital benefits excluding prostheses (millions)

The quality of care and the likelihood patients would recommend the hospital as "good or very good" remains high



Hospital Care: Quality – Calendar year 2008

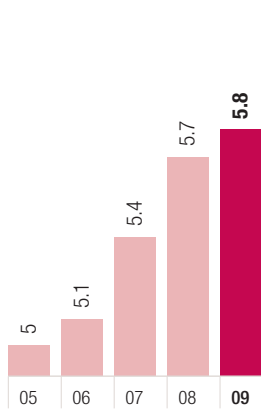


Annual survey of HCF members treated as inpatients in public and private hospitals

Source: Press Ganey Associates Pty Ltd.

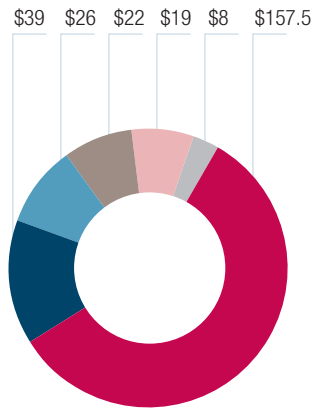
Ancillary Benefit Trends

We funded 5.8m ancillary health care services, a 1.8% increase on last year

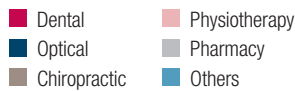


Ancillary health care services

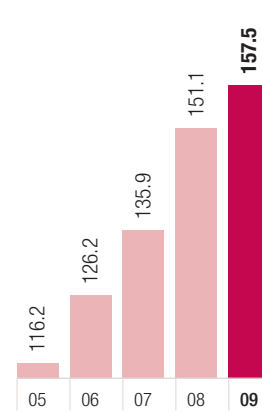
Dental services accounted for most ancillary care followed by optical, chiropractic and physiotherapy



Total ancillary benefits paid by service (\$ millions)

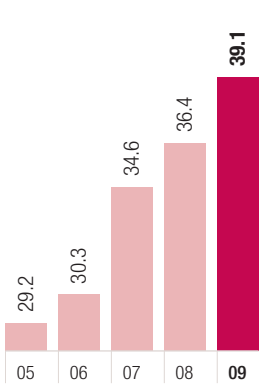


Dental benefits paid increased by 2.2% to \$157.5 million



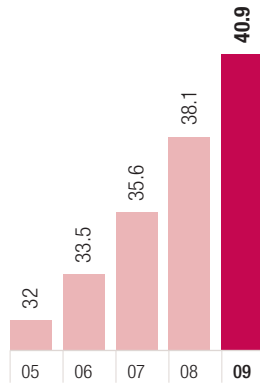
Total dental benefits paid

Optical benefits increased by 7.4% to \$39.1 million



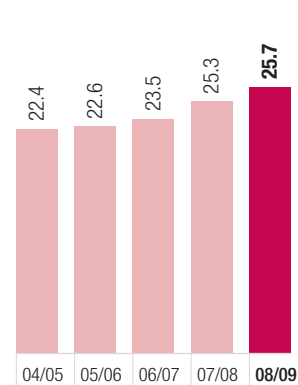
Total optical benefits paid

Physiotherapy and chiropractic benefits increased by 7.4% to \$40.9 million



Total physiotherapy and chiropractic benefits paid

We paid \$25.7 million for other ancillary benefits, a 1.6% increase



Other services including natural therapies, podiatry, dietetics, funeral, HCF approved health improvement programs, artificial aids, speech therapy, occupational therapy, psychology and audiology.

Understanding Statistics

The following pages provide a more in-depth view of the hospital trends and statistics shown on pages 39 – 41.

Over the 2008/09 financial year, HCF collected and collated data from each hospital admission, both day only and overnight. From this information, we present a detailed analysis on the number of hospital admissions, average length of stay, reason for admissions and associated costs.

For your reference, we provide an explanation and summary of the statistics below each corresponding table.

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Table 1

HCF hospital admissions by patient category

Year ended March 2009

All admissions	Patients	Admissions	Admissions per patient	Admissions per 1,000 persons covered	Average length of stay (days)	% of all patients	% of all charges
OVERNIGHT							
Surgical	40,472	45,338	1.1	47.1	3.9	26.3%	48.1%
Medical	29,718	39,490	1.3	41.0	6.2	19.3%	17.4%
Obstetrics	9,701	10,359	1.1	10.8	4.5	6.3%	7.2%
Psychiatry	1,691	2,605	1.5	2.7	17.0	1.1%	3.7%
Rehabilitation	2,454	2,891	1.2	3.0	13.7	1.6%	3.5%
Total overnight	75,017	100,683	1.3	104.6	5.5	48.7%	79.9%
SAME DAY							
Surgical	91,118	110,263	1.2	114.5	N/A	59.1%	17.4%
Medical	6,407	40,892	6.4	42.5	N/A	4.2%	1.9%
Obstetrics	487	573	1.2	0.6	N/A	0.3%	0.0%
Psychiatry	773	8,283	10.7	8.6	N/A	0.5%	0.3%
Rehabilitation	1,447	13,000	9.0	13.5	N/A	0.9%	0.5%
Total same day	97,626	173,011	1.8	179.7	N/A	63.3%	20.1%
Total	154,119	273,694	1.8	284.2	–	100.0%	100.0%

Source: HCF Hospital claims data; HCF Current membership data

Note:

Total number of patients is less than the sum of their components as one patient may appear in more than one group. This also affects the % of all patients figures.

