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Medibank IPO Announced

Medibank Private has been advised by the Australian government that it intends to privatise Medibank Private, the country's largest health insurer via a share market float.

"The Government decision removes the uncertainty of how the company will be privatised and reflects confidence in Medibank Private" said Medibank Private Managing Director, Mr George Savvides.

"Whilst the timing has been set for 2008

and is subject to the re-election of the current Government we are pleased that the uncertainty surrounding Medibank future ownership has been removed.

"As stated by the Government, the decision on timing is based on the fact that they do not feel it is practical to sell both Telstra and Medibank within months of each other.

"Over recent years our financial performance has steadily improved and we have delivered more value back to

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US Industry calls for Universal Coverage

More than 40 million uninsured Americans will have access to affordable health insurance coverage under a comprehensive new set of targeted policy proposals recently released by America's Health Insurance Plans (AHIP).

The plan would expand eligibility for public programs, enable all consumers to purchase health insurance with pre-tax dollars, provide financial assistance to help working families afford coverage, and encourage states to develop and implement access proposals.

The plan is designed to expand access to health insurance coverage to all children within three years and 95 percent of adults within 10 years. AHIP estimates that full implementation of this proposal would cost the federal government approximately \$300 billion over a 10-year period.

"The access crisis causes millions of Americans to forgo the preventive care and treatment for chronic illness that they need," said George Halvorson, Chairman and CEO, Kaiser Permanente; Chairman-elect, AHIP Board of

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Editorial

I recently spent a day in Bologna, in pursuit of a first Italian member. I was interested to find out that Italians spend only two billion Euros each year paying for private health insurance, but twenty-five billion Euros 'out of pocket'. This suggests that the happy-go-lucky 'che sera, sera' stereotype of the Italy we know and love may be not so far wrong.

But is there such a thing as Italy, or an Italian character? People who hail from Turin or Milan, in the shadow of the Alps do not appreciate being lumped together with sun-kissed types from Sicily or Naples. But then, Italy's great unifier (and first Prime Minister in 1861), native of northern Piedmont, Count Camillo Cavour never travelled south of Rome in his life.

Italians, as a nation live longer than those to the north of them. This may be the olive oil, or the closeness of extended families. My hunch is that it has a lot to do with the Italian instinct for stepping out looking good, eating and drinking well and their absolute determination to have a good time!

I remember some members of the audience at one of our recent iFHP conferences objecting to being lectured on probity by a leading Corporate Governance guru. However the news reported elsewhere in this issue, of the CEO of a huge US health insurer fraudulently awarding himself stock options suggests that in some circles the message still needs repeating.

I have never been a CEO of any large organization, unless you count the Department of Health, which was of course in reality run by Sir Humphrey: but I can see it must be tempting, even in environments like the UK where a pension abuse scandal (Maxwell) in 1990 forced an early move to independent directors, to ensure greater freedom of manoeuvre through the nurturing of a compliant Chair and non-exec team.

In the end it's down to shareholders: yet the scandal of software vendor KPMG spin-off iSoft, with a massive contract to computerise half of England's hospitals rumbles on. The kit didn't work: founding directors ran off with tens of millions pounds from share sales at prices boosted by revenues proved to have been inappropriately recognized and then reversed; but still no sign of investors suing. The system isn't working.

The Australian Opposition have announced they will not go ahead with the Medibank sale

if they win the upcoming election: that is to say, they will make it an electoral issue. Privatisation is always in the national interest: the smaller the proportion of the national economy government is allowed to mess up, the better. But given the fickleness of electorates and the extent to which they can be swayed by treacherous populist politicians waging anti-capitalist campaigns, all disposals of state concerns are vulnerable: to be sure of success they need to be completed in the two year post-electoral envelope. I am concerned that an event so important to the future of Australian healthcare may have been put at risk by ministerial procrastination.

iFHP members changing money while crossing between the UK to the Continent have sometimes asked me when Britain is going to join the Euro. Sorry, the answer may be never. Forcing a whole lot of countries who don't like each other into the same interest and external exchange rates brings its own problems.

