

## **EXECUTIVE SUMMARY**

The report comprises two sections. Chapters 1 - 4 give background information and describe the concession system as it currently exists at Commonwealth and State/Territory levels. Chapters 5 - 8 examine the issues raised in evidence, and detail the Committee's conclusions and recommendations.

### **The current concession system - an overview**

The Commonwealth Government issues a range of concession cards to low income Australians through the Department of Social Security and the Department of Veterans' Affairs. The concessions which are available to holders of the cards include, at the Commonwealth level, concessional pharmaceuticals under the Pharmaceutical Benefits Scheme (PBS), access to other health services such as hearing aids and a telephone allowance and limited railways concessions.

Concessions based on the cards are also provided by State/Territory governments, to assist in reducing land rates, utilities (gas, water, electricity), public transport and car registration charges. However, the value of the concessions varies from region to region, depending on the policy of the respective State/Territory or local government.

At the Commonwealth and State/Territory levels, the concessions available to pensioners are of higher monetary value than those available to the unemployed and others receiving 'short-term' Government income support payments.

The current system of concession cards raises several issues, including arguments regarding equity of access to concessions, complexity in administration, scope for fraud or misuse of cards, misunderstandings as to eligibility for concessions and non-uniformity or reciprocity of the concessions available to card-holders throughout Australia.

These identified problems are addressed throughout the Committee's report. Measures designed to overcome current difficulties are set out in the report's recommendations.

## **Current issues and Committee conclusions**

### A single concession card

The Committee's Inquiry included an investigation of the administrative framework surrounding current concession card provision at the Commonwealth and State/Territory level. There are currently three Commonwealth issued concession cards which are used by recipients to access Commonwealth concessions, as well as two Veterans' Affairs health repatriation cards. Two of the Commonwealth cards are also used to access State/Territory concessions. The current situation is confusing for cardholders and service providers, who are unsure of the range of concessions attached to particular cards. Cardholders may also be confused as to their entitlement.

The Committee recommends the introduction of a single concession card for Commonwealth and State/Territory concessions, titled the *Commonwealth Concession Card*.

The Committee proposes that the *Commonwealth Concession Card* be issued in a smart card format. The establishment of smart card technology for concessions will lead to a much simpler and effective concession system. Service providers will be able to confirm entitlements on-line, card holders will be able to update their information and access services more easily and governments at both Commonwealth and State/Territory level will, for the first time, be able to track concession expenditure and direct funds accordingly.

### Electronic pharmaceutical claims system

The Committee found that the current pharmaceutical benefits claims system has a number of faults. This impacts particularly on concession card holders as the major users of PBS concessions. The current eligibility criteria for access to the PBS Safety Net require customers to carry a paper PBS claim record with them, or restrict visits to one pharmacy only, in order to ensure a complete record is kept of their pharmaceutical expenditure. When each customer's paper record shows they have reached the Safety Net limit they are eligible for cheaper pharmaceuticals. Pharmacists also experience difficulty in determining eligibility for PBS Safety Net entitlements because of the range of different concession cards available, and must wait at least a month for reimbursement of concessions provided to customers.

An alternative method for PBS claims was put to the Committee. This is an electronic claims system, based on the PharmaNet system implemented in Canada's British Columbia province. It involves an electronic database of all patients' pharmaceutical history, accessible by community pharmacists, facilitates on-line confirmation of PBS Safety Net eligibility and allows electronic payment to the chemist at the time a PBS concession is given to the customer. It could also be used to alert chemists to potentially dangerous drug combinations for customers, thereby saving future health costs.

The proposal raises some privacy concerns, including confidentiality of sensitive medical data, and changes to current privacy laws. However, there are a number of

privacy checks and protections available to overcome these privacy concerns. The Committee recommends the implementation of a PharmaNet-style pharmaceutical claims system in Australia.