Table 2
Trends and hospital admissions
Years ended March 2005 – 2009

	04/05	05/06	06/07	07/08	08/09	% Growth 07/08 to 08/09
OVERNIGHT ADMISSIONS						
Surgical	36,139	37,479	39,149	41,207	45,338	10.0%
Medical	30,114	32,093	34,724	37,716	39,490	4.7%
Obstetrics	8,518	9,280	9,935	10,329	10,359	0.3%
Psychiatry	1,778	1,969	1,984	2,250	2,605	15.8%
Rehabilitation	1,790	1,984	1,872	2,303	2,891	25.5%
Total overnight	78,339	82,805	87,664	93,805	100,683	7.3%
Admission rate per 1,000 persons covered	97.5	99.1	101.1	100.7	104.6	3.9%
% private hospital	74.0%	73.6%	72.2%	71.1%	70.6%	(0.7%)
SAME DAY ADMISSIONS						
Surgical	80,222	86,555	91,854	99,850	110,263	10.4%
Medical	27,478	30,970	37,318	39,192	40,892	4.3%
Obstetrics	267	312	357	460	573	24.6%
Psychiatry	5,720	6,321	6,938	7,715	8,283	7.4%
Rehabilitation	4,953	7,220	7,859	11,415	13,000	13.9%
Total same day	118,640	131,378	144,326	158,632	173,011	9.1%
Admission rate per 1,000 persons covered	147.7	157.2	166.5	170.2	179.7	5.6%
% private hospital	88.9%	88.3%	87.9%	87.5%	88.0%	0.6%
ALL ADMISSIONS						
Total all admissions	196,979	214,183	231,990	252,437	273,694	8.4%
Admission rate per 1,000 persons covered	245.2	256.3	267.7	270.9	284.2	4.9%
% private hospital	83.0%	82.6%	82.0%	81.4%	81.6%	0.2%

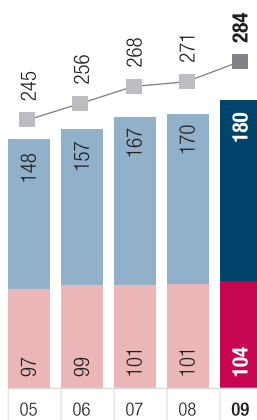
Source: HCF Hospital claims data; HCF Current membership data

Table 1 and Table 2

The overall hospital admission rate for HCF members increased in 2008/09 by 4.9 per cent to 284 admissions per 1,000 persons covered. The same day admission rate continues to increase, rising by 5.6% to 180 per 1000. Overnight admissions increased by 3.9% compared with last year. A significant number of patients required more than one admission to hospital during the year. This was predominantly evident in same day admissions for psychiatry and rehabilitation services as well as medical admissions for chemotherapy and renal dialysis, which averaged 10.7, 9 and 6.4 admissions per patient respectively. Many patients having dialysis require 100 or more admissions per year.

Private hospitals continue to dominate service delivery, with their share of total HCF patient admissions increasing marginally from 81.4 % to 81.6%.

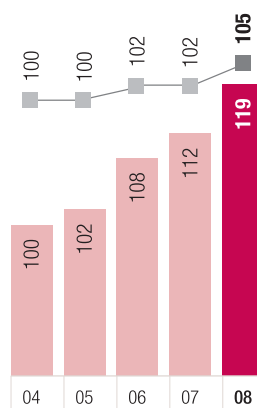
Same day admissions are increasing the overall admission rate



Hospital admission rate – per 1,000 HCF members

Overnight
Same Day
Total

Case mix complexity is increasing private hospital charges for overnight admission



Private hospitals: Average charge per overnight case compared with overnight case mix – Calendar year

Average charge per case index
Case mix Index (Base year 2004)

Table 3

Top ten overnight surgical and obstetrics admissions

Years ended March 2007–2009

Reason for admission	Category	Admissions				Average length of stay (days)				Average charge per admission (\$)			
		06/07	07/08	08/09	% Change	06/07	07/08	08/09	% Change	06/07	07/08	08/09	% Change
PUBLIC HOSPITALS													
Confinement and delivery by any means	O	1,632	1,787	1,807	1.1%	4.4	4.3	4.0	(7.0%)	1,848	1,850	1,779	(3.8%)
Other musculoskeletal system and connective tissue OR procedures	S	53	238	296	24.4%	7.8	7.6	5.9	(22.4%)	3,016	3,624	2,770	(23.6%)
Antenatal care	O	167	196	236	20.4%	6.2	4.2	5.7	35.7%	2,335	1,501	2,177	45.0%
Anal and stomal procedures	S	91	131	152	16.0%	5.7	5.5	5.2	(5.5%)	1,985	1,879	1,885	0.3%
Appendectomy	S	131	130	128	(1.5%)	3.3	3.4	3.1	(8.8%)	965	1,111	1,078	(3.0%)
Other eye disorders	S	106	89	128	43.8%	2.9	2.2	2.3	4.5%	1,045	731	793	8.5%
Gall bladder removal	S	93	120	111	(7.5%)	3.8	4.1	4.6	12.2%	1,285	1,640	1,843	12.4%
Hernias and hydrocoeles	S	96	96	108	12.5%	2.6	3.6	2.5	(30.6%)	844	1,264	942	(25.5%)
Vascular procedures except major reconstruction	S	81	83	105	26.5%	5.3	5.8	7.3	25.9%	2,724	2,423	4,129	70.4%
Other circulatory system or procedures	S	94	96	93	(3.1%)	5.9	5.8	7.4	27.6%	4,176	4,445	4,458	0.3%
All admissions public hospitals		4,784	5,109	5,787	13.3%	5.3	5.3	5.4	1.9%	2,345	2,461	2,549	3.6%
PRIVATE HOSPITALS													
Confinement and delivery by any means	O	7,301	7,499	7,459	(0.5%)	4.8	4.8	4.8	0.0%	4,746	4,952	5,201	5.0%
Other musculoskeletal system and connective tissue OR procedures	S	1,105	3,659	3,951	8.0%	3.1	2.8	2.6	(7.1%)	3,676	3,928	4,020	2.3%
Tonsillectomy	S	1,730	2,013	2,290	13.8%	1.1	1.1	1.1	0.0%	1,330	1,362	1,418	4.1%
Hernias and hydrocoeles	S	1,943	2,091	2,150	2.8%	1.8	1.8	1.7	(5.6%)	2,850	3,140	3,289	4.7%
Selective coronary angiography	S	1,607	1,605	1,789	11.5%	2.6	2.7	2.6	(3.7%)	8,317	8,206	8,722	6.3%
Gall bladder removal	S	1,514	1,539	1,629	5.8%	2.3	2.2	2.0	(9.1%)	4,328	4,449	4,595	3.3%
Total knee replacement	S	1,313	1,330	1,598	20.2%	8.6	8.2	8.3	1.2%	18,178	18,529	19,249	3.9%
Prostatectomy	S	1,279	1,275	1,531	20.1%	4.4	4.1	4.1	0.0%	5,081	5,036	5,391	7.0%
Total hip replacement	S	1,060	1,152	1,292	12.2%	8.9	8.9	8.6	(3.4%)	20,312	20,633	20,983	1.7%
Stomach, oesophageal and duodenal procedures	S	644	892	1,232	38.1%	3.1	2.4	2.6	8.3%	7,560	7,780	8,280	6.4%
All admissions private hospitals		44,300	46,427	49,910	7.5%	4.0	3.9	3.8	(2.6%)	5,898	6,098	6,494	6.5%

