

Health care – how do visitors fare?

Who is visiting Norfolk Island?

- 3.1 In considering the provision of health services to visitors on Norfolk Island, the Committee focused mainly on tourists from mainland Australia, who constitute approximately eighty per cent of the 37,000 visitors Norfolk Island receives each year.¹ There are also approximately 400 non-residents living on the Island who must pay the local Healthcare levy as residents do, but who must also have private health insurance in order to remain.
- 3.2 While visitors to Norfolk Island generate large amounts of revenue, they also place heavy demands on the Island's health services. Norfolk Island is a tourist destination with high appeal to older people seeking a relaxing holiday. Advice from the Norfolk Island Tourist Bureau to the Department of Transport and Regional Services in November 1999 indicated that sixty per cent of visitors are over 56 years of age. Statistics in the *National Strategy for an Ageing Australia*² show that health expenditure for people over 65 is 3.8 times higher than for those under 65, and that older people are admitted to hospital more often and for longer periods of time. Hence, the very high proportion of elderly tourists visiting Norfolk Island is significant in terms of the extra demands placed on local health services.
- 3.3 The implications of such statistics become more significant when seen in light of the overwhelming importance of tourism to the Norfolk Island economy. Commonwealth Grants Commission figures indicate that

1 Department of Transport and Regional Services, Submissions, p. 78.

2 Australian Institute of Health and Welfare, background paper, *National Strategy for an Ageing Australia*, section 5.3, p. 19.

tourism contributed between one quarter and one half of the total estimated Island economy of \$80 million in 1995-1996. The CGC Report also observed that:

Over time, taxation decisions have minimised taxes paid by residents and raised a higher than proportionate share of taxes from tourists. This was said not to be a deliberate policy and seems to have come about without any close analysis of what it might be doing to the single most important industry in the Territory.³

- 3.4 Similarly, questions arise about the long-term impact on the Island's economy of the much higher charges for health services imposed on visitors, most of which are double or more those for residents and not claimable under Medicare. (See table at 3.12, below.)
- 3.5 Mrs Janine Nobbs, a nurse at the Norfolk Island Hospital, estimated for the Committee in November 1999 that about a quarter of the patients visiting outpatients each day were visitors. The Department of Transport and Regional Services advised that 51 Australian residents were treated as in-patients at the hospital in 1998-1999. An examination by the Hospital Director in April 2001 of records of services provided at the Hospital indicated that approximately half were for tourists. Sister Bonnie Quintal, Superintendent of St John Ambulance, told the Committee that elderly tourists now make up a significant proportion of the 500-600 calls that the volunteer ambulance service attends each year.⁴
- 3.6 The Norfolk Island Government's submission stated that:
- Doctors in Australia estimate that there should be about 1 Doctor for each 1100 or 1200 head of population. From this point of view, Norfolk seems to appear as a cushy job for Doctors with a permanent population of only 1700. However, Norfolk Island had 37 000 tourists last year, and 'a large portion' of these were elderly and infirm. Subsequently, their numbers contributed in no small way to artificially boost our 'patient population'.⁵
- 3.7 Tourism statistics collected for 1995-1996 show that tourists constituted about a quarter of the total Island population compared with a mainland figure of only one per cent. In March 2001 this figure had risen to one third of the total number of people on Norfolk Island.⁶ Dr Sexton observed that

3 Commonwealth Grants Commission, *Report on Norfolk Island 1997*, p. 202.

4 Sister Bonnie Anne Quintal, MBE, Superintendent, St John Ambulance Australia, Norfolk Island Division, Transcript, p. 118.

5 Government of Norfolk Island, Submissions, p. 179.

6 Statistics provided by the Norfolk Island Immigration Office show that for the week ending 29 March 2001, of the total number of 3118 on the Island 1053 were tourists. (The remainder was made up of residents, GEPs, TEPs and those with permits in process.)

tourists' expectations of medical outcomes are those of the area they have come from, and that they can be very demanding.⁷

- 3.8 In her March 2001 submission the new Hospital Director raised an interesting solution to the problem of providing a dependable, affordable health service for visitors in the absence of Medicare access. She proposed that the NIHE, as the sole provider of health services on Norfolk Island, could appropriately be the provider of health insurance for visitors. If all visitors were informed that, owing to the fact that Medicare is not available on Norfolk Island, they were required to take out Norfolk Island health and travel insurance, then the fees levied would ensure that services could be made available at no cost.

