CommBank GP Insights.

Finding ways to grow and capture business opportunities

October 2018

Key Insights - Patients

GP preferences among patients

80%	18%	2%
Loyal to GP	Loyal to practice	Switches practices

Satisfaction with GP experience

46%	48%	6%
Excellent/ very satisfied	Good/ satisfied	Average/ dissatisfied

Highest satisfaction for patients

- Perceived quality of care
- GPs acknowledge and respect patient opinions
- Options for booking and managing appointments

Lowest satisfaction for patients

- Ability to communicate directly with support staff
- Wait times
- Ability to communicate with GP directly

Most appealing technologies for patients

SMS/email notifications for appointment delays	92%
SMS/email appointment reminders	91%
Book/manage appointments through websites	89%

Appealing

Least appealing technologies for patients

Contact practice via social media	64%
Video consultations with GPs	51%
Digital check-in service at practice	46%

Not appealing

About CommBank GP Insights

The CommBank GP Insights Report is based on a quantitative survey of 250 key decision makers or influencers at general practices across Australia, as well as 763 patients who had visited a general practice in the past three months. The general practice survey was completed by a mix of business owners, general practitioners, practice managers and nurse practitioners via an online panel in December 2017. The patient survey was completed in January 2018. Both surveys were conducted online and designed to understand the current operating environment and priorities of patients and general practices in Australia.

Key Insights - Practices

Top challenges for practices

Freeze on Medicare schedule fee indexation	67%
Increasing costs	55%
Attracting and retaining staff	39%

Priorities over next two years

Improve practice management to drive efficiency/quality control	44%
Improve patient experience practices	41%
Change consultation and related fee structure	35%

Practice technology budgets over the next two years

Significantly increase	21%
Slightly increase	64%
No change	14%

Technology investment focus (next two years)

	Already on offer	Will offer in 2 years
Appointment reminders	71%	90%
Personalised check-up reminders	67%	90%
Notify of appointment delay	35%	71%

Already on offer · Will offer in 2 years

% of practices that expect to grow or increase revenue over the next two years

National	66%
1 practice	63%
2+ practices	71%
Metro	68%
Regional	62%

Top barriers to technology adoption

Lack of budget	53%
Issues relating to data security/privacy	46%
Lack of technology expertise among GPs	38%

Adding value to attract patients

Targeting growth in a competitive sector

In the inaugural CommBank GP Insights report released in April 2018, almost all Australian patients said they were satisfied or very satisfied with the quality of care they receive from general practitioners.

While this resounding agreement supports the Australian primary health sector's position as world-class, it also means that factors beyond high quality care and associated patient outcomes have the potential to emerge as new differentiators within an increasingly competitive sector.

In newly released research, we found that Australians also display tremendous levels of loyalty when forming a view on which GP or practice to visit for their health needs. Four out of five patients indicated that most of their visits were with their preferred GP, and a further 18% visit the same practice but are indifferent to the doctor they consult. Just 2% alternate between GPs in different practices.

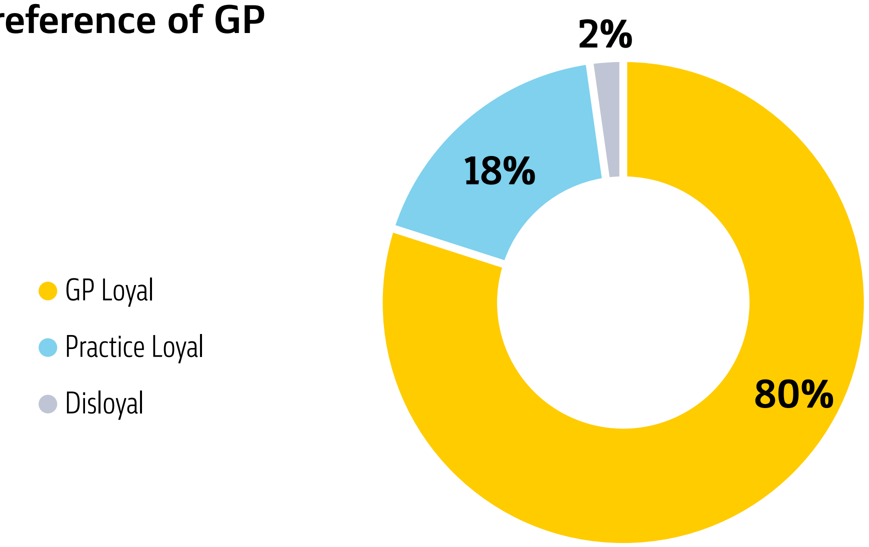
Despite prevailing patient loyalty to individual GPs and practices, and near uniform satisfaction with the quality of care delivered across the sector, the majority of practitioners (66%) are focused on growing their business and revenue over the next two years and a further 32% are seeking to maintain current revenue.