Source: HCF Hospital claims data

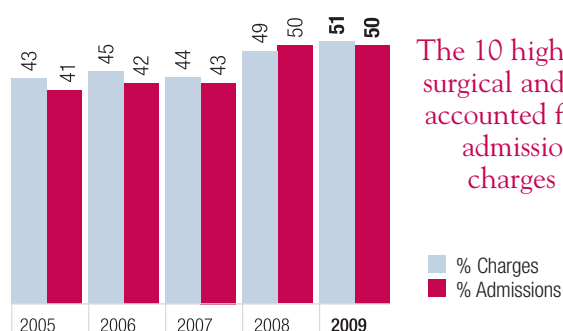
Note: The column "Category" indicates whether the reason for admission is obstetric (O) or surgical (S).

Table 3

This table shows the 10 most common surgical and obstetric procedures for which HCF members were admitted to a public or private hospital over the last three years. Admissions to private hospitals increased 7.5 per cent this year, while public hospital admissions increased by 13.3 per cent. The 10 most common procedures made up 54.7 per cent of public hospital and 49.9 per cent of private hospital admissions in these categories.

In public hospitals there were increases in the number of admissions for a majority of the 10 most common surgical and obstetric procedures. Notable changes over last year were increases in Other Eye Disorders (43.8 per cent), Vascular procedures except major reconstruction (26.5 per cent), Other musculoskeletal system and connective tissue OR procedures (24.4 per cent) and Antenatal care (20.4 per cent). Increases in the length of stay for Vascular procedures except major reconstruction, Antenatal care, and Gall bladder removal has resulted in an increase in the average charge for these procedures by 70.4, 45 and 12.4 per cent respectively.

The most noticeable increases in private hospital procedures were for stomach, oesophageal and duodenal procedures (38.1 per cent), Total knee replacement (20.2 per cent), and Prostatectomy (20.1 per cent). The length of stay for most of the 'Top 10' procedures continues to decrease or remain unchanged, with the exception of stomach, oesophageal and duodenal procedures and Total knee replacement which increased by 8.3 and 1.2 per cent respectively. The overall average charge associated with care in private hospitals increased by 6.5 per cent compared with last year. The rise in charges is related to the increasing costs associated with prostheses (implanted devices).



The 10 highest volume overnight surgical and obstetric procedures accounted for 50% of all private admissions and 51% of all charges for these services

Table 4
Top ten overnight medical, psychiatry and rehabilitation admissions
 Years ended March 2007–2009

Reason for admission	Category	Admissions				Average length of stay (days)				Average charge per admission (\$)			
		06/07	07/08	08/09	% Change	06/07	07/08	08/09	% Change	06/07	07/08	08/09	% Change
PUBLIC HOSPITALS													
Observation and follow up	M	4,263	4,265	3,913	(8.3%)	5.7	5.5	5.4	(1.8%)	1,934	1,944	1,995	2.6%
Digestive system disorders	M	1,595	1,780	1,860	4.5%	5.6	5.5	5.3	(3.6%)	1,844	1,840	1,783	(3.1%)
Chest pain	M	1,303	1,452	1,467	1.0%	3.4	3.1	3.0	(3.2%)	1,119	1,148	1,215	5.8%
Lung infections	M	872	1,124	1,266	12.6%	7.1	6.5	6.3	(3.1%)	2,185	2,114	2,131	0.8%
Other nervous system disorders	M	712	895	898	0.3%	7.7	7.0	6.2	(11.4%)	2,515	2,071	2,099	1.4%
Fractures, sprains etc of arm or lower leg	M	650	777	788	1.4%	5.1	5.0	5.1	2.0%	1,974	2,083	2,140	2.7%
Other heart disorders	M	520	562	719	27.9%	5.2	4.9	5.0	2.0%	1,987	2,107	2,306	9.4%
Bronchitis and asthma	M	428	569	684	20.2%	2.9	2.9	2.8	(3.4%)	910	897	874	(2.6%)
Heart failure, heart attack and shock	M	512	554	535	(3.4%)	7.9	8.2	7.7	(6.1%)	2,965	3,042	3,411	12.1%
Sick neonates	M	435	385	470	22.1%	14.5	13.0	11.0	(15.4%)	3,878	3,649	3,230	(11.5%)
All admissions public hospitals		19,582	22,047	23,787	7.9%	7.2	7.1	6.9	(2.8%)	2,399	2,430	2,493	2.6%
PRIVATE HOSPITALS													
Sleep apnoea	M	2,665	2,916	3,124	7.1%	1.0	1.0	1.0	0.0%	394	397	425	7.1%
Orthopaedic rehabilitation	R	1,028	1,347	1,788	32.7%	15.1	14.4	12.8	(11.1%)	7,568	7,548	6,887	(8.8%)
Sick neonates	M	1,344	1,316	1,406	6.8%	7.4	6.1	6.3	3.3%	3,695	3,391	3,668	8.2%
Major depressive episode	P	916	1,044	1,266	21.3%	19.5	20.5	18.2	(11.2%)	9,442	10,188	9,726	(4.5%)
Observation and follow up	M	1,238	1,040	889	(14.5%)	5.1	5.0	4.8	(4.0%)	2,638	2,696	2,712	0.6%
Digestive system disorders	M	995	896	819	(8.6%)	5.1	4.9	4.7	(4.1%)	2,742	2,716	2,804	3.2%
Lung infections	M	498	594	605	1.9%	7.5	7.0	7.5	7.1%	3,848	4,030	4,256	5.6%
Chest pain	M	599	573	574	0.2%	2.8	2.6	2.5	(3.8%)	1,826	1,820	1,900	4.4%
Alcoholism/drug dependence/overdose	P	36	384	492	28.1%	19.7	16.8	15.4	(8.3%)	8,810	8,418	8,082	(4.0%)
Other renal diseases	M	299	293	359	22.5%	6.0	6.1	5.9	(3.3%)	3,146	3,404	3,384	(0.6%)
All admissions private hospitals		18,998	20,222	21,199	4.8%	7.8	7.9	7.7	(2.5%)	3,972	4,181	4,298	2.8%

