OUR PRIORITY IS TO SERVICE OUR CUSTOMERS’ INDIVIDUAL NEEDS...NOW THAT’S SERVICE WITH A SMILE.
HIC's Strategic Plan and Purpose
Our Strategic Plan affirms HIC’s purpose of improving Australia’s health through payments and information. It was developed in consultation with customers, stakeholders and staff.

HIC aims to build on its strong base of payments, processing and customer service to provide information for better health decision-making and we will develop and customise new services to supply secure and reliable information to our customers.

The 7 levels of our Strategic Plan are:

Level 1 – Our purpose:
• improving Australia’s health through payments and information.

Level 2 – What we want to be known for:
• being trusted by our customers and the community;
• helping to connect Australia’s health sector; and
• being a valued strategic partner in delivering the health portfolio’s agenda.

Level 3 – The driving force of our business shows:
• we are continuing our efforts to be a customer-driven organisation in conjunction with strategic partners in the health portfolio.

Level 4 – Our business approach describes how we will:
• ensure customer access;
• create value for our customers;
• grow and develop; and
• organise ourselves through our business approach.

Level 5 – Our national strategic themes are:
• building confidence in HIC;
• stimulating strategic thinking and the creation of knowledge within HIC;
• producing complete, accurate and timely payments and information;
• building strategic alliances to connect the health sector;
• customising our services; and
• efficient and effective program delivery through emphasis on regulatory frameworks and risk management.
Level 6 – Our key result areas are:
• commitment to strengthening HIC’s financial position and ensuring accountability for the financial aspects of all programs;
• our customers and stakeholders have confidence in HIC’s provision of services and its commitment to relationship-building and open communication;
• commitment to internal processes that support the efficient delivery of HIC products and services that reflect responsible business practices;
• commitment to supporting innovation, learning and continuous improvement for individuals and the organisation as a whole while also respecting the objectives of external parties;
• commitment to our staff and to making a positive contribution to the community; and
• commitment to contributing to and improvement in the physical environment.

Level 7 – Strategies to achieve our Strategic Plan include:
• engaging with customers in accordance with our Charter of Care;
• realigning our processes to seamlessly provide payments and information to our customers;
• working with the Australian Government Department of Health and Ageing to improve connectivity within the health sector;
• investing in human resources so that staff skills are aligned with organisational strategies;
• aligning our investment strategies to support the needs of our customers; and
• proactively approaching new business opportunities that are consistent with our Strategic Plan.

Our values
• Our top priority is meeting customer needs.
• People can trust us to protect the privacy of all information we handle.
• We trust and respect each other and work as a team to achieve the best results.
• We improve our business efficiency with new products, ideas and ways of working.
• We deliver results with honesty, integrity, accountability and enthusiasm.

Our commitment to continuous improvement
HIC is committed to continuous improvement and:
• uses customer feedback to help identify and resolve any problems;
• provides training programs to ensure staff are skilled and customer-focused; and
• monitors and evaluates services against our Charter of Care standards.
For more information about our strategic direction see HIC’s website www.hic.gov.au
Turning the Strategic Plan into action

Corporate scorecard

An organisational performance management system was developed in 2001 to replace the key performance objective reporting system. The new system provides a comprehensive coverage of performance measures organised along balanced scorecard perspectives (customer, financial, internal business and growth, and development).

Development of the corporate scorecard continued in 2002–03 with a major review completed towards the end of the financial year. A revised and more detailed scorecard will be operating from early in 2003–04 and will be available to appropriate staff within HIC via the HIC intranet.

Balanced scorecard perspectives from 2000–01 to 2003–04

<table>
<thead>
<tr>
<th>Perspective</th>
<th>2000–01 Actual %</th>
<th>2001–02 Actual %</th>
<th>2002–03 Actual %</th>
<th>2003–04 Target</th>
</tr>
</thead>
<tbody>
<tr>
<td>Customer perspective</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Community satisfaction</td>
<td>92</td>
<td>90</td>
<td>93</td>
<td>90% or better</td>
</tr>
<tr>
<td>Medical practitioner satisfaction</td>
<td>71</td>
<td>72</td>
<td>75</td>
<td>80% or better</td>
</tr>
<tr>
<td>Pharmacist satisfaction</td>
<td>90</td>
<td>92</td>
<td>91</td>
<td>90% or better</td>
</tr>
<tr>
<td>Prompt processing</td>
<td>93</td>
<td>93</td>
<td>93</td>
<td>90% or better</td>
</tr>
<tr>
<td>Internal business processes perspective</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Claim processing accuracy</td>
<td>93</td>
<td>98</td>
<td>98</td>
<td>99%</td>
</tr>
<tr>
<td>Medicare transactions online*</td>
<td>49</td>
<td>50</td>
<td>50</td>
<td>N/A†</td>
</tr>
<tr>
<td>General practices online††</td>
<td>86</td>
<td>86</td>
<td>90</td>
<td>N/A††</td>
</tr>
<tr>
<td>Growth and development perspective</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Staff satisfaction</td>
<td>66</td>
<td>73</td>
<td>72</td>
<td>Improvement reflected in 2004 survey</td>
</tr>
</tbody>
</table>

*Includes Medclaims and internet electronic transactions.
†To be calculated differently from 2002.
††Currently no target set although practices are being encouraged to move online.