The combination of high levels of loyalty and a tendency amongst most GPs to have a growth outlook suggests that organic expansion opportunities could be constrained and could lead to further consolidation within the industry. As a result, GPs may have to consider alternative options to achieve their growth objectives, which may differ depending on the stage of maturity and size of the practice, capability to invest, and immediate operational and commercial priorities.

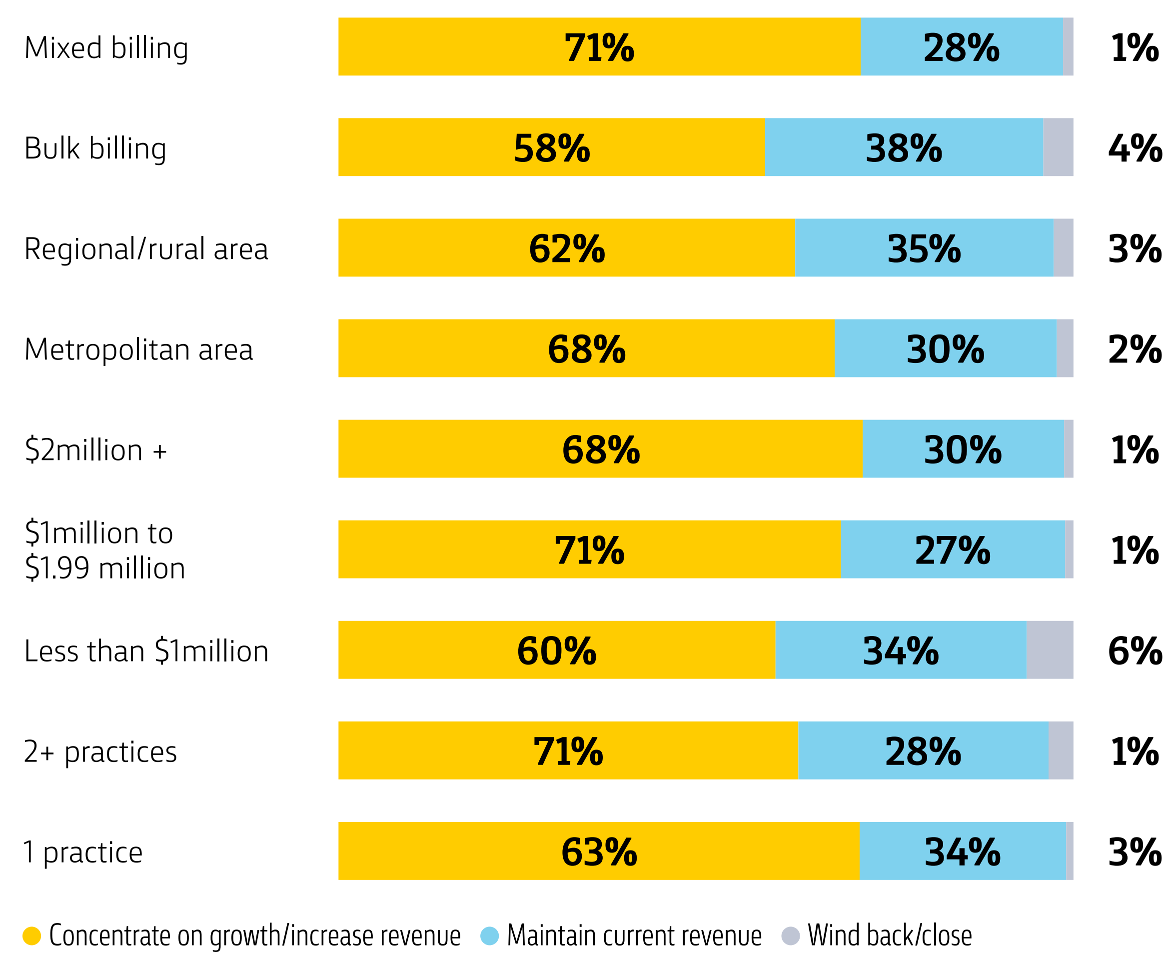
"While a high degree of patient loyalty is a testament to the quality of care offered by GPs as well as implicit trust, it also means less opportunity to attract new patients. For many GPs, particularly the smaller practices, the question is then how to expand the patient pool and add value. We are already seeing some practices achieve this through improving the in-practice experience, introducing new services or establishing partnerships with other providers, and in some cases, acquiring additional practices."