Source: HCF Hospital claims data

Note: The column "Category" indicates whether the reason for admission is medical (M), psychiatry (P) or rehabilitation (R).

Table 4

The 10 most common procedures for medical, psychiatry and rehabilitation care accounted for 53.2 per cent of all admissions. There were five conditions common to both the public and private sectors – Observation and follow-up, Digestive system disorders, Chest pain, Lung infections, and Sick neonates.

Overall, public hospital admissions increased by 7.9 per cent with the main increases being admissions for Other heart disorders (27.9 per cent), Sick neonates (22.1 per cent), Bronchitis and asthma (20.2 per cent) and Lung infections (12.6 per cent).

In private hospitals, overall admissions in these patient categories increased by 4.8 per cent. The most notable increases were in Orthopaedic rehabilitation (32.7 per cent), Alcoholism/drug dependence/overdose (28.1 per cent), Other renal diseases (22.5 per cent) and Major depressive episode (21.3 per cent).

The 10 highest volume overnight medical, psychiatric and rehabilitation procedures accounted for 53% of all private hospital admissions and 49% of all charges for these services

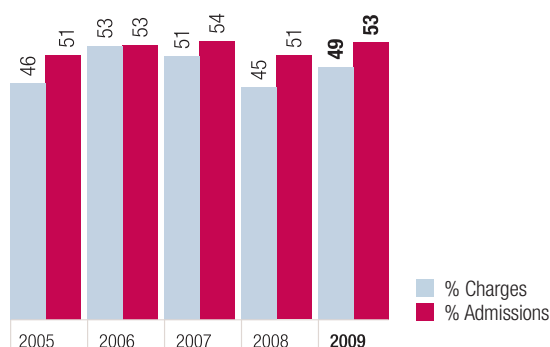


Table 5

Top ten day only admissions (all categories)

Years ended March 2007–2009

Reason for admission	Category	Admissions				Average charge per admission (\$)			
		06/07	07/08	08/09	% Change	06/07	07/08	08/09	% Change
PUBLIC HOSPITALS									
Renal dialysis	M	8,612	9,803	9,128	(6.9%)	193	198	205	3.5%
Gastroscopy and colonoscopy	S	1,114	1,262	1,214	(3.8%)	198	223	210	(5.8%)
Collection or giving of blood or bone marrow	M	591	666	687	3.2%	203	198	205	3.5%
Observation and follow up	M	610	713	651	(8.7%)	201	215	247	14.9%
Chemotherapy	M	490	538	643	19.5%	232	248	232	(6.5%)
Cellulitis	M	60	163	264	62.0%	177	172	171	(0.6%)
Cystoscopic procedures	S	227	255	254	(0.4%)	235	248	251	1.2%
Chest pain	M	117	187	206	10.2%	195	220	209	(5.0%)
Skin tumour removal	S	173	177	202	14.1%	234	237	246	3.8%
Digestive system disorders	M	154	190	199	4.7%	205	205	210	2.4%
All admissions public hospitals		17,406	19,804	20,710	4.6%	227	230	251	9.1%
PRIVATE HOSPITALS									
Gastroscopy and colonoscopy	S	31,957	35,154	38,773	10.3%	535	556	586	5.4%
Chemotherapy	M	10,625	10,558	11,062	4.8%	322	320	334	4.4%
Renal dialysis	M	8,560	8,607	9,268	7.7%	268	282	294	4.3%
Orthopaedic rehabilitation	R	4,665	7,180	8,372	16.6%	187	203	203	0.0%
Cataract surgery	S	6,644	7,124	7,877	10.6%	1,864	1,918	1,991	3.8%
Dental extraction/restoration	S	6,017	6,502	7,462	14.8%	711	737	778	5.6%
Ivf procedures	S	3,580	3,958	4,297	8.6%	570	588	590	0.3%
Major depressive episode	P	3,669	3,764	4,273	13.5%	203	208	227	9.1%
Cystoscopic procedures	S	3,536	3,756	4,165	10.9%	730	746	782	4.8%
Skin tumour removal	S	3,547	3,781	4,107	8.6%	762	787	829	5.3%
All admissions private hospitals		126,920	138,828	152,301	9.7%	719	734	774	5.4%

Source: HCF Hospital claims data

Note: The column "Category" indicates whether the reason for admission is medical (M), psychiatric (P), rehabilitation (R), obstetric (O) or surgical (S).