And while it may make sense politically for those in Western Europe (mainly France) anxious to build a currency and political bloc to challenge the USA, we in Britain don't feel that way.

So it looks like everyone is going to have to go on changing money. If it's any consolation, I know a little booth opposite London's Victoria Station where you can get 1.47 euros for a pound, when airport rent-paying bureaux give you 1.41 – *vive le marché libre!*

EDP Programme Extended to Cover Six Countries

The iFHP's 2007 Executive Development Programme (EDP) has been extended to cover three countries in its two-week March leg. In addition to Sydney and Melbourne, the group will spend two days in Auckland as guests of Southern Cross Healthcare, before travelling on to

San Francisco and New York. The second leg of the programme in September 2007 will cover include Dublin, London and Brussels.

Chief Executive Tom Sackville commented "we are grateful to Southern Cross for their offer. This means the EDP can now offer a

first-hand look at the healthcare scene in a total of eight healthcare markets in six countries. It is a unique learning experience, providing senior health insurance executives with a valuable perspective on healthcare around the world".

United Health Chief Quits in Option Scandal

The Chief Executive of one of the largest health insurance companies in the US has quit, becoming the latest and highest profile executive to fall victim to the stock options scandal unfolding across corporate America.

William McGuire, who built United Health Group into one of the largest corporations in America, joins more than 30 senior executives at 16 different companies who have quit or been fired over backdating of options.

A probe by a law firm WilmerHale examined 29 of the largest options grants at United Health over a 12 year period, and concluded that each one had been backdated to benefit insiders. It found that between 1994 and 2002 Mr McGuire received 12 grants, each dated just before a sharp rise in the company's share price.

Mr McGuire now faces investigations by the SEC, Federal prosecutors in New York, and the Minnesota attorney general.

Source London Daily Telegraph

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members. We have cemented a solid foundation to build and deliver exciting plans for the future" Mr Savvides said.

If an IPO is realised Medibank Private will be the first Private Health Insurer to be listed on the Australian Stock Exchange enabling Medibank Private members, for the first time, to hold shares in the fund.

Mr Savvides went on to say "We recognise the loyalty of our nearly three million members. We have worked hard to reward our fund members with value for money health cover and we will continue to do so.

"In fact, at the end of 2005 Medibank Private had achieved the strongest growth in membership of any health fund since the introduction of lifetime health cover in 2000. Our value offering is strong and will continue to improve.

"The business looks forward with confidence to the future, we will work to ensure the business continues to grow and co-operate to implement a successful initial public offering at the appropriate time."

Source Medibank Private Media Release

World News

USA



Massachusetts officials are taking a wait-and-see stance toward a new law that sets penalties for those who fail to obtain health insurance. The intent was to motivate the uninsured by setting penalties for failure to buy coverage, but skeptics warn that the fines, limited to half the cost of the cheapest available policy, are too meager to be effective.

Source AHIP Solutions Smartbrief: American City Business Journals/Boston

Australia



Diabetes patients will be able to improve their disease control and cardiovascular risk factors by participating in a health insurance initiative according to a recent report.

Medibank Private members in Australia who have chosen to take part in the programme have been given a 'passport' to record their GP visits at regular monthly intervals. After the visits patients sent their health data to diabetes educators at the Victoria International diabetes Institute which provided written feedback and advice for the patient with a copy for their GP.

The insurer reported that almost 1% of participants achieved a 1% decrease in HbA1c level.

Twenty six per cent of participants reduced their systolic blood pressure by 10mmHg or more.

Source Australian Doctor.



World News

Denmark



Researchers in Denmark reported the discovery of a third gene linked to breast cancer, CHEK2, a mutation which can triple the risk for the disease. The scientists said the BRCA1 and BRCA2 genes already identified are more important, and that the CHEK2 mutation only affects about 1% of white, northern European women with an unknown prevalence among among black, Hispanic or other women.