Customer satisfaction

HIC annually measures satisfaction with its services within three main customer groups: medical practitioners, pharmacists and health consumers. The results remained steady, with no significant statistical difference from last year’s scores. Of consumers surveyed, 93 per cent were satisfied with HIC services, and 91 per cent of pharmacists were satisfied. Among doctors, satisfaction also remained steady at 75 per cent. Practice manager satisfaction also remained steady at 85 per cent.

Market research

HIC undertook a range of research projects to improve customer service, business understanding of initiatives, and as part of effective marketing communications and promotion work.
These included:

- research into customer service issues and needs for all key customer segments, including those from Indigenous communities and culturally and linguistically diverse backgrounds, within the context of business plan targets for customer satisfaction;
- specialised study of communication effectiveness and Medicare claims satisfaction within Indigenous communities from the point of view of consumers, health practitioners and pharmacists (the latter in relation to medicine access and Pharmaceutical Benefits Scheme claims);
- study of attitudinal issues and business impact around an initiative to improve the use of the internet as a key channel for Medicare claims for bulk billed and patient claims in medical practices and Pharmaceutical Benefits Scheme (PBS) claims from pharmacies;
- evaluation of Medicare easyclaim fax and booth facilities for Medicare claims from pharmacies and Rural Transaction Centres in regional Australia side by side with a market study on customer demand for a shift from Electronic Funds Transfer (EFT) to the credit card market for Medicare claims;
- various studies related to PBS including a tracking study on trends in relation to community attitudes, overseas drug diversion, PBS risk (stockpiling of prescription medications) and restrictions; and
- in-depth study into the Australian Organ Donor Register (AODR), exploring the motivators and barriers to people deciding whether or not to register and donate organs or tissue for transplantation and other related issues.

**Corporate Business Plan**

HIC’s Corporate Business Plan outlines major initiatives over three years in support of HIC’s Strategic Plan. The organisation’s performance is measured through the Corporate Business Plan and reported using a balanced scorecard approach.

The first cycle of the Corporate Business Plan is now complete. HIC enhanced its processes to better integrate the annual budget construction with the business planning process. This resulted in a more streamlined process to obtain funding for both business-as-usual and specific projects. In particular, it will allow more accurate reporting of the progress of key business initiatives.

The structure of the Strategic Plan and Corporate Business Plan were amended to ensure better alignment between HIC’s key result areas and the reporting balanced scorecard perspectives. This has ensured that progress against key business plans within HIC is clearly demonstrated as contributing to progress against the Strategic Plan.

Further refinements included development of corporate objectives to be used at all levels of planning and refined accountabilities for planned initiatives. These have assisted in maintaining consistency across all levels of business planning and have enhanced personal accountabilities for managers.

Reporting progress against the Corporate Business Plan continues to occur mid year and at the end of the financial year.
**Business Improvement Program**

The Business Improvement Program has been in existence for two years and has achieved substantial success with product development and key initiatives such as the delivery of services using an eBusiness capability in addition to existing service delivery channels. It is a consolidated program of activity that is addressing both Government and health online agendas, as well as meeting the expectations of HIC customers. The program is expected to be completed in 2004–05, and is using new and improved service delivery channels that are emerging from advances in eBusiness technologies to transform the range of HIC products and services.

HIC has received strong support from the Government for its agenda to modernise its claims and payment systems and to better connect the health sector. In the 2001 Budget the Government agreed to fund an investment in eBusiness capability for HIC. Total funding for the proposal is $125.7 million and comprises capital funding of $98.1 million and operating funding of $27.6 million. Funding commenced in 2002–03 with the receipt of $34.0 million, with $32.0 million as capital for software development projects and a further $2.0 million for staff training.

The investment strategy includes:

- provision of new technical infrastructure;
- facilitation of electronic business with medical providers and pharmacies;
- substantial reduction in paper-based processing; and
- continued strong emphasis on fraud prevention and maintenance of high standards of privacy and security.

Achievements to date include:

- successful deployment of new applications development tools;
- new high availability eBusiness IT infrastructure which is being used in Medicare and PBS claims submission and for the MediConnect Field Test;
- implementation of a new eBusiness IT architecture including a new mid-range infrastructure, integrated applications development methodologies and tools, common software components and applications development best practices;
- Medicare bulk bill and patient claims being transmitted through the internet from doctors’ practices with 319,440 vouchers claimed in this way from 69 practices since July 2002; and
- PBS online transactions submitted by email have resulted in 150,805 prescriptions being received since September 2002, with 16,535 prescriptions received in June 2003 from 4 pharmacies.

**MediConnect**

MediConnect (formerly the Better Medication Management System) is a voluntary scheme that creates comprehensive medication records for participating consumers that can be accessed by participating doctors and pharmacists with the consent of the consumer. It is a new development in health care which, by drawing together comprehensive information about the medicines people use, will enable doctors, pharmacists and hospitals to prevent health problems caused by adverse drug reactions and interactions. It is currently being field tested in two locations: at Launceston in Tasmania and Ballarat in Victoria.
The MediConnect Field Test (or trial) commenced in March 2003 and is designed to trial both the technical and policy aspects of MediConnect. Participating pharmacists in Launceston are providing information to consumers about the benefits of joining MediConnect and registering interested participants. Consumers can also register to participate at a Medicare office. Doctors and pharmacists in Ballarat joined the Field Test in June 2003.

The Field Test is expected to run until December 2003 and the results will be used to inform future design of MediConnect to ensure it meets the needs of professionals and consumers and improves health outcomes.

Web Channel Development project
The project is designed to bring relevant information products and services to HIC customers. It will deliver an integrated approach to operating HIC’s corporate web channel and coordinating, maintaining, improving and delivering internet and intranet web-based products.