Table 5

Same day hospital admissions in both public and private hospitals and day facilities accounted for 63.2 per cent of all hospital admissions, increasing by less than 1 per cent compared with last year (62.8 per cent).

Public hospital same day admissions increased by 4.6 per cent with increases evident in six of the categories listed in the 'Top 10 day only admissions' compared with last year. The main increases were in Cellulitis (62 per cent), Chemotherapy (19.5 per cent), Skin tumour removal (14.1 per cent), and Chest pain (10.2 per cent).

Same day admissions in private hospitals increased by 9.7 per cent with increases in all of the categories listed.

The 10 highest volume same day procedures accounted for 65% of all private hospital same day admissions and 53% of all charges

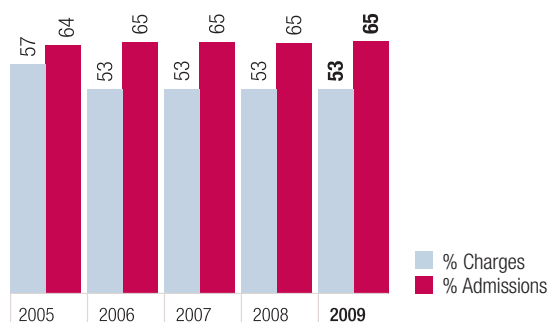


Table 6
Selected high cost private hospital admission types, by average charge per admission
 Years ended March 2008–2009

Reason for admission	Admissions		Average length of stay (days)		Average charge (\$)		Total charges (\$)		Maximum charge (\$)	Average charge/day (\$)	% Total charges
	08/09	% change 07/08 to 08/09	08/09	% change 07/08 to 08/09	08/09	% change 07/08 to 08/09	08/09	% change 07/08 to 08/09			
MEDICAL											
Skin ulcers	33	(31.3%)	18.5	16.4%	9,236	19.5%	304,802	(17.8%)	70,846	498	0.0%
Fractures of hip, femur or pelvis	56	(17.6%)	19.4	(14.9%)	9,124	(0.6%)	510,968	(18.1%)	54,792	471	0.1%
Fractures, sprains etc of arm or lower leg	82	(14.6%)	13.9	5.3%	6,671	10.9%	546,997	(5.3%)	24,938	479	0.1%
Musculoskeletal malignancies	55	(1.8%)	12.9	46.6%	6,652	33.5%	365,886	31.2%	34,584	518	0.1%
Blood poisoning	34	(32.0%)	10.5	(17.3%)	5,974	(19.7%)	203,118	(45.4%)	14,708	569	0.0%
Heart failure, heart attack and shock	296	(10.8%)	8.3	(10.8%)	5,322	(5.6%)	1,575,335	(15.9%)	24,941	639	0.3%
Chronic lung disease	182	11.0%	8.9	(8.2%)	5,257	(2.3%)	956,844	8.4%	25,436	592	0.2%
Other skin and breast disorders	23	(41.0%)	9.5	(1.0%)	4,875	11.2%	112,134	(34.4%)	17,590	512	0.0%
Cancer – origin unknown	53	(43.0%)	9.2	(22.7%)	4,623	(13.8%)	245,035	(50.9%)	18,669	505	0.0%
Liver or pancreas cancer	60	5.3%	7.8	0.0%	4,588	22.4%	275,255	28.9%	15,451	592	0.0%
Total of the above procedures	874	(12.9%)	10.5	(7.0%)	5,831	(0.2%)	5,096,374	(13.1%)	70,846	557	0.8%
SURGICAL											
Heart valve replacement	114	10.7%	11.8	(7.1%)	25,907	2.2%	2,953,437	13.1%	159,920	2,199	0.5%
Coronary artery bypass graft	419	0.2%	12.4	0.0%	24,730	5.9%	10,361,940	6.2%	121,057	1,993	1.7%
Total hip replacement	1,296	12.3%	8.6	(3.4%)	20,953	1.6%	27,154,520	14.1%	123,594	2,429	4.4%
Total knee replacement	1,604	20.1%	8.3	1.2%	19,212	3.8%	30,816,744	24.8%	93,421	2,321	5.0%
Cardiac electrophysiology study etc	473	9.2%	2.2	(8.3%)	17,883	26.5%	8,458,559	38.2%	92,893	7,950	1.4%
Cardiac pacemakers	495	7.8%	2.9	(3.3%)	17,750	(1.8%)	8,786,470	5.9%	150,257	6,043	1.4%
Heart diseases (other than coronary artery disease)	85	13.3%	5.0	(20.6%)	16,778	8.8%	1,426,147	23.3%	186,456	3,324	0.2%
Nervous system tumours	144	21.0%	10.1	(15.1%)	15,632	(4.4%)	2,250,988	15.6%	62,612	1,549	0.4%
Other liver diseases	52	40.5%	10.7	7.0%	15,242	18.3%	792,590	66.2%	50,994	1,431	0.1%
Coronary angioplasty and stents	466	(1.1%)	2.3	(4.2%)	14,137	7.2%	6,587,695	6.0%	44,259	6,072	1.1%
Fractures of hip, femur or pelvis	47	0.0%	11.6	(13.4%)	11,961	3.6%	562,179	3.6%	54,792	1,035	0.1%
Laminectomy	1,025	26.9%	5.9	(9.2%)	11,817	4.2%	12,112,005	32.2%	76,177	1,992	2.0%
Total of the above procedures	6,220	13.9%	7.0	(2.8%)	18,049	3.9%	112,263,274	18.4%	186,456	2,571	18.3%
Total 22 high cost procedures	7,094	9.8%	7.4	(5.1%)	16,544	6.2%	117,359,648	16.6%	186,456	2,222	19.2%

Source: HCF Hospital claims data; HCF Current membership data

Note: The Maximum charge in the total rows of the above table is the highest of all the maximum charges listed.