Dr. Anthony Hochberg
Chief Medical Advisor
Commonwealth Bank of Australia

Patient preference of GP



Practice's approach to business over the next two years



*Due to rounding figures may not add up to 100%.

Strategies in place to address key hurdles

As most general practices across Australia focus on growing their business and earnings in a competitive sector, our research reveals a number of headwinds facing businesses within the sector as well as potential unrealised opportunities.

While the most common challenge (cited by 67% of GPs) was the freeze on the Medicare schedule fee indexation, this was partially lifted in July 2017 which formed the first of a three-staged approach. However, the research also revealed that changing consultation and fee structures was a business priority for more than one in three GPs over the next two years as practices seek to find the right fee and revenue mix.

Increasing costs was also among the top challenges facing the majority of GPs (55%), followed by attracting and retaining qualified staff (39%). However, while the top ranked priority was driving efficiencies and quality control through improved practice management, in some cases this can only offer limited commercial benefit in the face of rising fixed costs.

Conversely, less than one in four GPs prioritised expanding their range of services, which may present an unrealised opportunity to move beyond cost control and efficiencies, and more effectively compete for patients.

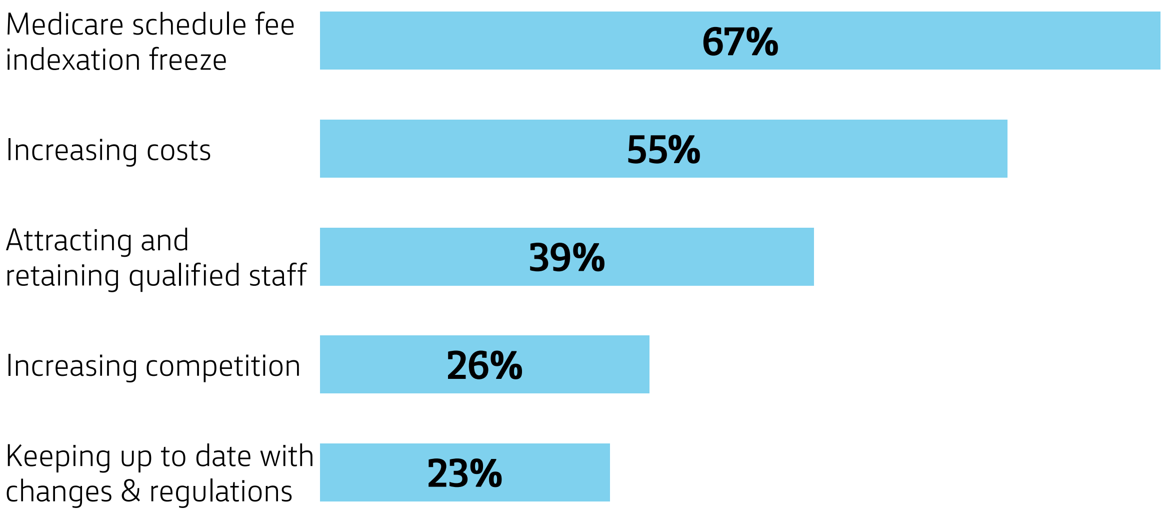
Our research suggests that Australian patients are increasingly seeking better technology and communications services from their GPs, and 93% of practices agree these tools can support the delivery of proactive and ongoing care for patients.