Source United Press International, Forbes /HealthDay News; AHIP solutions Smartbrief

UK



Almost half of newly qualified nurses in the UK have not been able to find jobs this year according to a report in the HSJ. Chair of the Council of Deans which oversees nurse training in England and Wales told a parliamentary enquiry that the number of training places was being cut after strategic health authorities had been asked to make savings. "This will have an impact in years to come when there will be fewer places available and as a result fewer newly qualified nurses coming into the NHS" said Professor Turner.

Labour MP Dr Howard Stoaite said that there were around 60,000 more nurses working in the NHS than in 1997 and that the NHS had fewer beds so nurse patient ratios should be higher overall.

Source Health Services Journal

Cimas honoured by Zimbabwe Red Cross Society

Cimas Medical Aid Society has been presented with a Red Cross Humanitarian Award for having helped to minimize the suffering of vulnerable groups.

The award comes against a backdrop of the Society becoming the first medical aid fund in Zimbabwe to set up a facility that covers HIV/AIDS.

The Society's Acting Group Chief Executive Officer, Mr. Tony Kanengoni received the award at a function held at a Harare hotel.

The Zimbabwe Red Cross Society held a dinner, in honour of individuals, organisations

and companies, who for years, have been supporting vulnerable groups.

In a speech read on his behalf by the Director of Technical Support, Dr. Davies Dhlakama, the Minister of Health and Child Welfare Dr. David Parirenyatwa said that partnerships were critical in overcoming the health challenges being faced. The Vice President of the Zimbabwe Red Cross Society Mrs. Sabina Zarira said the commitment of its long-standing partners was key in its continued support of vulnerable groups.

British NHS Extends Outsourcing of Elective Surgery

Following a first round of contracts for privately managed NHS Treatment Centres (previously known as 'ISTC's') two successful second-wave bids have been announced.

The first involves South African hospital group Netcare's UK subsidiary contracting for 220,000 surgical and diagnostic procedures in Lancashire and Cumbria: the second is for private equity-backed UKSH, with clinical links to New York Presbyterian and Vanderbilt University hospitals systems, to carry out 28,000 procedures from centres around Bristol.

This news confirms the view that the NHS will continue its drive to bring down non-emergency waiting lists through new purpose-built private sector capacity. While the Treatment Centres are a novel concept, which appear to run counter to NHS public sector ethos, there has been little opposition from the medical profession, and patient reaction has been positive.

Meanwhile other plans to involve the private sector in primary care through commissioning of GP's and other professionals in Derbyshire by a subsidiary of the US healthcare giant United Health have run in to determined opposition, from medical organisations, local campaigners and most recently in the Appeal Court, which recently blocked the entire initiative on grounds of insufficient public consultation.

Source: Laing & Buisson 'Healthcare Market News'

STOP PRESS

On going to press it was announced that the proposed NHS Netcare contract with Cumbria and Lancashire has been delayed whilst the local Primary Care Trust, the commissioning authority, extends its consultation on some of the detail of the contract.



Metropolitan Health Group receives unconditional accreditation

Metropolitan Health Group (MHG) recently became South Africa's largest medical scheme administrator to receive unconditional accreditation by the Council of Medical Schemes.

Blum Khan, MHG's chief executive officer, says the Council of Medical Schemes has embarked on a process of evaluating all of South Africa's medical scheme administrators to ensure that they have systems and processes in place in order to deliver a high standard of service to its clients.

Khan says there were some 300 specific conditions that needed to be met, most of which centred on complex administration systems.

"Our unconditional accreditation gives a good deal of comfort to clients who know that we have been independently audited and approved in every respect," he says, adding that many other big names in the field of medical schemes were accredited - but with a varying list of conditions.

"Our latest accreditation means that our systems and practices are robust and capable," says Khan. "We are committed to ensuring that medical aid claims and queries are processed as efficiently and quickly as possible. This is good news for our customers, who can be confident that we have systems that are compliant with industry norms and best practice."

Universal Coverage Call *continued from page 1*

Directors. "By ensuring everyone has access to coverage, we can make families more secure, workers more productive and, ultimately, make this a healthier nation."