Table 6

We have ranked high cost procedures on the basis of the average hospital charge per admission. Charges per admission depend on factors such as casemix and length of stay and the types of patients who underwent these treatments. The charges for medical admissions are primarily based on the cost of the length of stay in hospital. Surgical admissions usually also include charges for theatre, intensive care facilities, prostheses or disposable items in addition to length of stay.

The total charges for these 22 high cost procedures accounted for 19.2 per cent of total hospital charges in 2008/09, but only accounted for 2.6 per cent of all admissions.

The number of admissions for high cost medical procedures decreased by 12.9 per cent compared with the previous year. The overall decrease in the average length of stay has resulted in a decrease in the overall average charge for the high cost medical procedures listed. The number of admissions for high cost surgical procedures increased by 13.9 per cent on the previous year. The majority of surgical high volume, high cost admissions continue to be for cardiac and orthopaedic procedures.

Heart valve replacement procedures had the highest average charge. The combined charge for the 22 highest cost procedures has increased by 16.6 per cent.

Table 7
Maternity

Years ended March 2005 – 2009

Hospital type	Age of member	Total Confinement			Vaginal deliveries		Caesarian sections		
		Admissions	Admissions per 1,000 female persons covered	Average length of stay (days)	Admissions	Average length of stay (days)	Admissions	Average length of stay (days)	as % of all admissions
Public	15 – 34	1,204		3.8					
	35 – 49	647		4.2					
Total		1,851	8	4.0					
Private	15 – 34	4,881		4.7	2,959	4.3	1,922	5.3	39.4%
	35 – 49	2,591		4.8	1,302	4.2	1,289	5.5	49.7%
Total		7,472	32	4.7	4,261	4.3	3,211	5.4	43.0%
All	15 – 34	6,085		4.5					
	35 – 49	3,238		4.7					
Total		9,323	40	4.6					

Table 8
Maternity admission trends

Hospital type	04/05	05/06	06/07	07/08	08/09	% Growth 07/08 to 08/09
Public	1,359	1,453	1,690	1,816	1,851	1.9%
Private	6,265	6,934	7,316	7,517	7,472	(0.6%)
Total	7,624	8,387	9,006	9,333	9,323	(0.1%)
Admissions per 1,000 female persons covered 15–49	37	39	41	39	40	0.7%

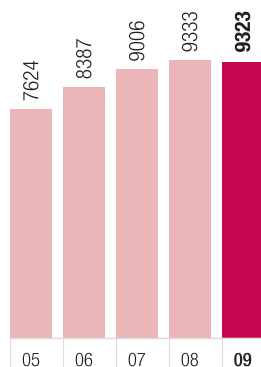
Source: HCF Hospital claims data; HCF Current membership data

Note: This table includes admissions for overnight and sameday confinements only (ie. no other obstetric treatment).

Table 7 and Table 8

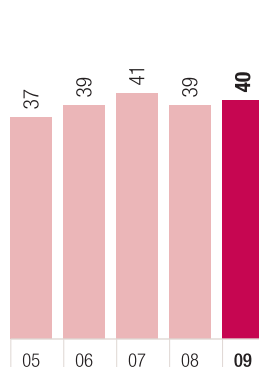
Maternity admissions to public hospitals increased by 1.9 per cent while maternity admissions to private hospitals decreased by 0.6 per cent. The caesarian section rate continues to increase each year. For private hospital patients aged 35–49 the caesarian section rate for the year was 49.7 per cent (47.8 per cent last year). For women between the ages of 15–34 (usually considered a lower risk group) the caesarian rate in private hospitals has increased to 39.4 per cent (37.8 per cent last year). These figures should be viewed in context of many women choosing to have private health insurance because they know they will fall into a high-risk group, independent of age. There is also a debate that a high caesarian section rate can be appropriate, depending on the risk factors of mothers. Females aged between 15 and 49 experienced a birth ratio of 40 admissions per 1,000 female persons covered, 0.7 per cent higher than last year.

Hospital maternity admissions trend remain 22% higher than 5 years ago



Maternity admissions (total)
– Year ended March 2009

A 0.7% increase in maternity admissions per thousand female persons covered aged 15 – 49 years



Year ended March 2009

Table 9
Overnight psychiatric hospital admissions
Year ended March 2009

Gender	Age	Patients	Admissions	Admissions per 1,000 persons covered	Average length of stay (days)	Overnight Re-admission (number of patients)		
						within 35 days	within 90 days	within 365 days
PUBLIC HOSPITALS								
Male	19 and under	34	37	0.04	8.2	1	1	1
	20 – 44	23	24	0.02	7.5	1	0	0
	45 – 64	14	15	0.02	12.4	1	0	0
	65 and over	24	25	0.03	16.9	0	1	0
Female	19 and under	49	54	0.06	12.1	3	1	1
	20 – 44	49	51	0.05	9.1	1	0	1
	45 – 64	23	24	0.02	14.2	0	0	1
	65 and over	52	54	0.06	32.8	1	1	0
Total		268	284	0.29	15.2	8	4	4
PRIVATE HOSPITALS								
Male	19 and under	33	42	0.04	10.8	6	2	1
	20 – 44	256	386	0.40	16.9	67	24	37
	45 – 64	182	293	0.30	16.9	55	37	19
	65 and over	69	85	0.09	16.7	8	2	6
Female	19 and under	63	91	0.09	17.4	12	7	8
	20 – 44	417	690	0.72	18.0	145	76	52
	45 – 64	295	476	0.49	17.6	85	54	42
	65 and over	167	258	0.27	16.3	50	21	20
Total		1,473	2,321	2.41	17.2	428	223	185
Total private and public		1,691	2,605	2.71	17.0	471	237	193

Source: HCF Hospital claims data; HCF Current membership data

Note:

Each patient may appear in more than one group. For example, 50 patients had admissions in both the public and private sector during the year ended March 2009.

Patients may also move between age groups between subsequent admissions.