As a result, many GPs are proactively prioritising improvements to the patient experience through investing in systems to enhance interactions around bookings, payments and self-service. This was the case for 41% of GPs and more evident than upgrading the practice premises – a priority for just 16%.

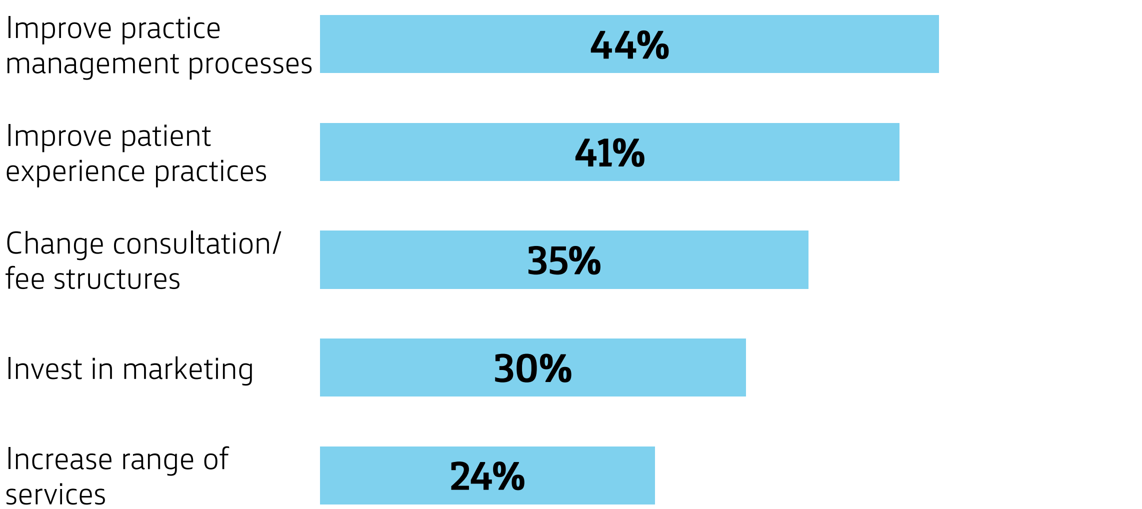
"In an environment where fixed costs are rising, GPs need to look at the trade-off between driving efficiencies and growing the business. The opportunity to reduce costs and increase efficiencies can be limited and often reserved to higher volume practices and larger corporates. Smaller practices could consider whether there's more benefit in a focus on growing the size of their operation or range of services, and the impact this can have on margins.

Dr. Anthony Hochberg
Chief Medical Advisor
Commonwealth Bank of Australia

Business challenges



Business priorities



Enabling a better experience through technology

More than four in five Australian patients believed that GPs who adopt the latest technologies and communication channels will deliver a better patient experience, and 79% of GPs were of the opinion that these factors can improve the quality of care.

With many practices prioritising to improve the patient experience over the coming two years, technology has the potential to help deliver on this strategy. Among the emerging range of digital services being introduced by GPs, patients were most attracted to receiving SMS and email notifications to remind them of upcoming appointments or tests, delay alerts, and the ability to make bookings online.

While many GPs already offer these services, our research revealed that patients aren't always aware that they are available at their preferred practice. This gap in awareness is most prevalent for:

- Appointment reminders via SMS or email.
- Personalised reminders for check-ups and tests.
- SMS or email notifications if appointment is delayed.
- Contact practices using digital channels.

"There appears to be a substantial number of GPs seeking to ramp up investment in technology over the coming years, but as margins tighten many are considering small increases or to maintain the status quo. As such, adoption rates vary widely across the industry with most GPs being more inclined to wait until prices reduce and newer technologies are proven."