Funds levied at 30,000 tourists per year would also provide the NIHE with a substantial amount of funding to seek capital improvements and address the issue of medivacs and the associated costs.⁸

- 3.9 As an example, a levy of \$100 per visitor would generate over three million dollars per annum. With a guarantee of this level of funding the NIHE would be able to plan a replacement hospital in the short term, as well as address many other areas of need within the health system. However, it would be important that the imposition of such a levy demonstrated significant improvements to the level of services available to visitors, rather than as an additional impost on visitors to help provide improved services for residents. The cooperation of airlines and travel agents in collecting such a levy would have to be sought, and the means of incorporating it into a total package would have to be devised to avoid consumer irritation and reluctance to travel to Norfolk Island.
- 3.10 The Committee believes that such a system could be an effective and equitable short-term solution to the financial situation in which the Hospital Enterprise finds itself, given that part of the burden in recent times has been imposed by the increased demand from elderly visitors. It would, within a year, provide an injection of sorely needed funds which would help to solve problems such as staff shortages and the lack of training opportunities, which would rapidly translate into benefits for both visitors and Islanders. However, it is important that such a levy not be seen as a means for the Norfolk Island Government to avoid the major issues of revenue raising and appropriate levels of spending on health services.

7 Dr Michael Sexton, Transcript, pp. 213-214.

8 Ms Christine Sullivan, Submissions, p. 196.

Services available to visitors

- 3.11 Submissions from the Norfolk Island Government and the Norfolk Island Hospital Enterprise advised that all health services available to residents on the Island are available to visitors. The Government submission noted there was a 'differential in pricing of services provided at the hospital for residents and non-residents'.⁹
- 3.12 Charges for services rendered to visitors are much higher than those for residents and some are considerably higher than charges for services on the mainland under Medicare. A standard consultation during business hours is double the Medicare schedule fee. The Department of Transport and Regional Services (DOTRS) provided the following examples of the two-tiered fee structure on Norfolk Island, based on information received from the NIHE in November 1999:

Service	Visitors	Locals
Consult during business hours	\$57.50	\$28.75
Consult out of business hours	\$92.00	\$57.50
Private ward per night	\$477.50	\$266.00
Shared accommodation	\$430.00	\$181.00
Intensive care per night	\$937.50	\$437.50

These figures remained the same in May 2001.

- 3.13 One submission to the inquiry described how a dressing change to a leg ulcer by a nurse at the hospital cost \$75. The fee was the same for all subsequent visits. The submitter, Ms Margaret Clyde, observed that:

I believe that the cost was too great, leading to a perception that tourists could be seen to be subsidising an ailing hospital system which has to cater for an aging population from a very small population to pay the medical levy.¹⁰

- 3.14 Some visitors, unaware of the higher costs and assuming that they are covered by Medicare on the Island, have encountered unexpected and disconcerting costs during their holiday. (The subject of eligibility for Medicare is dealt with in Chapter 8.) DOTRS advised that all prospective visitors should be given information in advance about the type and level

⁹ Government of Norfolk Island, Submissions, p. 7.

¹⁰ Ms Margaret Clyde, Submissions, p. 121.

of health care services available on the Island. This information should include the cost of services and details of any available health insurance options.¹¹ Until the issue of medivacs is satisfactorily resolved, visitors should be advised of the very high cost of a medical evacuation by a private company and urged to take out insurance which will cover the full cost in all situations.

Medicare and insurance for visitors

- 3.15 Norfolk Island has had its own health care system since 30 September 1989. Since 18 December 1990 mainland visitors have not been covered by Medicare for health services provided to them on the Island.
- 3.16 Evidence to this inquiry indicates that there is widespread ignorance among potential tourists of the fact that Norfolk Island is not covered by Medicare and that Australians visiting Norfolk Island must take out general insurance to cover medical expenses incurred there. Many believe that their existing private health insurance will cover them for treatment and the cost of medical evacuation. DOTRS commented that:
- This is not the case – which leaves individuals exposed and can, and does, result in hardship. Many of the elderly visitors to Norfolk Island may also have some difficulty in obtaining insurance coverage for pre-existing illnesses ... as taxpayers, these people have and do contribute to Medicare through taxation on the mainland.¹²
- 3.17 The office of the Private Health Insurance Ombudsman described a complaint made by a health fund member who had to be hospitalised for an acute condition while on Norfolk Island. The patient's Australian health fund refused to pay benefits for hospitalisation because under its rules Norfolk Island is not considered to be part of Australia as a passport is required to travel there.¹³
- 3.18 The Committee does not believe that Australian citizens should need a passport to travel to and from Norfolk Island. The decision of this health fund is an instance of a penalty that the passport requirement can impose on the unwary visitor. If tourism, and hence the Norfolk Island economy, is to flourish, visitors will need guarantees that their visit will not impose hidden costs.