### Review of current eligibility criteria - a fairer system

The eligibility system for different levels of concessions has developed over a number of decades, with the main eligibility criteria being the level of Social Security income support payment each person receives. In most cases, pensioners are entitled to a higher level of concession than people receiving allowances/benefits such as unemployment and sickness allowance. This link was previously considered appropriate because pensioners were generally considered to have a long-term dependency on Social Security payments, and allowance/benefits recipients were considered to need Social Security only until their circumstances changed, such as entering paid employment. Evidence to the Inquiry highlighted the long-term nature of unemployment and sickness for many people receiving allowance/benefits, and the increased financial pressure they face without concessions.

The Committee recommends a review of concession eligibility criteria. While previous links to Social Security income support payments have provided an easy method of distinguishing eligibility for different levels of concession, this is no longer considered equitable. There must be a balance between ensuring all low-income Australians have access to essential services, and ensuring the concession system does not create incentives to remain on government income support.

Several proposals for extending concessions were put to the Committee. Arguments in favour of extending concessions to more people must be balanced against the need for resources to be directed to low income Australians who require access to essential services. The Committee believes granting some retirees access to the Commonwealth Seniors Health Card may prevent people rearranging their assets to qualify for a card. The Committee recommends extending the Commonwealth Seniors Health Card, which entitles holders to PBS Safety Net concessions only, to independent retirees whose income is 40 per cent higher than the cut off point for receipt of part pension payments and a concession card.

The Committee also examined the possibility of cashing out concessions and providing benefits in monetary form, rather than discounts on fees and charges. This proposal would particularly advantage people living in rural and remote locations, and others who cannot access the concessions they are entitled to. The Committee recommends an optional cashing out system for transport concessions only, for those people who cannot access public transport concessions where they live.

### National standards

The current concession system is fragmented, lacking national co-ordination of concession provision at the Commonwealth and State/Territory level. The Committee believes there must be national standards for the provision of concessions. This would help to alleviate marked differences in concession provision across Australia, and

encourage Commonwealth and State/Territory governments to work together to achieve a better, more nationally cohesive system.

### Access to concessions - transport reciprocity and information dissemination

Access to transport concessions, particularly on rail and bus services, was highlighted as a particular problem. People living in rural or remote areas, and those with a disability, experience the most difficulty accessing concessions to which they are entitled. While the Commonwealth and State/Territories provide concessionary rail transport between capital cities, there are limited or no discounts on country networks.

Disabled people in particular, cannot access the transport services they require. The problem is keenly felt in rural/outer suburban areas, where appropriate transport such as buses or modified cars are not available. The Committee recommends an extension of the Social Security Mobility Allowance payment to disabled people who cannot access appropriate public transport because there are no services where they live.

Many disabled people rely on modified taxis for transport to and from their work, as well as for educational, social and recreational activities. The current concessions offered on disabled taxi transport differ between States/Territories and are not reciprocal. The Committee believes all State/Territory governments must agree to provide reciprocal disabled taxi transport, for their own citizens, across Australia.

Although a large amount of information is provided by the Department of Social Security about concession cards, the Committee found several instances where information dissemination appears not to be reaching all of its target population. Problems were experienced by migrant Australians and retirees who believed they needed to dissipate a large number of assets to ensure their entitlement to health services. Young people receiving Austudy and Community Development Employment Program (CDEP) payments may not be aware they may be entitled to a Health Care Card.

Professionals such as GPs also appeared not to fully understand the purpose and entitlement provisions of concession cards and more targeting of information on concession cards is needed in these circumstances. The Committee notes that major information dissemination and public education campaigns will be required, if all the recommendations of this report are implemented.

### The legislative and administrative framework

The legislative and administrative frameworks for the Commonwealth concession system are complex, leading to confusion for service providers and concession card holders and causing delays at the bureaucratic level. The Committee recommends a complete review of the legislative and administrative framework for concessions, with the bulk of responsibility being moved to the Social Security portfolio. The Committee also examined current fraud control mechanisms and recommends strengthening of existing programs.