New policies and standards for web look and feel have been developed and introduced to achieve a consistent interface for new applications. Tenders were also received and evaluated for a new Content Management Solution that will improve the efficiency and accuracy of web content preparation and maintenance.

Automated Risk Management System (ARMS)
This risk mitigation measure has two systems components: the Program Review (PR) Desktop and a new payment risk assessment tool. The PR Desktop is a national system that supports all aspects of program review work in the State Offices and National Office. It is used to record, manage and report on all activities arising from program integrity work.

The new payment risk assessment tool, which is still under development, identifies payments to providers that exceed their normal pattern of claiming, thus providing an early opportunity for integrity checks to be made.

Directories
Development of the new Directories infrastructure will support the provision of better customer services, increased productivity and the use of new technology that can support eHealth and emerging customer service requirements.

The Directories project will allow HIC to enhance its ability to provide complete, accurate and timely payments and information and deliver on other Business Improvement strategies including: protecting individual privacy and confidentiality, connecting the health sector and customising its services.

At 30 June 2003, the project was nearing the completion of the Consumer Directory, a single central repository of data relating to health service consumers registered with HIC. The Provider Directory project also commenced during the year and its aim is to improve the quality and quantity of HIC provider information for program administration as well as making that information available to providers, consumers and health sector organisations.

The Consumer and Provider Directories are key enablers in HIC’s four-year Business Improvement Program.
HIC Online

HIC Online is the new electronic way of doing business with HIC. It has evolved from HIC’s Medclaims channel to take full advantage of the latest developments in internet technology. As part of HIC’s Business Improvement Program, the HIC Online project allows internet claiming for both bulk bill and patient claims at the point of service, that is, at the doctor’s surgery. The successful implementation of HIC Online has:

- enabled claiming at the time and place of care (the doctor’s surgery), reducing or eliminating the need to visit a Medicare office;
- delivered an easier bulk billing system integrated into existing practice management software, making it administratively easier for doctors to bulk bill Medicare for patient services;
- reduced paperwork for the practice because supporting documentation no longer needs to be sent to HIC;
- improved practice cash flow for providers who bulk bill as the claims can be made daily, in contrast to batch claiming;
- decreased claim rejection rates as claims are assessed immediately and any data errors can be corrected at the time of claiming; and
- significantly reduced administrative costs due to secure and economical web technology which enables accurate claims transaction processing.

HIC Online was developed in response to the 1999 General Practitioner Memorandum of Understanding in which general practice groups asked for electronic patient claiming from doctors’ surgeries.

Another driver was customer research, ‘Development of ways to improve access to Medicare (March 1999)’, which looked at current consumer claiming behaviour and potential use of new technology. The study found that 82 per cent of consumers of Medicare services would find electronic claiming convenient.

Further, the Business Improvement Program, and HIC Online in particular, was established in response to the Government’s online agenda, which aims to improve equity of access to Government services by making appropriate services available online. The project also fulfils Government online objectives by developing its capacity for electronic communication, facilitating information exchange through partnerships and communication systems, and resolving issues such as the privacy, security and authentication of electronic transactions.

HIC has developed an Application Program Interface (API) for use by software vendors to allow for the integration of this claiming technology with practice management software. Transmissions are secured using Public Key Infrastructure (PKI), which provides security for electronic communications by using digital certificates and digital keys. PKI is internationally renowned for its innovative approach to online security.

There have been two releases of the HIC Online API, with each new release offering more functions. Release 3 is expected to be implemented in early 2004. It will deliver additional functionality which will allow specialists, hospitals and private health funds to access the new system to electronically exchange eligibility, entitlement and claiming information, and will assist in the provision of Informed Financial Consent for patients and streamlined claiming for in-hospital episodes of care.

At 30 June 2003, 69 sites were transmitting HIC Online claims. A total of 326,902 bulk bill and 19,110 patient claims have been processed since the system was introduced in March 2002.
PBS online services
The PBS online project continues to be an integral part of HIC’s Business Improvement Program with a focus on:

- delivering efficiencies to pharmacies;
- encouraging the uptake of electronic services resulting in savings to pharmacists and HIC; and
- developing an enhanced authority approval system with electronic access for prescribers.

A key feature of PBS online services is the use of Public Key Infrastructure (PKI) to ensure security of transmissions.

In September 2002 several pharmacists participated in an interactive trial of the Claims Transmission System/Electronic Reconciliation Statement which was the subject of the first stage of PBS online services. The successful submission of claims via internet email and the receipt of electronic reconciliation statements gave rise to a demand for an additional but related service. In mid 2003 PBS online services will enhance HIC’s electronic services for pharmacists by providing the ability for online requests of duplicate reconciliation statements. Strategies for taking these products beyond the trial stage will be developed in late 2003.

Stage 2 of PBS online services allows pharmacists to submit email files containing prescription details for partial-batch pre-assessment. Results are then returned to the pharmacist in a format similar to the emailed electronic reconciliation information, thus providing an opportunity for errors to be corrected before submitting an actual Claims Transmission System (CTS) claim file for processing and payment.

Enhancements to the Stage 2 pre-assessment functions, including making use of online access as an alternative to the email option, will become available during early 2004.

PBS online services is also developing an enhanced authority approval system which will allow prescribers to electronically submit PBS authority requests and receive authority approvals over the internet.