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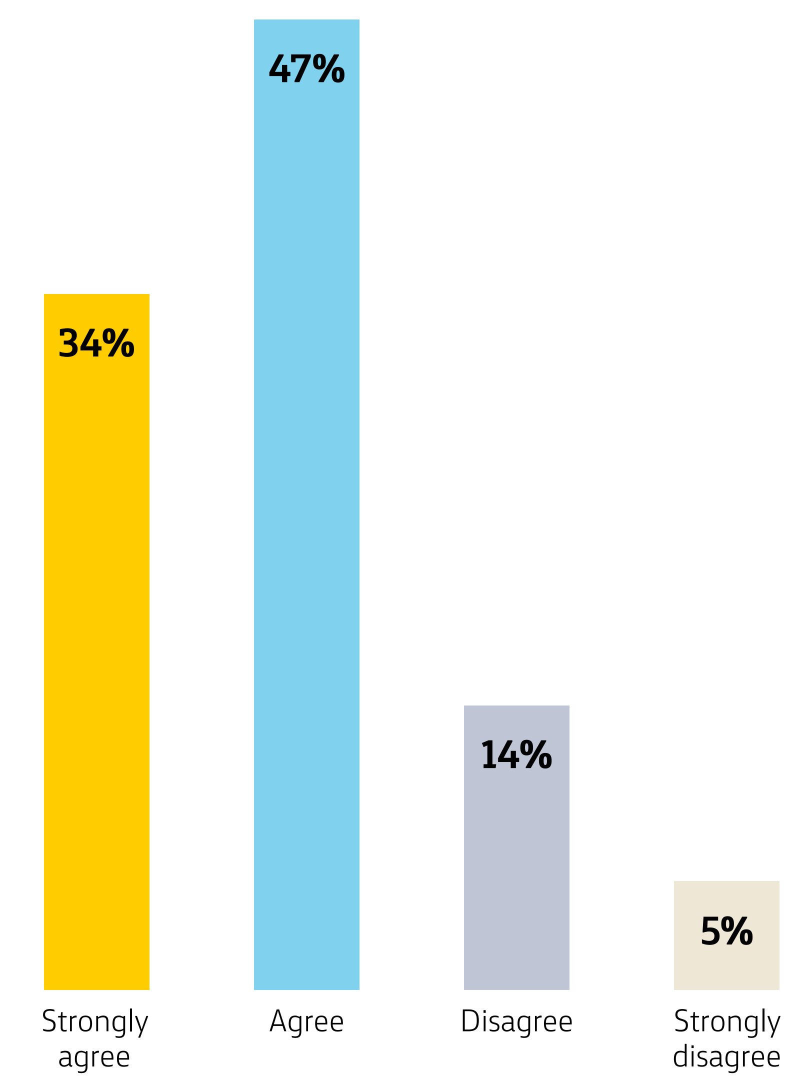
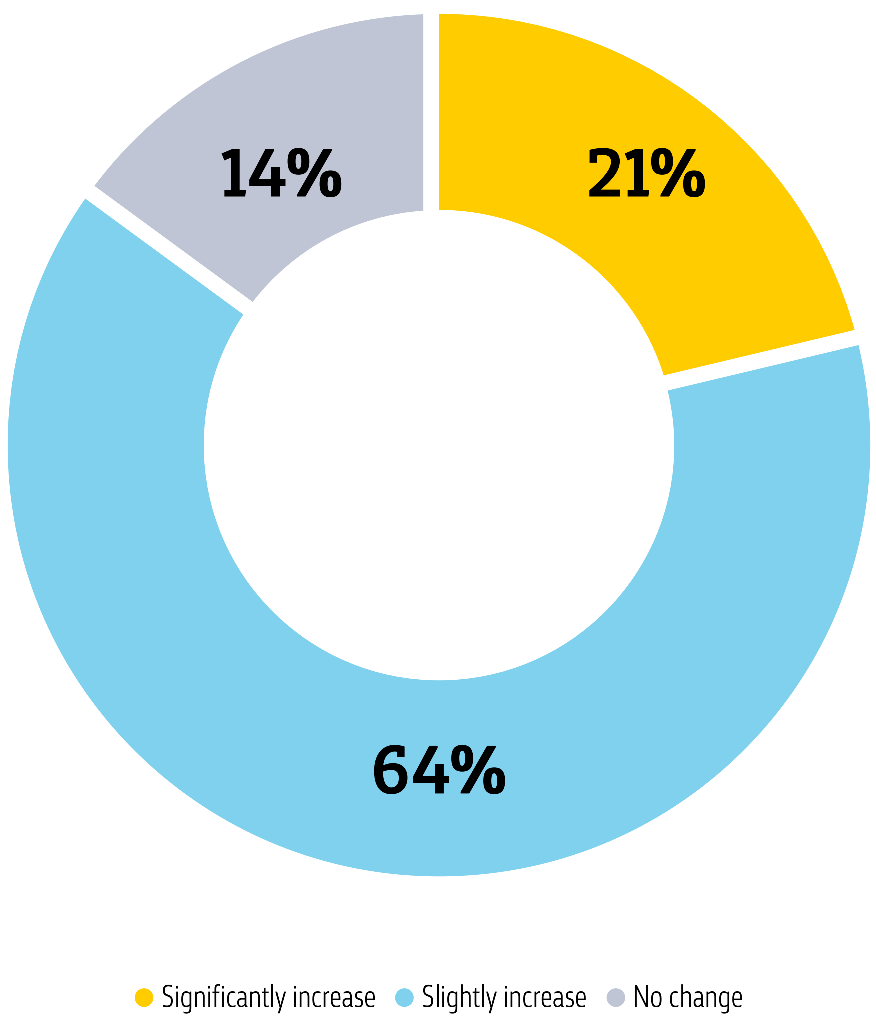
Perception of impact of technology on the patient experience - patients



