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ACN submission to the Senate Inquiry into out-of-pocket costs in Australian healthcare

1. General comment

Australian College of Nursing (ACN) believes that access to health care is a fundamental human right. Health policy should aim to:

- enable people to lead socially, culturally and economically productive lives;
- achieve conditions conducive to physical, social, psychological and cultural well-being;
- decrease inequalities in health status;
- provide affordable, accessible, equitable and culturally appropriate health services;
- engage with communities, including those from culturally diverse backgrounds, in decision making about the health system;
- empower individuals, families and communities to maintain and improve their own health status.

ACN strongly believes that out-of-pocket costs should not undermine the principles of universal access to care and equity in health care, as set out above. Comprehensive health services must be available to all members of our community on the basis of need, not ability to pay. In ACN's view, it is therefore essential that there are safety nets in place to ensure that all those who need health services are able to access them.

ACN would like to provide the following comments against selected Terms of Reference.

2. Response to the Senate Inquiry's Terms of Reference

a. the current and future trends in out-of-pocket expenditure by Australian health consumers

Australia's out-of-pocket expenditure is relatively high and rising. The Australian Institute of Health and Welfare reports that in 2010, Australia's average out-of-pocket expenditure per person was $1,075, which is $94 above the OECD average of $981 (AIHW 2012). Regarding the out-of-pocket costs of prescription medicines specifically, a 2011 study found that Australian patients pay 28% of national pharmaceutical expenditure, which is more than most OECD countries with universal pharmaceutical subsidies (Kemp et al. 2011). Between 2000 and 2010, out-of-pocket expenditure on health rose from 2.7% to 3.2% of household spending (AIHW 2012). High and rising out-of-pocket costs are a significant concern because they are likely to reduce the equity of access to the health system by making it more difficult for those on lower incomes to afford health services.

Health expenditure is projected to almost double over the next half-century (Treasury Department 2007), and it is likely that some of this increased cost will be borne by consumers. Ensuring that appropriate safety nets are in place is critical to ensure that all Australians have equitable access to health care as the costs of health care delivery grow.

b. the impact of co-payments on:

i. consumers' ability to access health care

General comments

Out-of-pocket costs can have a significant impact on consumers' ability to access health care. Co-payments can be a barrier to accessing health care, and they generally have the greatest effect on those with the least ability to pay and/or the highest health care needs. For example, more than a third of Australians with chronic conditions report difficulties in accessing health care due to costs (Schoen et al. 2008). People with chronic illnesses already have to pay significant out-of-pocket costs, and any additional co-payments would be likely to further affect their access to care. Similarly, older Australians on fixed incomes are also likely to be disproportionately affected by co-payments.

Already, there is strong evidence that some Australian consumers avoid visiting health professionals and buying prescribed medicines because of concerns about affordability. For example, according to the latest data from the Australian Bureau of Statistics, 5.4% of people who needed to see a general practitioner (GP) in 2012-2013 delayed seeing or did not see a GP due to the cost (ABS 2013). Similarly, a recent qualitative study found that out-of-pocket costs have a detrimental effect on some women's ability to access health care. Women at high risk of being unable to afford health care included retirees and women on very low incomes, such as students (Walkom et al. 2013).

There is also evidence that increased co-payments for medicines listed on the Pharmaceutical Benefits Scheme (PBS) affects the ability of patients to afford medicines and results in lower rates of prescriptions being filled. A 2008 study found that following the January 2005 increase in PBS co-payments there were significant decreases in dispensing volumes of essential medicines including insulin, glaucoma treatments and proton-pump inhibitors (Hynd et al. 2008). Similarly, a 2008 study across twelve countries found that non-adherence to medication regimes was positively associated with the percentage of patients who reported any out of pocket spending (Hirth et al. 2008).