PBS online transactions submitted by email have resulted in 150,805 prescriptions being received since September 2002, with 16,535 prescriptions received in June 2003 from four pharmacies.
HIC’S PURPOSE

HIC’s purpose is to improve Australia’s health through payments and information.

HIC is a Commonwealth statutory authority and was established by an Act of Parliament in 1974, the Health Insurance Commission Act 1973, to administer what has become Australia’s universal health insurance scheme, Medicare.

Programs administered by HIC

HIC administers many health-related programs on behalf of the Australian Government:

- Medicare;
- Pharmaceutical Benefits Scheme/Repatriation Pharmaceutical Benefits Scheme;
- Compensation Recovery Program for Medicare and nursing home benefits;
- Australian Organ Donor Register;
- Australian Childhood Immunisation Register;
- Medical Indemnity;
- General Practice Immunisation Incentives scheme;
- Practice Incentives Program;
- Rural Retention Program;
- HECS Reimbursement Scheme;
- General Practice Registrars’ Rural Incentive Payments Scheme;
- Federal Government 30% Rebate on Health Insurance;
- Family Assistance Office — in partnership with Centrelink, the Australian Taxation Office and the Department of Family and Community Services;
- claims processing and payments for the Department of Veterans’ Affairs (the veterans’ treatment accounts), the Office of Hearing Services, the Health Department of Western Australia, Vietnam Veterans' Children’s Program; and
- Balimed.

Statutory information is detailed in Appendix A on page 165.

HIC’s relationships

All HIC’s activities are conducted within the Australian Government policy framework set by the Department of Health and Ageing, the Department of Veterans’ Affairs, the Department of Family and Community Services and relevant legislation. HIC seeks to be an active contributor to policy development by providing regular information and feedback from its day-to-day operations.

HIC’s relationship with the Department of Health and Ageing is underpinned by a service level agreement, the Strategic Partnership Agreement, and a funding agreement, the Output Pricing Agreement.

HIC processes medical, hospital and allied health services claims for veterans’ treatment accounts on behalf of the Department of Veterans’ Affairs in accordance with a services agreement covering services, service standards and financial arrangements between HIC and the Department of Veterans’ Affairs.

HIC’s role in delivering Family Assistance Office services is covered by a business service agreement with the Department of Family and Community Services.
Funding arrangements

Department of Health and Ageing
HIC’s current funding arrangement for the provision of services under the Strategic Partnership Agreement with the Department of Health and Ageing is based on the 2000–2002 Output Pricing Agreement adjusted for volume variations and indexation. Estimated revenue under this arrangement in 2003–04 is $396.3 million. The Government is providing funding of $34.3 million in 2003–04 to HIC to ensure it is appropriately resourced to continue to deliver a range of family health and family services programs. This is the first phase of a process to update HIC’s resourcing arrangements, with further funding to be decided after an activity-based costing and benchmarking exercise has been undertaken in 2003–04.

Department of Veterans’ Affairs
Following the expiry of a Memorandum of Understanding that lasted from December 1996 to 30 November 2001, HIC has entered into a five-year services agreement with the Department of Veterans’ Affairs and the Repatriation Commission to continue to provide processing services for veterans’ treatment accounts. The services agreement is based on a two-tiered payment arrangement comprising a fixed charge and a variable charge per transaction processed. Under the agreement, estimated revenue to HIC in 2003–04 is $16.9 million.

Department of Family and Community Services
HIC receives a single annual payment from the Department of Family and Community Services to cover the costs of providing services under the Family Assistance Office program. Under this agreement, the estimated revenue to HIC in 2003–04 is $8.4 million.

Health Department of Western Australia
On 17 June 1999, an agreement was reached between HIC and the Health Department of Western Australia for the development and implementation of a visiting medical practitioner fee-for-service payment and information system. This system was implemented in April 2000 and currently provides public non-teaching hospitals in Western Australian with an intranet processing system (in real time) to assess and pay invoices submitted by visiting medical practitioners for services rendered to public patients. Negotiations are currently underway to renew the agreement.

Office of Hearing Services
HIC processes and pays claims to accredited hearing service contractors on behalf of the Office of Hearing Services at the Department of Health and Ageing according to the Output Pricing Agreement between HIC and the Department. Payments comprise a fixed component and variable payments (depending on the number of claims paid). Under the agreement, the estimated revenue to HIC in 2003–04 is $0.539 million.
Data security and access to information

HIC maintains strict confidentiality of all data it holds. Personal information held by HIC is restricted to that which is necessary to administer HIC programs and for audit and post-payment review requirements. Policies and standards set out in the Commonwealth protective security manual are observed and strict security controls are in place to ensure a high level of protection for the stored data.

Information held by HIC is strictly protected by legislation and there are severe penalties for HIC employees who improperly use, release or communicate personal information. Requests for the release of information are processed in accordance with the relevant legislation and legislative release provisions, for example, the Freedom of Information Act 1982, the Privacy Act 1988, the Health Insurance Act 1973, and the National Health Act 1953. See Appendix B on page 171 for a detailed report on the release of information under the Freedom of Information Act.

HIC computer systems can provide an audit trail of operator access that enables detection of possible improper use of data. HIC staff are regularly reminded of their obligations regarding the use of personal information and automatic warning notices are a further reminder whenever they access electronic data.

HIC complies with the Privacy Commissioner’s Guidelines on data matching and the storage and destruction of data. It can, however, provide de-identified statistical information in accordance with the relevant legislation to assist research projects with the potential to improve Australia’s health.