Of the 1,691 patients, 496 had multiple psychiatric admissions during the year.

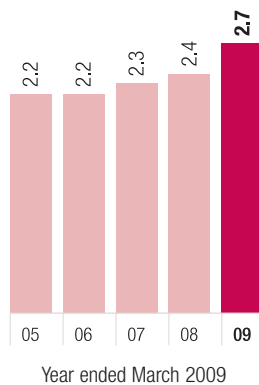
Some of these patients may have been re-admitted for same day as well as overnight stay.

Table 9

There was a substantial increase in both the number of overnight psychiatric patients and admissions compared with last year (7.3 per cent and 15.8 per cent respectively). Admissions to public hospitals decreased 5.0 per cent. The proportion of services delivered by the public sector is 10.9 per cent (13.3 per cent last year). Admissions to private hospitals increased by 19 per cent. Private hospital admissions for overnight psychiatric services accounted for 89 per cent of all overnight psychiatric hospital admissions.

On average, the number of admissions per patient increased to 1.5 (1.4 last year). The average length of stay was 17 days, a decrease of 8.1 per cent compared with last year. Approximately 27.9 per cent of patients were re-admitted to hospital within 35 days (24.5 per cent last year). The number of patients who required re-admission more than 35 days after discharge increased substantially from 17.6 per cent to 25.4 per cent. For private hospital admissions, females aged between 20 and 44 years continue to have the greatest requirement for hospital admission relating to a psychiatric condition.

Overnight psychiatric admissions per thousand persons covered continues to increase



The percentage of re-admissions more than 35 days following discharge from hospital increased substantially

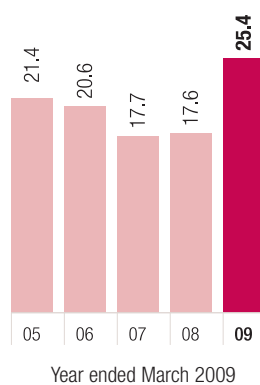


Table 10
Summary of 200 highest cost claimants by category
 Year ended March 2009

Category	Patients	Total admissions	Total benefit \$	Median age (years)	Average length of membership (years)	Per patient		
						Admissions	Days	Benefit \$
Cardio thoracic surgery	48	188	5,146,222	68	21	4	40	107,213
Rehabilitation	27	388	2,890,408	66	25	14	99	107,052
Orthopaedic (surgical)	15	62	1,625,862	71	24	4	79	108,391
General surgical	12	54	1,496,685	68	22	5	112	124,724
Circulatory system (medical)	11	60	1,110,914	59	13	5	89	100,992
Psychiatric	10	102	910,699	51	9	10	165	91,070
Vascular (surgery)	8	53	773,736	81	12	7	86	96,717
Nervous system (medical)	7	39	699,913	69	12	6	161	99,988
Miscellaneous therapeutic procedures (medical)	7	203	621,770	62	17	29	125	88,824
Respiratory system (medical)	5	22	543,433	34	9	4	133	108,687
Other	50	308	5,212,766	71	26	6	117	104,255
Total	200	1,479	21,032,409	68	21	7	95	105,162

Source: HCF Hospital claims data; HCF Health policy data

Note: This table includes same day and overnight admissions. "Other" includes those categories which had 2 patients or less. Admissions for renal dialysis have been excluded from the analysis as dialysis skews the admissions per patient indicator.

Table 10

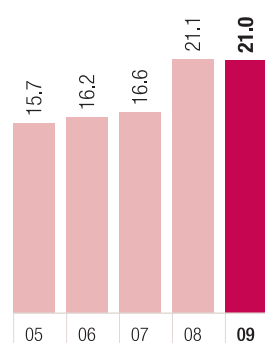
The median patient age for highest cost claimants is 68 years with an average length of membership of 21 years.

Average benefits paid per patient decreased slightly by \$194 from \$105,356 last year to \$105,162 this year (a decrease of 0.18 per cent). The average benefit paid is equivalent to 60 years' membership as a single in HCF's Top Plus hospital cover.

Categorisation is based on the highest cost procedure for a claimant and the total claimed. This means the specialty illness groups chosen can change significantly from year to year. Cardio thoracic surgery continues to be the highest cost specialty procedure particularly due to the prosthetic implants involved. This is followed by Rehabilitation and Orthopaedic surgery. General Surgical admissions had the highest average benefit paid for a procedure, at \$124,724 per member.

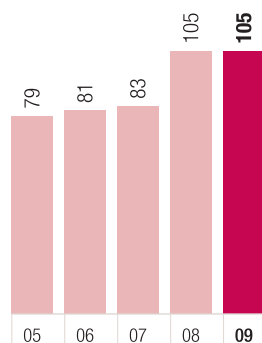
Adverse events, defined as unintended injuries caused by medical management rather than the underlying condition of the patient, may have contributed to these high cost procedures. Examples of adverse events include hospital-acquired infections, medication errors, unintended admission to intensive care unit, unintended return to operating theatre, length of stay greater than 21 days and same prosthesis implanted within two years. An adverse event attributable to error is potentially preventable.

