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The Hon Tanya Plibersek MP
Minister for Health

The Hon John Murphy MP
Chair
Standing Committee on Petitions
PO Box 6021
Parliament House
CANBERRA ACT 2600

Dear Mr Murphy

Thank you for your letter of 19 March 2012 on behalf of the Standing Committee on Petitions, regarding restoration of the Extended Medicare Safety Net (EMSN) for obstetrics.

The EMSN provides an additional rebate for Australian families and singles who have out-of-pocket costs for Medicare eligible out-of-hospital services once an annual threshold in out-of-pocket costs has been met. In 2012, the annual threshold for Commonwealth Concession Card holders, including those with a Pensioner Concession Card, a Health Care Card or a Commonwealth Seniors Card, and people who receive Family Tax Benefits (Part A) is \$598.80. For all other singles and families the annual threshold is \$1,198.00.

Out-of-hospital services include GP and specialist attendances, as well as many pathology and diagnostic imaging services. Once the relevant annual threshold has been met, Medicare will pay for 80% of any future out-of-pocket costs for Medicare eligible out-of-hospital services for the remainder of the calendar year, except for a small number of services where an upper limit or 'EMSN benefit cap' applies.

An independent review of the EMSN, the *Extended Medicare Safety Net Review Report 2009*, clearly showed that in certain areas (such as obstetrics and IVF) the EMSN has been used by some specialist doctors to raise their fees, knowing the taxpayer would cover 80% of the cost of the fee rise. This meant that EMSN benefits supported high fees without necessarily providing patients with benefits.

From 1 January 2010, an upper limit was placed on EMSN benefits for obstetrics items. To offset the impact of these changes the Government has invested over \$157 million (over four years) for the introduction of three new obstetric attendance items and to increase the base rates for 15 obstetric items, including antenatal appointments, labour and delivery services, and the planning and management of pregnancy.

The Medicare rebates for a standard package of maternity care with a private obstetrician have been increased by about \$300 per patient. The following points apply:

- For a standard course of antenatal care, the Medicare rebates and EMSN benefits available total more than \$1,700. Extra rebates apply for more complicated pregnancies and confinements.
- The Medicare rebate for a private delivery is now 30% higher than previously. The in-hospital rebates for delivery items were increased by between \$250 and \$280.
- The fee for the existing planning and management of labour item (16590) for medical practitioners who intend to undertake the delivery of a privately admitted patient was increased by 150% (from \$122.50 to the \$306.30) and a new planning and management item (16591) was introduced for medical practitioners who do not intend to be involved in the delivery.

These changes have been introduced to directly support patients, without providing an incentive for specialists to increase their fees.

Since 1 November 2010, the Australian Government has also provided Medicare funding for obstetric services provided by midwives. Pregnant women are free to choose whether they access public or private sector obstetric services and the provision of Medicare rebates for midwives to provide these services supports that choice.

The petitioners assert that the 1 January 2010 changes have led to a significant shift of births into the public system. No data has been provided to support this claim.

Once again, thank you for writing

Yours sincerely

Tanya Plibersek

28.5.12