HIC privacy training — internal and external stakeholders

HIC’s Privacy Branch plays a fundamental role in raising awareness of privacy issues through training and promotions, participating in various privacy forums and providing expert advice to internal and external stakeholders.

HIC is meeting its legislative training responsibilities by ensuring all new (and existing) staff complete the National privacy and security training module, which includes temporary and permanent staff, consultants and contractors. Staff experience the benefits of a robust privacy training program via new and improved methods and tools to assist staff to assimilate legislative responsibilities in their daily roles.

External customers have also benefited from quality tailored products developed by the Privacy Branch. These include a series of tailored manuals and forms to assist in streamlining the processes for requesting information from HIC.

Customers and staff can access a wide range of privacy-related information on HIC’s web channels, which include HIC’s internet (available to customers) and intranet (available to staff).
Public Key Infrastructure

Public Key Infrastructure (PKI) is a combination of policies, procedures and technology designed to provide secure and confidential conduct of electronic business (eBusiness). It has been successfully used for payment authentication (claims reimbursement), secure messaging, secure document storage, retrieval and exchange. It is a key element for supporting secure and reliable electronic communications in the framework of eHealth.

Health eSignature Authority Pty Ltd

The Health eSignature Authority Pty Ltd (HeSA), a company wholly owned by HIC, was established in February 2001 to provide digital certificates to the Australian health sector. HeSA's digital certificates, or Public Key Infrastructure (PKI) certificates, enable the secure electronic exchange of data between health professionals and organisations within the health sector.

Strategic priorities for HeSA in 2002–03 had a strong customer and business enhancement focus. They included:

• support for HIC’s Business Improvement Program, and HIC Online and PBS online services in particular;
• provision of efficient and reliable digital certificate registration services to health providers and organisations throughout the health sector in Australia;
• transition of Certification Authority services to a new service provider; and
• positioning HeSA to meet future certificate demand.

Significant achievements for HeSA in 2002–03 included:

• successful re-accreditation under the Australian Government’s gatekeeper framework, with appreciably less complex and more user-friendly policy documents and administrative processes;
• increased automation of processes;
• positive engagement with stakeholders across the health sector;
• the development of information products, resources and tools to support the take-up and use of PKI in the health sector; and
• continuing upward trends in the take-up of digital certificates, which increased from 2,200 in June 2002 to 5,250 in June 2003.

HeSA continues to play an active role in helping HIC to achieve its strategic objectives and in promoting the Government’s broader eBusiness agenda. Further information about HeSA, including access to a range of information services and resources, can be found at www.hesa.com.au
Health sector connectivity
HIC continues to facilitate connectivity in Australia’s health sector by implementing information management strategies that leverage HIC’s technical, intellectual and strategic assets to improve health outcomes.

In the past year, an Office of the Chief Information Officer (OCIO) was established to promote HIC’s reputation as a responsible information manager by leading corporate initiatives to connect the health sector, as well as providing advice to the Managing Director, Commissioners and Senior Executives on ways of developing HIC’s role within the health sector.

HIC actively supports initiatives aimed at connecting the Australian health sector. For example, at the national level HIC is working with the Department of Health and Ageing to inform the Department’s HealthConnect initiative, while also continuing to work with State and Territory Governments on their projects. HIC’s role in this process is reinforced through its representation on a wide range of stakeholder forums including those incorporated within the Australian Health Ministers Advisory Council framework.

Health information services
Statistical information collected from HIC administered programs is used, within strict privacy guidelines to develop and provide health information and services for the Australian community and health sector. HIC information services assist health decision-making to improve community health by:

- supporting clinicians to evaluate and improve clinical practice;
- promoting evidence-based approaches to health care;
- coordinating care between medical practitioners and integrating information from different sources; and
- providing health care consumers with information to make more informed decisions and improve access to services.

HIC information strategy
A key initiative has been the development and implementation of HIC’s information strategy which builds on HIC’s information management achievements to date, improves information services for HIC staff and provides a clear direction for improving HIC’s capacity to turn data into useful health information that will lead to improved decision making and health outcomes.

Corporate metadata management
In September 2002, HIC began implementing the recommendations of an independent review of HIC metadata management practices. HIC’s corporate metadata management strategy sets out a comprehensive range of initiatives for HIC to work towards the establishment of an enterprise wide metadata management framework for its information and data assets. Work undertaken this year included improvements to business processes, establishment of standards, practices and governance arrangements, and increasing staff awareness of the importance of metadata.
Knowledge management

Continued implementation of HIC’s knowledge management strategy has enhanced HIC’s capability to make the best use of its intellectual assets. Its successful implementation is dependent on a consistent whole-of-organisation approach which collectively pieces together HIC’s knowledge management building blocks. A primary focus is on improving the way information flows around the organisation and working collaboratively with other HIC business units to support knowledge management incorporation into work practices.

Key organisational knowledge management initiatives included:

- redevelopment of HIC’s reference suite, using innovative systems and metadata, to provide HIC Customer Service Officers with electronic decision support tools enabling delivery of quality information to customers;
- development of a national induction program;
- development of a functional web-based corporate directory to proof of concept stage;
- establishment of State and Divisional Coordinators’ Communities of Practice to encourage greater understanding and coordination between Divisions, National Office and the States; and
- creation of a monthly knowledge management team newsletter, In the Know, an internal communication and education tool.

Integrated Business Information System (IBIS)

The Information Services Branch (ISB) sponsored the IBIS (Data Warehouse) project, which is built and being loaded. The IBIS facility is recognised as an essential underpinning to HIC’s information strategy and eBusiness initiatives. It aims to be a single source of reliable and complete health related (and other) information that supports HIC’s goal of making health information accessible to managers, policy makers, service providers and consumers.