Hospital benefits paid to the 200 highest claimants totalled over \$21 million



Year ended March 2009 – (millions)

The average hospital benefits paid to the 200 highest claimants was over \$105,000



Year ended March 2009 – (thousands)

Table 11
2008/09 Medical charges statistics
 Year ended March 2009

Medicare Benefits Schedule Description (Abbreviated)	Average Fee \$	Average Charge \$	Charges compared to schedule fees \$	Charges compared to previous year %
Category 1 Professional Attendances	\$76	\$95	\$19	24.5%
Category 3 Therapeutic Procedures	\$166	\$294	\$128	77.4%
Category 5 Diagnostic imaging services	\$143	\$172	\$28	19.7%
Category 6 Pathology services	\$27	\$30	\$3	11.0%
All items	\$96	\$153	\$57	58.9%
SELECTED SURGICAL PROCEDURES				
30445 Laparoscopic cholecystectomy	\$669	\$1,143	\$474	70.8%
30473 Upper GIT endoscopy	\$117	\$157	\$40	34.2%
30614 Hernia repair (femoral or inguinal)	\$381	\$625	\$245	64.3%
32090 Colonoscopy with or without biopsy	\$303	\$426	\$123	40.5%
32093 Colonoscopy with removal of polyps	\$427	\$583	\$155	36.3%
32508 Varicose veins	\$439	\$828	\$389	88.7%
38306 Transluminal stent insertion	\$399	\$540	\$141	35.5%
35640 D&C, curettage of uterus	\$105	\$200	\$95	89.9%
35653 Abdominal hysterectomy	\$600	\$1,092	\$493	82.2%
37203 Prostatectomy (endoscopic)	\$950	\$1,788	\$838	88.2%
38218 Coronary angiogram	\$598	\$817	\$219	36.6%
38500 Coronary artery bypass graft – single	\$1,974	\$3,472	\$1,498	75.9%
38503 Coronary artery bypass graft – multiple	\$2,145	\$3,547	\$1,402	65.4%
41789 Tonsils and/or adenoids < 12 yrs	\$269	\$668	\$399	148.3%
42702 Cataract operation	\$817	\$1,421	\$605	74.0%
49318 Total hip replacement	\$1,201	\$2,581	\$1,380	114.8%
49517 Knee hemi-arthroplasty	\$1,057	\$2,294	\$1,237	117.0%
49518 Total knee replacement	\$1,200	\$2,545	\$1,346	112.2%
49542 Knee surgery – cruciate ligament repair	\$1,198	\$2,713	\$1,515	126.5%
49561 Other arthroscopic knee surgery – medium	\$603	\$1,302	\$699	116.0%
OTHER SELECTED THERAPEUTIC PROCEDURES				
13212 Oocyte retrieval	\$332	\$435	\$103	31.0%
13870 Management of ICU patient (first day)	\$330	\$395	\$65	19.6%
13873 Management of ICU patient (day after the first)	\$245	\$284	\$39	15.9%
13915 Intravenous Chemotherapy – up to 1 hour	\$59	\$69	\$10	17.0%
13918 Intravenous Chemotherapy – 1– 6 hours	\$89	\$106	\$17	18.6%
16519 Management of labour and delivery	\$487	\$1,210	\$723	148.7%
16522 Management of complicated confinement	\$1,142	\$1,665	\$523	45.8%
17610 Pre-operative examination by anaesthetist	\$39	\$74	\$35	88.3%
SELECTED ATTENDANCES				
00033 GP consultation at a hospital – Level 'B'	\$47	\$52	\$5	10.7%
00104 Specialist consultation – initial	\$78	\$110	\$32	41.1%
00105 Specialist consultation – subsequent	\$39	\$53	\$14	35.3%
00110 Consultant physician – initial	\$136	\$169	\$33	24.4%
00116 Consultant physician – subsequent	\$68	\$85	\$17	24.2%
SELECTED DIAGNOSTIC PROCEDURES AND IMAGING				
11700 12-lead electrocardiography – ECG	\$28	\$35	\$7	23.6%
12203 Overnight investigation for sleep apnoea	\$536	\$666	\$131	24.4%
59925 Selective coronary arteriography and angiocardiography	\$354	\$505	\$151	42.7%
56507 CT scan – upper abdomen and pelvis	\$480	\$523	\$43	8.9%
58503 Chest X-ray	\$47	\$53	\$7	14.8%
SELECTED PATHOLOGY GROUPS				
Pathology Services ** Haematology	\$22	\$24	\$2	8.2%
Pathology Services ** Chemical	\$23	\$25	\$2	8.3%
Pathology Services ** Microbiology	\$32	\$35	\$2	7.4%
Pathology Services ** Tissue Pathology	\$126	\$145	\$19	15.1%
Pathology Services ** Patient Episode Initiation	\$10	\$12	\$2	14.9%

Table 11

For the year ended 31 March 2009, 2,084,359 in-hospital medical services were provided to HCF members, an increase of 162,462 (8.45%) services compared with the previous 12 month period. Doctors charged a total of \$318 million for these services which represents an increase of \$36 million (12.77%) compared with 2007/08.

The equivalent Medicare Benefits Schedule fee for these services was \$200.3 million (63%) of the amount charged. Medicare refunded \$149.7 million and HCF paid benefits of \$104.9 million under its gap cover and other schemes. The balance, \$63.7 million (20% of total medical charges) represents the patient out of pocket cost for medical services. Total medical benefits paid by HCF increased by \$12.9 million (14%) over this period.

Table 11 provides a list of the most common in-hospital medical services covered by HCF. We have highlighted 15 procedures where the average charge is between \$389 and \$1,515 more than the Commonwealth Medicare Benefits Schedule fee (CMBS).

Some key points about 2008/09 medical charge costs above Commonwealth Medicare Benefits Schedule Fee (CMBS):

- Therapeutic procedures (which include surgical operations) – charges are 77% above the CMBS (75% last year).
- Surgical operations – average charges for different procedures in this group range from 34.2% to 148.3% above the CMBS.
- Management of labour and delivery – reported charges for these services were approximately 149% above CMBS while charges for complicated confinements were almost 46% above the CMBS fee.
- Tonsil and or adenoids removal – reported an average charge of 148.3% over the CMBS fee.
- Knee surgery – cruciate ligament repair, the average charge was 126.5% above the CMBS fee.
- Total hip replacement – This charge is now on average \$1,380 (114.8%) more than the CMBS fee (106.3% last year).
- Pre-operative examination by an anaesthetist (the most common service performed by these practitioners) – the average charge is more than 88% above the CMBS (87% last year).
- Consultations – specialist charges for initial consultations were 41.1% higher than the CMBS. Those for physicians were 24.4% above the CMBS.