In addition, 85% of GPs are set to increase their technology budgets as they seek to further embed these technology and communications solutions within their practices.

The mixed levels of technology adoption are also representative of an industry where most GPs have a tendency to adopt technology once it has been proven or reduces in price – the case for 68% of GPs. This may also reflect the cost pressures that followed the Medicare Indexation freeze and resulting impact on investment. Of the 26% of GPs that identified as adopting technology early, these were more likely to be larger practices, those focused on growth and located in metropolitan areas. Only 6% indicated they tend to adopt technology at a later stage than their peers, more pronounced among smaller and Bulk Billing practices.

Technology investment over the next 2 years



Due to rounding figures may not add up to 100%.

Level of technology adoption of practices

68%

Followers
Tend to wait for a technlogy to be proven or reduce in price before buying.

26%

Early Adopters
Tend to adopt technology early.

6%

Laggards
Tend to adopt technology later than other comparable practices.

Overcoming the barriers

In an industry where the wellbeing of patients is the foremost consideration, adopting new technologies can present a risk. Notwithstanding, it was financial limitations that formed the most common barrier to technology adoption among Australian GP's.

Privacy and data security issues were also high on the list of barriers for GPs, a topic currently informing the public debate in relation to the My Health Record scheme, followed by integration problems across existing systems (34%) and other factors taking priority over technology (34%).

Despite these challenges, GPs are not only expecting to increase their technology budgets but also continue investing in a range of digital services over the next two years that will assist in both driving efficiencies and enhancing the experience for patients visiting their practice – the two most cited business priorities.

A key driver of technology adoption appears to be an acute awareness of patient demand, with just 1% of GPs citing lack of interest or expertise among patients as a barrier to investing in digital services.

That said, the research suggests that there is a cohort of industry pioneers that are driving the technology agenda, with 12% claiming they have no restrictions to using more technology, and a significant number identifying as early adopters.

Additionally, the research indicates that practices focused on growth are more likely to be utilising technology and digital communications tools to enhance the patient experience. Given that in some cases the larger practices have greater capacity and access to funding, they may also be generally better placed to invest in new technologies.

"GPs are often considering the opportunity cost of investing in a range of priority areas - from securing and retaining quality staff, operational improvement, upgrading clinical equipment and facilities, professional development through to marketing activity. This can limit available technology budgets, however, many GPs recognise the benefits and potential value-add it can deliver to patients and have a positive outlook for investment."