In 2002–03, IBIS included the development of a range of information products based on Medicare data to meet internal business needs in the Program Management Division, Professional Review Division and Information Strategy and Business Development Division.

At the end of 2002–03, IBIS was transitioned from project status to core HIC business. This transition provided for the establishment of a team within the Information Technology Services Division to manage infrastructure and maintenance of the facility. A steady program of information product development will now continue within a number of areas across HIC.

Provider feedback

ISB continues to provide a service delivery point for a range of mailout and provider feedback activities. During 2002–03, the Branch successfully completed 34 mailouts involving over 367,000 mail pieces on a range of health related issues, with the majority undertaken for clients external to HIC. Five (involving 49,000 mail pieces) were provided for internal (HIC) stakeholder groups.

The Branch is also committed to developing systems that provide secure access to feedback information over the internet. Continued development of HIC’s feedback reporting facility during 2002–03 enabled optometrists to join vocationally and non-vocationally registered practitioners in being able to access their Medicare service utilisation via the internet. The facility will continue to be provided to practitioner groups who currently receive HIC feedback through the post.
HIC’s web statistics pages
In line with HIC’s strategic objectives, ISB continues to maintain and provide both Medicare and PBS item statistic reports on the internet.
During 2002–03, trend analysis indicates the number of “users” compiling Medicare and PBS statistical reports using HIC’s website facility averaged about 8,000 hits per month.

Data quality
A number of significant data quality initiatives were conducted during the year under the auspices of the National Continuous Data Quality Improvement (CDQI) Committee.
• preliminary review of the Medicare quality control system;
• establishment of the National quality control procedures manual (encompassing a range of programs);
• establishment of the data quality intranet site;
• launch of the National CDQI initiative award;
• National data quality awareness week in September 2002;
• establishment of HIC’s data quality framework; and
• establishment of the Eligibility CDQI working party.

HIC’s data quality framework incorporates a CDQI strategy for addressing data quality issues in a holistic and coordinated manner, guided by CDQI working parties with appropriate stakeholder representation. Its primary focus is to promote and develop a CDQI culture within HIC, which will facilitate continuous improvement of business practices and information quality.

Health information delivery
In line with HIC’s strategic direction of improving Australia’s health through information delivery to internal/external stakeholders and customers, ISB processed about 14,000 formal requests for information in 2002–03.

Information channels with key stakeholders
HIC maintains regular communication with key stakeholder groups through various publications and HIC’s website.
Mediguide is a guide to the Medicare claiming system and other health programs administered by HIC and is updated annually and distributed to medical practices and new practitioners. Medical practitioners also receive the Forum newsletter on a quarterly basis. Pathologists are sent a bi-annual newsletter, Pathology Notes.
HIC representatives also communicate with medical practitioners and practice staff through conferences, seminars and presentations.
Health Industry News, a new quarterly electronic newsletter, was developed specifically for private health fund operators, billing agents, software vendors and other interested parties. Bulletin Board, a quarterly newsletter, provides pharmacists with regular updates on PBS, program initiatives and online developments and is also available on HIC’s website.
HIC’s website provides medical practitioners and pharmacists with information about HIC programs, online initiatives, incentives and allowances, as well as access to health statistics and forms.

Your Health Matters, a quarterly lifestyle magazine for consumers, is available free of charge from Medicare offices, doctors’ surgeries, pharmacies, and some child-care centres, fitness centres and health food outlets. The magazine is popular with a range of groups interested in health and health issues and demand for the Autumn 2003 issue lead to an increase in the number printed, with 280,000 copies now distributed each quarter throughout Australia. The Good Health TV network, which is shown in doctors’ surgeries throughout Australia also provides regular consumer information.

Program integrity and assurance role
HIC is responsible for ensuring payments of benefits are correctly made for services properly rendered while preventing, detecting and investigating fraud and abuse. To ensure program integrity in accordance with the requirements of the Health Insurance Act 1973, the National Health Act 1953 and the Health Insurance Commission Act 1973, HIC applies a balance of education, audit and data analytical methods

HIC provides information, education and conducts interviews regarding the appropriate use of the Medicare Benefits Schedule, the Schedule of Pharmaceutical Benefits and other programs administered by HIC.

To achieve compliance, HIC:
- employs a range of sophisticated data analytics;
- conducts comprehensive post-payment audits;
- investigates cases of suspected fraud and inappropriate practice;
- coordinates and manages investigation of suspected cases of fraud and inappropriate practice using a case-management approach; and
- provides feedback and educational material to providers in relation to the various programs.

Fraud investigation
HIC investigators in each State investigate fraud against Medicare, the PBS and other Government programs administered by HIC. In some cases, investigations are conducted in liaison with State and/or Federal Police.

HIC’s investigative powers
The Health Insurance Commission Act provides HIC with a comprehensive range of powers with which to perform its functions in relation to fraud investigation. The Act allows HIC to:
- issue a notice requiring a person to give information or produce documents;
- enter premises with the consent of the occupier and conduct a search for the purpose of monitoring compliance with regulatory requirements; and
- enter premises, conduct searches and seize evidential material under warrant, where there are reasonable grounds for suspecting that a ‘relevant offence’ is being or has been committed, and the Managing Director has approved the use of the powers for that specific investigation.

