

# *Doctors Reform Society of Australia*

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Submission to the Senate Community Affairs References Committee on

## **Private Health Insurance Amendment (GP Services) Bill 2014**

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Thank you for the opportunity to contribute.

The Doctors Reform Society is an organisation of doctors and medical students which formed in 1973 to support the introduction of a universal health insurance scheme (Medibank). It is an organisation which continues to advocate for a health system which aims to address all preventable causes of poor health outcomes.

When Medicare was introduced in 1984, there was an explicit prohibition on private health insurance coverage of the gap between the Medicare rebate and the fee charged by GPs. This prohibition was clearly aimed at indirectly controlling the fee to ensure that access to GPs was not limited to the rich. The option of bulk billing also encouraged affordable and simple access to GPs by the poor. Keeping private health insurance out of these consultations also contributed to the simplicity of access.

All of this is now under direct threat. The proposed copayments are intended to effectively end bulk billing as it will be financially unsustainable. The complexities associated with obtaining the copayment (and the incentive payment for health care card holders and children) will lead to increased gap payments far beyond the proposed 'compulsory' copayment.

Whilst there has been no suggestion yet from the Government that private health insurance should be permitted to cover copayments, the current trial by Medibank Private of providing improved access to GP services for its enrolled members is clearly designed to erode the basic principles of Medicare ie timely access to affordable health care for everyone, irrespective of capacity to pay.

The Federal Government's attitude to this trial is clearly supportive, and the Health Minister has expressed his interest in getting the PHI industry involved in primary health care. The inevitable consequence of such involvement is to further two tier our health system.

Currently, access to elective surgery depends on wealth. Those who can't afford private insurance can wait for years for e.g. life changing joint replacement surgery. This is regarded by the current Government as not only acceptable but is encouraged. Now it appears that timely access to affordable GP services will also be determined on the basis of wealth.

The proposed amendment aims to limit the possibility of private health insurance involvement in primary health care and the inevitable reduction in access to such care by those with lower incomes who are frequently the very group requiring increased access because of lower health status.

In the long term however, such changes are likely also to be detrimental to those who can afford private health insurance now. If such insurance covers primary health care, premiums must rise, making coverage less accessible to middle and low income earners and less appealing to low users of medical services. They will drop their cover, which in turn will lead to further premium rises.

We already have health insurance for primary health care. It is called Medicare. It can and should be improved but adding an extra layer of private health insurance will be more expensive and lead to greater inequity.

Despite our system being a mixed system of private and public providers and funders, the words of Aneurin Bevan the UK Health Minister who introduced the National Health Service, are still appropriate for our system

*'The essence of a satisfactory health service is that the rich and the poor are treated alike, that poverty is not a disability and wealth is not advantaged.'*

The amendment is to be commended.