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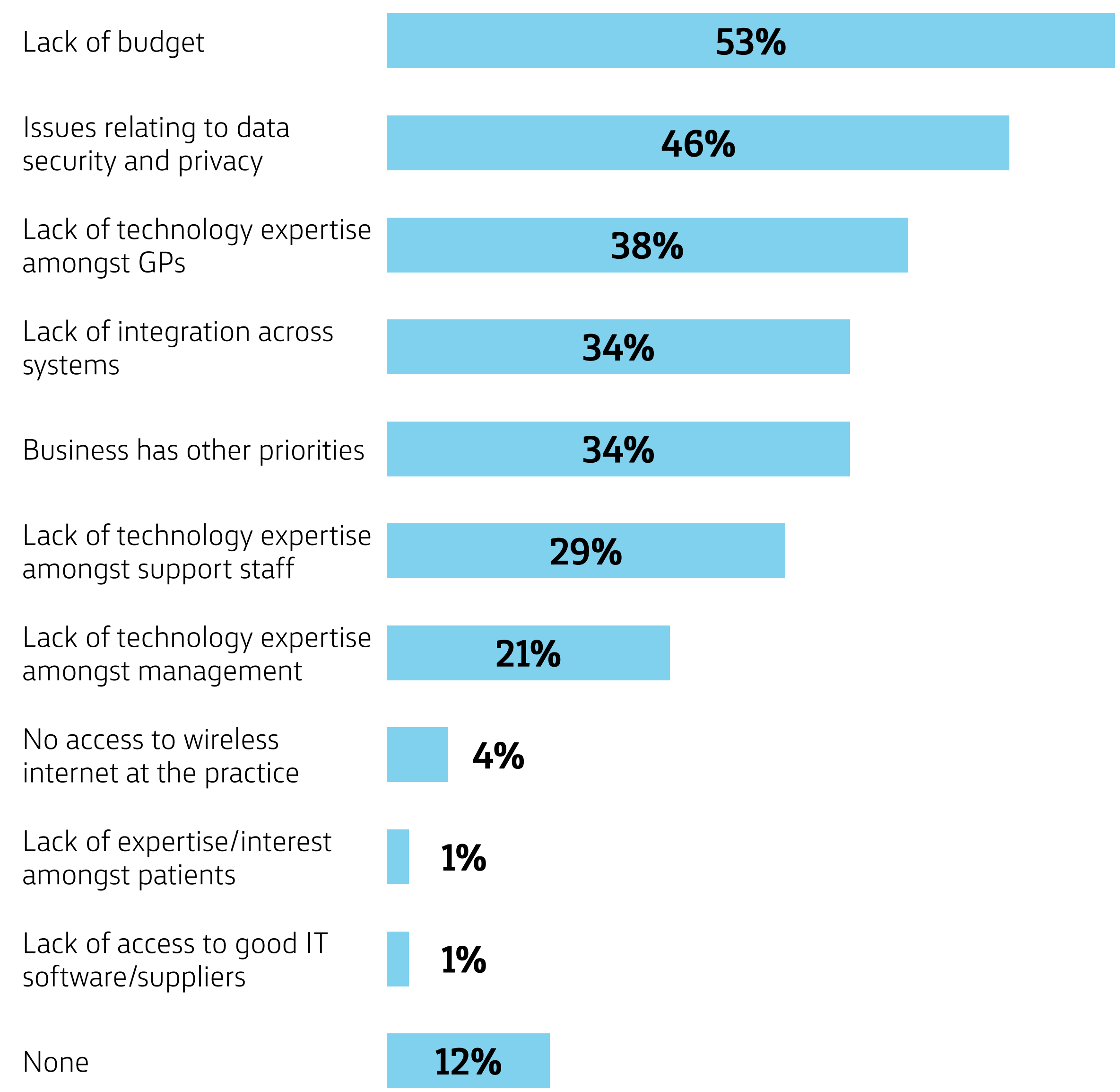
Barriers to using more technology



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