The use of these powers is required to be reported in HIC’s Annual Report pursuant to section 42 of the Health Insurance Commission Act. See Appendix A on page 165.
Review of HIC's national investigation function

In 2001, HIC’s Board of Commissioners approved a review of the national investigation function within HIC. The review was considered timely given the increasing challenges of eBusiness and other initiatives that are part of business improvement throughout the organisation.

As a consequence of the review, recommendations were made to enhance HIC’s activities in program integrity. In particular, the review team identified the need to enhance the existing role of HIC’s National Office in:

- setting national program review priorities;
- monitoring the performance and productivity of program review activity nationally;
- ensuring the delivery of education and training programs;
- promoting a nationally consistent approach; and
- performing ongoing quality assurance.

These recommendations were successfully implemented during the year.

Information technology role

HIC seeks to use technology to continually improve customer service. The Information Technology Services Division’s (ITSD) purpose is to lead HIC’s Information Technology agenda as a key contributor in delivering HIC’s business.

Initiatives included:

- extending system development expertise to deliver new services;
- consulting customers during development to better meet their requirements;
- consolidating and unifying system capabilities;
- integrating our help desk services;
- formulating an IT charge back process to accurately reflect the true usage of assets throughout HIC; and
- introduction of the design authority to ensure streamlined architectural systems.

Outcomes have been:

- handling customer enquiries through an expert system;
- reduction of time required by HIC staff and customers to conduct business;
- increased accuracy and consistency of information;
- improved useability and simplified navigation through improvement of interfaces;
- development of a standards management process that will allow HIC to identify, evaluate, select, maintain and retire IT standards in a timely manner;
- establishment of technical and documentation standards;
- seamless transfer of data;
- easy access to information;
- improved access for people with disabilities to information and services;
- improved coordination of services to customers; and
- increased efficiencies and productivity within ITSD by restructuring the Division.
IT applications

HIC is the only agency which services all Australians through its large claims processing and payment systems. HIC is extending its services by using real time web-based systems which customers can access via the internet or within HIC’s branch network, for example, the Organ Donor registration system and various systems that support the HIC Online Medical Desktop Project (which enables doctors to claim online, on behalf of patients from their practice, for all medical services rendered).

Architecture

Its purpose is to improve HIC’s ability to deliver flexible, integrated business focused systems in a cost-effective manner. HIC’s enterprise architecture is comprised of functional, application, information and technology architectures. These provide frameworks, standards and guidelines for delivery of their components in a consistent manner.

The Architecture Branch is responsible for working with stakeholders and developing these architecture frameworks, standards and guidelines and managing their evolution to meet new and emerging business requirements.

The initial focus of architecture is to:

- transition the Business Improvement Division’s architectural roles into ITSD’s core business, thus extending and promoting HIC enterprise architecture;
- monitor and advise on the architecture of projects;
- establish architectural standards and ensure compliance with standards, strategies and guiding principles; and
- establish architectural infrastructure and research and development projects as required.

Infrastructure and business continuity

Infrastructure is physical architecture used to support IT solutions. The Infrastructure Delivery and Business Continuity Branch ensures:

- HIC’s information technology infrastructure meets its business objectives and the appropriate engagement models are used;
- relationships with vendors are actively managed to support business as usual and growth and change;
- vendor contracts are optimised for service improvement at reduced costs;
- uninterrupted availability of all key business resources required to support essential activities through disaster recover management; and
- privacy security framework creates and endorses a security culture within HIC.

Performance of IBM Global Services Australia (IBMGSA)

IBMGSA has managed HIC’s IT infrastructure delivery since 2000. During this time, IBMGSA has consistently met or exceeded service level achievements of greater than 95 per cent. IBMGSA services include managing HIC’s IT helpdesk and desktop support groups, and provides the desktop, LAN, mainframe and mid range (including ebusiness) platforms which deliver and support the corporate applications (such as email) and business related applications including PBS, DVA, Medicare and ACIR.
Planning and business management
The Planning and Business Management Branch was created to streamline the administrative and business side of the Division to allow those who service the business areas to continue to do so with minimal interruption to their core business.

The objective of the Planning and Business Management Branch is:
• to monitor, report and advise on the Division’s finances;
• initiate and implement the IT charge back program;
• currently undergoing an activity based costing project for further transparency of expenditure and value;
• administer the business, financial and IT plans for the Division; and
• administer and coordinate software contracts and licences for HIC.

Enterprise services and projects
The Enterprise Services and Projects Branch was created to administer the newly transitioned programs from the business improvement areas back into HIC’s core business.

Its role is to:
• ensure project management principles are applied to all growth and change projects;
• administer the continuing PKI authentication program and continue with the development of PKI software; and
• manage the data warehouse IBIS.

IT quality assurance and testing
All new and changed IT solutions must be independently tested in a production-like environment to verify that the solution is fit for purpose and meets business continuity requirements.

The IT Quality Assurance and Testing Branch:
• is responsible for engaging quality assurance and testing services as early as possible to ensure IT solutions are fully testable;
• tests for the integrity and robustness of systems developed by HIC;
• ensures accuracy of data from HIC systems before implementation; and
• ensures IT solutions are signed off for production implementation.

Web channel services management
The web channel incorporates both the corporate intranet as well as HIC’s internet presence.