The AHIP plan calls for enactment of federal legislation that provides significant financial incentives to states and makes changes to federal tax policy to make health coverage more affordable.

"Our Board has crafted an innovative proposal that builds on the strengths of the

current system with targeted federal and state strategies that can make health insurance available to millions of families nationwide," said Karen Ignagni, President and CEO of AHIP. "We urge Congress and state legislators to make health care coverage their top priorities, and we are committed to working with all stakeholders to expand access to all Americans."

To learn more about AHIP's reform proposal, please visit www.ahipbelieves.com

World News

UK



Troubled software firm iSoft has reported a £344m (\$649m) annual loss and said accounting problems have caused 'deep disappointment'.

The firm, central to the £6bn upgrade of the NHS computer system, is being probed by regulators into accounting irregularities in 2004 and 2005.

The investigation is believed to centre on whether the troubled firm misled investors over how much it had earned.

But iSoft shares rose 48% as it sealed a deal with banks over its financing.

iSoft delayed its results earlier this year after reports of accounting errors and its auditor, Deloitte, said it was unable to state whether the accounts just published gave a true position of the firm's financial position.

The company reported a £343.8m pre-tax loss in the year to 30 April, mainly as a result of writing down the value of Torex, a company that iSoft bought in 2004.

USA



The memory of mice suffering from Alzheimer's disease has been restored, a study shows. US scientists increased the activity of an enzyme called Uch-L1 which is involved in memory function.

They then tested the mice and found that they had regained the ability to form new memories. Writing in the journal *Cell*, the team said the work was in its early stages, but could help the development of therapies for the debilitating disease.



Kaiser Permanente hosts Integrated Health Care Experience

From October 30 to November 1, 65 physician and administrative health care leaders from 14 countries visited Oakland, California, to learn about and discuss how Kaiser Permanente organizes and delivers care. Sponsored by Kaiser Permanente International, this was the fourth program of its kind – called The Integrated Health Care Experience and designed for international health care leaders in the areas of administration, finance, and medicine. Two more such programs are planned for 2007: April 16-19 and October 15-18.

The Integrated Health Care Experience includes presentations by Kaiser Permanente executives and physician leaders as well as small workshops on such topics as Innovation, The Role of the Primary Care

Physician, and How to Use the Internet to Communicate with Patients. In addition, participants split into groups of 10 or 12 for day-long visits to medical centers, where they see how the high-level goals presented during the previous days translate into action.

Why do international visitors spend money and time to learn about how Kaiser Permanente delivers care? Most participants say they like Kaiser Permanente's integrated, team model – with primary care, specialty care, ancillary services, and hospitals all in one location – as well as the focus on keeping members healthy. Information technology and care management are key parts of this focus.

Kjeld Erik Otte, MD, a nephrologist and department head for a Danish hospital in the

Municipality of Vejle, explained why Denmark sent 30 of the participants and what he personally gained from the experience: "In Denmark, health care will be reorganized starting in January 2007. Instead of 13 counties, there will be five regions, with the state financing 80% and the cities financing 20% of the care. In order to reduce costs, we'll need to reduce hospitalization rates. Kaiser Permanente has a lot of programs and ideas we can learn from. So we will go back to Denmark and try to implement your preventive health strategies."

For more information on the Integrated Health Care Experience or Kaiser Permanente International, go to kp.org/international, or contact Molly Porter, training manager for Kaiser Permanente International, at molly.porter@kp.org.

Top Speakers for Montreal CEO Forum

The CEO Forum to be held in Montreal 14-17 May 2007 will focus on the recent radical changes to Canadian healthcare initiated by the Quebec Supreme Court judgement allowing private healthcare. For decades it has been illegal to charge for health services. The Court ruled last year that this was unconstitutional in that it prevented Canadians from receiving efficient health provision and prompted speculation that

other provinces would legislate to allow private healthcare.