Nurse practitioners

In May 2014, the National Commission of Audit recommended further developing the role of nurse practitioners (NPs) in order to address the future needs of Australia's health care system (NCA 2014). Currently, the restricted number of Medicare Benefits Schedule (MBS) items and the low Schedule Fees set for Nurse Practitioner MBS items mean that NPs in private practice must charge patients a large out-of-pocket fee for their services. For example, ACN is aware of a wound care NP in Bendigo, Victoria, whose patients must pay around $20 out-of-pocket for each appointment because the MBS rebates available to NPs do not reflect the true cost of providing the service. Many people with wounds that fail to heal would require multiple appointments and need to buy consumables out-of-pocket, so the actual cost to consumers of this service is likely to be higher still.

In the short term, the relatively high out-of-pocket costs charged by private NPs represent a barrier for consumers wishing to access their services. The small number of NP MBS items and low Schedule Fees also fail to support the long-term viability of NPs in private practice, because NPs struggle to maintain reasonable profit margins while also providing affordable care.

NPs play an important role in filling service gaps and enabling access to care for underserved populations, such as rural communities and people from disadvantaged backgrounds. In rural areas, NPs in private practice have the potential to lower the costs of health care by enabling people to access primary health care services locally, without having to travel long distances to the nearest general practitioner. By providing affordable services to people where they live, private-practice rural NPs are able to deliver cost-effective early interventions to manage health conditions in the community and assist people to stay out of hospital. However, these services depend upon NPs receiving adequate remuneration for the costs associated with delivering care in private practice, without having to pass those costs on to the consumer. It is essential that access to NP services is not undermined by policy settings and funding models which fail to recognised the true scope and potential of the NP role. In ACN's view, funding for additional MBS items and higher Schedule Fees for private NP services would support consumers' ability to access affordable, high quality primary health care in their local area.

ii. health outcomes and costs

Health outcomes

In ACN's view, co-payments are likely to undermine the principle of universal access to health care and thereby may have a detrimental effect on health care outcomes. The current situation with regard to the funding of treatments for venous leg ulcers (VLUs) provides an illustration of this problem. Patients with VLUs can expect to pay $30-$50 per week for compression therapy consumables such as bandages, compression stockings and wound dressings which are recommended by the clinical practice guideline for the management of VLUs (AWMA 2013). VLUs predominantly affect the people over 60 years of age, and the out-of-pocket cost of these consumables may represent a significant cost to this population, particularly those reliant on the age pension. The unaffordability of compression therapy may contribute to the inappropriate management of some VLUs, which can result in greater costs to the health system if the wound fails to heal and additional interventions, pharmaceuticals or in-patient management is required (AWMA 2011). The failure of a VLU to heal also has a significant impact on the person's quality of life due to pain, itching and irritation, loss of sleep and reduced mobility (Hareendran et al. 2005).

Health costs

Consumers with chronic diseases are particularly likely to face high health costs when they are required to pay co-payments. A recent study found that people with chronic kidney disease in Western Sydney spent a mean of $907 over three months out of pocket. For 71% of the study's participants, this represented more than 10% of their income, and 57% of households in the study reported financial hardship as a result (Essue et al. 2013). Previous studies have found similar results in study populations with other chronic illnesses, such as Chronic Obstructive Pulmonary Disease (Essue et al. 2011). Similarly, members of the ACN Movement Disorders and Parkinson's Community of Interest report that many patients cared for by Parkinson's nurses face high out-of-pocket costs, and that these costs represent a major barrier to accessing health care. For example, Parkinson's patients may have to pay more than $3000 per year to purchase the consumables required to administer apomorphine, a drug used to control motor symptoms. In contrast, people with diabetes who are prescribed a continuous subcutaneous insulin infusion are able to access consumables through the National Diabetes Service Scheme (NDSS). Parkinson's patients also pay high out-of-pocket costs for speech therapy services, which are not fully covered in the public health system. Our members who work in Parkinson's care advise that most public outpatient services are able to provide only 10 sessions, which is fewer than the number of sessions usually required. In rural areas, patients also face the additional costs associated with travelling to and from therapy sessions. For people with chronic diseases, the high cost of healthcare associated with co-payments can have an impact on other areas of life, such as the ability to afford nutritious food, adequate housing and other necessities.

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