



15 October 2003

The Hon Tony Abbott MP
Minister for Health and Ageing
Parliament House
CANBERRA ACT 2600

Dear Minister

The Board of the Health Insurance Commission (HIC) is pleased to submit HIC's Annual Report for the period 1 July 2002 to 30 June 2003 for presentation to each House of Parliament. The report is submitted in accordance with Section 9 of the *Commonwealth Authorities and Companies Act 1997*.

I am pleased to report that HIC has enjoyed a successful year of growth and development in a number of significant and ground-breaking areas. The Business Improvement Program has achieved substantial success with product development resulting in the delivery of key initiatives. It is a consolidated program of activity being undertaken over four years to 2004 – 05 and will transform a range of HIC products and services using new and improved service delivery channels that are emerging from advances in eBusiness technologies.

The activities of HIC's business improvement initiatives are aligned with HIC's strategic purpose of 'Improving Australia's health through payments and information', and support the Government's Online agenda. 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.

Achievements over the year in this area are detailed in the report, but include the successful deployment of a number of new applications. A new high availability eBusiness IT Infrastructure for Medicare and PBS claims submission was used for the MediConnect Field Test – a new development in health care which, by drawing together comprehensive information about the medicines people use, will help to enable doctors, pharmacists and hospitals to prevent health problems caused by adverse drug reactions and interaction. The year also saw the implementation of a new eBusiness IT architecture enabling Medicare bulk bill and patient claims to be transmitted through the internet from doctors' practices, using Public Key Infrastructure (PKI) technology.

The Board of Commissioners is pleased with HIC's direction in regard to its eBusiness activities.

The impact of the Canberra Bushfires in January needs special mention. This was a time of considerable disruption and impact on the operations of HIC's National Office, with several staff being either directly or indirectly affected by the fires. What is notable of mention about this event however, is the magnificent response of HIC's State Offices in rallying support for the victims of the fires in Canberra. This was a tremendous example of the corporate perspective and concern which staff of HIC embody throughout the land. I, together with

the Board of Commissioners, heartily congratulate the staff of HIC nationally for their loyalty, their generosity and their commitment during those harrowing times.

In a similar vein, I would also like to congratulate the Medicare Claims Section for their continued good work on Balimed during the year. Balimed was established to help the victims of the Bali bombings by covering all their out-of-pocket expenses for the treatment of injuries resulting from the bombings. The section has worked hard over the year to ensure that the Bali victims' interests, and those of the Government and HIC, have been dealt with efficiently and effectively.

The Board of Commissioners itself has seen a number of changes this year. Consequent upon amendments to the *Health Insurance Commission Act 1973* that came into effect on 1 November 2002, the number of Commissioners was reduced from eleven overall to nine, and with one vacancy at the time this resulted in the need for one Commissioner to leave the Commission. Mr Ian Fletcher graciously agreed to stand aside and his appointment terminated on 10 November 2002. Over the short term of Ian's appointment he proved himself a worthy and valuable member of the Board. On 3 March 2003, Mr Ron Harris resigned his position on the Board, owing to a change in his business interests which he perceived presented a potential conflict of interest to his role as a Commissioner. Ron also was a valuable member of the Board and his absence will be missed. I take this opportunity to thank both Ian and Ron for their sterling contribution during their respective terms of office.

In February 2003, the Board learnt of the appointment of the Managing Director of HIC, Dr Jeff Harmer, to the position of Secretary to the Australian Government Department of Education, Science and Training. Accordingly, on 10 March 2003, Dr Harmer resigned his position as Managing Director. Jeff was a man of exceptional talent and enthusiasm, with a real commitment to HIC, and during his almost five-year term as Managing Director, he was the instigator of several business initiatives that placed HIC at the forefront of modern business practice. His departure was sadly felt by all who knew him or who had associated with him, and the reaction of the staff of HIC in offices around the country to his leaving was testimony to the high level of esteem in which Jeff was held. I join with my fellow Commissioners, and the staff of HIC, in offering our heartfelt thanks to Jeff for his outstanding contribution to, and leadership of, HIC over the past five years.

Mr Jeff Whalan commenced his duties as the new Managing Director of HIC on 8 September 2003. Jeff joined HIC from the Department of the Prime Minister and Cabinet, where he was a Deputy Secretary. Jeff has been appointed for a term of five years. The Board of Commissioners considers that Jeff will provide excellent leadership to HIC in the coming years.

I take this opportunity to thank Mr James Kelaher, who enthusiastically stepped into the role of Acting Managing Director virtually overnight upon Dr Harmer's departure, for the professional and diligent manner in which he has led the organisation in this period.

The Board of Commissioners and the Executive are justly proud of HIC's achievements over this reporting year. We are confident and enthusiastic about its future.

We take much pleasure in commending our Annual Report to you.

Yours sincerely



Peter Bunting
Chairman