11 Department of Transport and Regional Services, Submissions, p. 79.

12 Department of Transport and Regional Services, Submissions, pp. 78-79.

13 Private Health Insurance Ombudsman, Submissions, p. 135.

- 3.19 In compliance with Commonwealth law, domestic travel insurance policies do not provide cover for health services.¹⁴ General insurers who provide travel cover for Australian citizens travelling to Norfolk Island issue a policy covering international benefits which includes health services cover. The Hunter Urban Network for Consumers of Healthcare noted in its submission that private health insurance is expensive, and that travellers over seventy years of age have to pay an additional premium of \$50 even if they have been declared perfectly fit and well by their doctor.¹⁵
- 3.20 The Committee was told of an elderly couple's decision not to visit Norfolk Island as a heart condition precluded the husband from obtaining appropriate insurance coverage. The couple's own health fund did not cover health related expenses on the Island. The wife wrote to the Committee:
- However, we do think that as Norfolk Island is an Australian protectorate [sic], we should be able to go there and be covered for a short stay.¹⁶
- 3.21 Reverend Dr Robert Wyndham, a Uniting Church minister who has a Temporary Entry Permit, told the Committee about the situation for those on temporary entry visas, some of whom have little say about their transfer to Norfolk Island. Although he had personally been able to arrange hospital cover with his health fund, he felt it was an anomaly that:
- there are probably folk like us who are paying an amount of taxation in Australia which would normally cover us for Medicare and yet when we come across the water we are no longer covered.¹⁷
- 3.22 The Department of Transport and Regional Services advised that in order to provide for continuity of health care cover for tourists between Norfolk Island and the mainland under the Commonwealth *Health Insurance Act 1973*, the Commonwealth Government would need to bring Norfolk Island within the Act's definition of 'Australia'.¹⁸ The Committee considers that this is an area which needs further examination by the Commonwealth and consultation with the Norfolk Island Government.
- 3.23 The Committee believes that it is important for the Norfolk Island Government to seek extensive community input on such important matters before entering discussions with the Commonwealth. Differences
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14 Insurance Enquiries and Complaints Ltd, Submissions, p. 113.

15 Hunter Urban Network for Consumers of Healthcare, Submissions, p. 65.

16 Mrs M. Baguley, Submissions, p. 67.

17 Reverend Dr Robert Wyndham, Transcript, p. 119.

18 Department of Transport and Regional Services, Submissions, p. 79.

of perspective should not stand in the way of ensuring that Norfolk Island's valued visitors are eligible for the kind of comprehensive health insurance to which they are entitled on the mainland.

Other issues

- 3.24 Safety was raised as an area of concern for visitors, particularly for the elderly. It was suggested that more care could be taken on Norfolk Island to ensure that the likelihood of falls and other kinds of accidents occurring is minimised. A tour guide described how within a party of elderly tourists two experienced accidents. One person tripped over a tree stump hidden in grass and another tripped on a ramp. The doctor who treated both patients commented that there were a lot of unnecessary accidents on the Island. The Norfolk Island Government should consider implementing safety checks at all popular tourist sites, possibly along the lines of the inspections done by the Department of Veterans' Affairs. Such matters should be under the responsibility of a properly trained Occupational Health and Safety officer.
- 3.25 Issues of concern about medical evacuation are similar for both residents and visitors, particularly with regards to the cost. The Committee was told informally of an incident in which, in a life-threatening situation, a patient's relative had to arrange the transfer of \$23 000 to a medivac company before an aircraft was despatched from the mainland. The patient's insurance company later refused to reimburse the expenses on the grounds that the condition was pre-existing. The witness expressed concern that this situation had befallen an Australian citizen in an Australian territory.
- 3.26 The Committee's concerns about past over-dependence on the RAAF for medical evacuations and the urgent need for a formal commercial arrangement to provide a guaranteed service for visitors as well as residents is documented in Chapter 6.

Recommendations

Recommendation 1

- 3.27 **The Committee recommends that the Norfolk Island Hospital Enterprise reconsider the pricing structure for services to mainland visitors, so that the cost does not become a disincentive to tourism.**

Recommendation 2

- 3.28 **The Committee recommends that measures be taken by tourist companies, airlines and other tourism promoters to warn all potential travellers to Norfolk Island of the high cost of health care, the fact that any expenses incurred will not be claimable on Medicare and that private travel insurance covering medical evacuation is essential.**

Recommendation 3

- 3.29 **The Committee recommends that the Commonwealth and Norfolk Island Governments consider the desirability of amending the *Health Insurance Act 1973* in order to cover mainland visitors to Norfolk Island under Medicare.**

Recommendation 4

- 3.30 **The Committee recommends that the Norfolk Island Hospital Enterprise develop for the Norfolk Island Government a proposal for the implementation of a health levy on visitors, as a basis for providing, in the absence of Medicare, quality health services free to all visitors, including the cost of medical evacuation if necessary.**