An expert analysis of the current position, future prospects and opportunities for overseas providers and insurers will be provided by Dr Brian Day, President-elect of the Canadian Medical Association and key campaigner for the legal change, Senator Mike Kirby author of the recent influential parliamentary report on the problems of

Canadian healthcare and other well-known commentators.

The formal programme of the Forum will run from the morning of Tuesday 15 May to lunchtime on Thursday 17 May. Those participants able to extend their stay in Canada by a further day will be invited to visit health facilities in Halifax, Nova Scotia, including Atlantic Blue Cross's ground-breaking emergency care operations.

Former **EDP** participant receives award

It was recently announced that former EDP participant, Raymond J. Baxter, Ph.D., Senior Vice President for Community Benefit for Kaiser Foundation Health Plan, Inc., and Kaiser Foundation Hospitals, was awarded the 2006 CDC Foundation Hero Award. Dr. Baxter was honored for his affirmation of the critical importance of governmental public health's role in addressing the health consequences of Hurricane Katrina and for longstanding commitment for improving the health of communities.

The CDC Foundation Hero Award recognizes an individual or organization that has made a significant contribution to improving the public's health through exemplary work in advancing the Centers for Disease Control and Prevention's (CDC) mission of disease prevention and health promotion.

"Dr. Baxter is an outstanding leader and a visionary whose work in public health and health care demonstrates a deep commitment to bettering the health and lives of people everywhere," says Charles Stokes, president and CEO of the CDC Foundation. "Last year, when Hurricane Katrina hit, Dr. Baxter sought out the best opportunity for Kaiser Permanente to make an impact for the people and communities on the Gulf Coast.

Established by Congress, the CDC Foundation helps the Centers for Disease Control and Prevention do more, faster by forging effective partnerships between CDC and individuals, corporations and foundations to fight threats to health and safety.

New **US HIV** cases to cost **\$12b a year**

Future treatment for the 40,000 people infected with HIV in the United States every year will cost \$12.1 billion annually, according to a new study.

US patients infected with HIV can expect medical bills for current care related to the disease of \$618,900 during their lifetimes, according to the study, which will appear in the November issue of Medical Care.

Current medical bills for US HIV patients from the beginning of care until death average \$2,100 per month. The projected lifetime HIV-related medical costs were based on life expectancies of 24.2 years for patients in optimal HIV care.

The study is intended to provide guidance for policy makers and ensure appropriate funds are allocated for HIV care and prevention, according to its authors.

"If they rely on outdated cost information, treatment programs will be underfunded and the economic value of HIV prevention will be understated," lead author Dr. Bruce

Schackman, the head of the health policy at Weill Medical College of Cornell University's department of public health, said.

The Centers for Disease Control and Prevention estimates that 250,000 people with HIV in the United States – a quarter of the total with the disease – do not know they are infected.

Since combination therapy became available to U.S. HIV patients in 1996, life expectancies have risen, but so have medical bills. Medications now make up more than 70 percent of the expense of HIV treatment, according to the study.

The \$618,000 lifetime HIV medical bill is comparable to the estimated lifetime medical cost for US women under age 65 with cardiovascular disease, who can also have long life expectancies with appropriate medical management, the study found.

Source AHIP Solutions Smartbrief/Yahoo/Reuters

Vaccine 'tackles kidney cancer'

A vaccine which uses the body's immune system to attack an aggressive form of kidney cancer has completely eradicated one patient's tumour.

The TroVax vaccine, made by Oxford Biomedica, UK has been given to 150 patients so far in clinical trials. Another two patients have seen their tumours shrink, and a further 15 have been stable for at least three months.

UK cancer experts said the data, presented at a conference in Prague, showed TroVax was effective. The TroVax vaccine is still

going through the clinical trials process. It works by harnessing the body's immune system to tackle a tumour.

Dr Daljit Kaur, clinical trials research manager at Cancer Research UK, said: "The data so far suggests TroVax could be an effective treatment for several types of cancer, including kidney cancer, which affects more than 6,600 people each year in the UK."

Oxford Biomedica hope the vaccine will be available for use by the end of the decade.

Story from BBC NEWS

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New members December 2006

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