Its role is to:
• ensure all content web pages and web enabled applications delivering information via the web channel are approved in accordance with the web channel policies and guidelines; and
• develop a more streamlined and interactive web channel through implementing a content management system.
Initiatives and challenges
Challenges for Information Technology Services Division include:
- taking new applications from development through to operational stage;
- conversion/retiring of legacy applications and processes;
- creation of new architectural standards;
- managing a multisourcing strategy for the provision of essential business services;
- removing old systems to realise benefits;
- working with external parties (eg IBM/GSA/Telstra/Optus) for the shared delivery of services;
- ensuring the IT charge back process is efficient and continually work together with all stakeholders; and
- communicating its evolving roles and skills to the business areas to ensure smooth transitioning of business improvement projects back to HIC’s core business.

HIC consultancy services role
HIC has provided high quality consultancy services to international and domestic clients since 1989 and has been awarded projects against stringent international competition. Projects have been undertaken for international government agencies in Slovenia, Bulgaria, Croatia, Romania, Hungary, Mongolia, Turkey, Indonesia, Saudi Arabia, Malaysia, the Philippines, Vietnam and Kenya. The majority of projects were funded through the World Bank, while development agencies such as AusAID, the International Labour Organisation and the World Health Organisation funded others. On occasion, a commissioning government has directly funded a project.

HIC’s consulting projects in Eastern Europe, Asia and Africa have been in health financing, health insurance administration, health information systems, information technology, training and institutional development. These include the design and implementation of an improved health insurance program for the Bulgarian National Health Insurance Fund and a current project which involves providing assistance to the Slovenian Ministry of Health to improve the health sector reimbursement system.

Health financing model
With the aid of funding from the World Bank, HIC has developed a generic health financing model comprising a generic framework and software. It will assist policy makers in the health sector to evaluate different policy options at both physical and financial resource levels in terms of sustainability, affordability and equity.

Development of the model led to significant consulting opportunities in Romania, Bulgaria, Slovenia and China. The generic health financing model framework is currently being used to develop an Australian health financing model to assist with health policy decision making in Australia.
International projects
During 2002–03, HIC was involved in international projects in:

- **Slovenia — adapting and improving the health sector reimbursement system**
  This World Bank funded project is being undertaken in collaboration with Callund Consulting, United Kingdom for the Slovenian Ministry of Health. Its objective is to improve performance of the health sector through setting more coherent policies, establishing effective purchasing and surveillance facilities, and case management for the unified national health information system. To achieve this, there is a need for appropriate management education and training at the level of governance by national and regional authorities in the health care sector. A comprehensive accounting system will be developed that has the ability to link medical and financial data for enhancing the rationality of utilisation of available resources.

- **Bulgaria — health information standards**
  This World Bank funded project is being undertaken in collaboration with the Health Information Management Association of Australia for the Bulgarian National Health Insurance Fund (NHIF). It will formulate standards for the provision of health related information. A major expected outcome is the ability of NHIF to obtain information, at a national level, on all activities associated with the provision of health care. There is also a need to reduce or eliminate the numerous methods of reporting so there is less of a burden on health care providers, enabling them to deliver a high standard of health care. The standards will reflect national needs and practices and reflect international best practice, including European Union standards.

- **Croatia — pharmaceutical sector reform**
  This World Bank funded project is being undertaken in collaboration with the World Health Organisation Collaborating Centre for Training, Pharmacology and Rational Drug Use, University of Newcastle. The objective is to reform the Croatian pharmaceutical sector. It is proposed to reduce the overall cost to the community of essential drugs supply and improve the quality and effectiveness of drug prescribing by physicians and other health care workers.

  The reform also seeks to create a more informed environment within which both prescription and consumption of essential drugs occurs. Health economies and pharmacoeconomics concepts and tools will be used in national drug policy development. Guidance will be provided on ways to mobilise and allocate sufficient funds to finance pharmaceuticals within the framework of the national health policy and health sector reform. In addition, guidelines will be created on drug financing alternatives and alternative methods for paying pharmaceuticals within a new payer-system. An education program will be developed for physicians and clinical pharmacologists aimed at improving rational disease management and pharmaceutical prescribing.
• **Malaysia — a universal government health fund**
HIC provided consulting advice on the proposed establishment of the National Health Financing Authority in Malaysia. Its role was to prepare a submission to the Government of Malaysia for the purpose of documenting the key issues that prompted the Government to consider reforming the national health financing system and to advise on an appropriate approach to manage the national health financing function. The submission covered the identification of the underlying principles, issues, institutional and organisational requirements necessary to support a national health financing authority for Malaysia.

• **Saudi Arabia — a health insurance scheme for expatriates**
HIC provided consulting advice on the proposed establishment of the National Health Insurance Scheme in Saudi Arabia. It prepared a submission to assist the Nukhba Medical Group to document key issues that had prompted the Saudi Arabian Government to consider reforming the national health system and to provide advice on the requirements and challenges posed by the introduction of a social health insurance scheme. The submission identified the objectives of delivering the best health outcomes and efficient use of available health resources to properly design a new health system for expatriates in Saudi Arabia.

**International delegations**
HIC has hosted international delegations from countries such as Slovenia and Vietnam and conducted formal presentations to officials from other countries including Canada, Japan, the Philippines, China, Malaysia and Korea.

**National project activity**
**Department of Veterans’ Affairs provider feedback project for diversified health systems**
HIC is contracted to Diversified Health Systems, a subsidiary of GlaxoSmithKline Pty Ltd, to undertake activities within the prescriber feedback program for the Department of Veterans’ Affairs.
Project objectives include:
- improving health outcomes;
- improving prescriber awareness of potential medication problems for individual veterans;
- encouraging best practice for specific conditions;
- encouraging proper medicine use; and
- reducing expenditure on pharmaceuticals.