Safe and Responsible AI in Australia

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About Private Healthcare Australia

Private Healthcare Australia (PHA) is the Australian private health insurance industry's peak representative body. We have 24 registered health funds throughout Australia as members and collectively represent 98% of people covered by private health insurance. PHA member funds provide healthcare benefits for over 14 million Australians.

Response

AI has potential to impact health care and private health funds significantly over coming years.

Health funds in Australia and globally are changing from being pure payors of claims to broadly supporting customers' health through wellbeing and prevention programs, advice, navigation, healthcare and rehabilitation delivery. This change is necessary as populations are ageing and people have more long-term conditions that need management. Funds are keen to promote better health and wellbeing which is essential to improve health of Australians, and consistent with the direction of healthcare around the world.

Customers expect their health fund to play a greater role in supporting their health. For example, if a fund can detect that a patient is potentially at high risk of a heart attack, a member would expect the fund to advise them and help them avoid this event.

The responsible use of AI may assist health funds with a broad range of purposes that provide benefits to their members, including:

- audits
- health prevention programs and advice
- research
- delivering health services
- automated decision processes, and
- analytics and efficiencies.

Each of these uses provide public benefit, including lowering the cost of private health insurance for fund members.

Health funds already manage many overlapping legislative and regulatory regimes. As funds are national organisations, there are up to nine Parliaments providing regulatory guidance, along with independent and semi-independent regulators such as the Australian Prudential Regulatory Authority (APRA), the Australian Competition and Consumer Commission (ACCC), the Private Health Insurance Ombudsman, the Australian Health Practitioner Regulatory Authority (AHPRA), the Australian Council for Health Quality and Safety, and a range of state and territory regulators and complaints bodies. The Australian Government is also reviewing the Privacy Act, and PHA has made a [submission](#) to this review. Any efforts to consolidate and remove overlapping requirements would be welcomed by health funds.

Generic legislative responses, particularly in respect to transparency and disclosure, are most suitable for the uses of AI by health funds. Based on the consultation paper's possible draft risk management approach (p. 32), most activities undertaken by health funds would be deemed low risk.

There is significant overlap between the *Safe and Responsible Use of AI in Australia* consultation approach and the matters considered in the *Privacy Act Review*, albeit with differing focus and conclusions. For example, the Privacy Act review proposes the introduction of a right for individuals to request meaningful information about how substantially automated decisions with legal or similar effect are made. APP entities will be required to include information in privacy policies about the use of personal information to make substantially automated decisions with legal or similar effect. All regulatory requirements should support the use of AI for public benefit purposes.

Claims support

Funds use substantially automated decision-making processes, which may increasingly use AI, to assess and process private health insurance claims. The use of these tools helps to lower the cost of private health insurance for Australians and are a large part of the reason management expenses for private health insurance are many orders of magnitude lower than for other types of insurance. Funds invest heavily in systems to lower the costs of processing claims for their members and we anticipate increasing use of AI tools.

Regulation of AI should not intrude on a fund's ability to make commercially confidential decisions or engage in product development or service automation.

There are existing complaints mechanisms in place (both internally and externally through the Private Health Insurance Ombudsman) that are available to members who wish to complain about decisions.

However, general information about the use of automated decision-making should be included in an entities' public-facing statement on AI or in other policy documents, such as their privacy policy, to ensure consumers understand the general nature of how funds use automated decision making.

Health promotion

There is significant public benefit in targeted health promotion activity, and this is core business for health funds. It is important that the proposals for AI regulation to allow a wide range of health promotion activities.

Around half of Australians live with a chronic health condition, and chronic diseases cause 9 out of every 10 preventable deaths and account for 85% of years lost due to ill health or early death.[1] There is a clear public benefit in providing general and targeted health information. We anticipate that AI will become a valuable tool for health prediction, prevention and promotion.

Using healthcare data to proactively look after people's health outside of hospital is a critical direction of the healthcare sector. This is true for both public and private systems of Australia, as well as globally. This is because using health information to help a patient before their health deteriorates reduces their chance of an emergency hospital admission and associated morbidity and mortality.

There are a number of programs across the sector to support patients outside of hospital that have significant impacts to Australians health experience, outcomes and quality of life. Most programs use health data to identify the most vulnerable patients to support with more health coordination, which has led to a substantial reduction in hospital admissions within this cohort for target conditions, and significantly greater survival rates for chronic conditions such as cancer and heart disease.

It is vital that any AI regulation does not unintentionally hinder these vital services for Australians. That could also lead to significantly increased morbidity and mortality if the sector is constrained in its ability to contact customers for these purposes.

The *National Health Prevention Strategy 2021-2030* highlights the importance of health promotion and highlights private health funds as having an important role in prevention. All health funds provide general information about healthy lifestyles and targeting information on a range of topics, such as vaccination, screening, self-care, mental health, particular risk factors and services that may help members avoid death and disease.

Health funds have a strong vested interest in promoting good health, as it provides benefits to the community, governments and their own businesses, in addition to the benefit to the individual. Health promotion should be encouraged and supported by regulatory structures.

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[1] See https://preventioncentre.org.au/about-prevention/what-is-the-burden-of-chronic-disease/