



Australian Government
Department of Health and Ageing



DEPUTY SECRETARY

Mr Elton Humphery
Committee Secretary
Community Affairs Legislation Committee
Parliament House
Canberra ACT 2600

Dear Mr Humphery

Health Insurance Amendment (Medicare Safety-nets) Bill 2005

I refer to your letter of 11 August 2005, which invited the Department of Health and Ageing to provide a written submission to the Senate Committee's inquiry into the above Bill.

This letter constitutes the Department's submission and has been prepared to assist the Committee in its deliberations. It responds to the specific issues identified by the Selection of Bills Committee. Officers of the Department are available to attend the Committee hearing at the requested time of 5:30pm on Thursday 18 August 2005.

1. *How many Australian individuals and families will face higher out of pocket medical expenses as a result of the increased thresholds?*

The proposed changes to the thresholds reinstate the Government's original safety net policy, as announced in November 2003. The total number of people who were expected to reach the thresholds (before amendment) in 2006 was 2,573,723. The number expected to reach the revised safety net thresholds in 2006 is 1,502,883. Therefore, it is expected that 1,070,840 fewer people will now qualify in 2006.

2. *The extent of the higher out of pocket expenses experienced by individuals and families.*

Families and singles that are eligible for the lower threshold will need to incur additional out of pocket costs of \$184.90 before extended Medicare safety net benefits become payable. The maximum these patients will be out of pocket over the course of 2006 is therefore an estimated \$147.92 (over and above the out of pocket expected cost under the current thresholds).

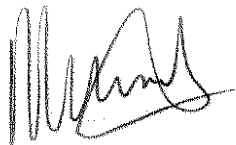
Families and singles that are eligible for the higher threshold will need to incur additional out of pocket costs of \$264 before extended Medicare benefits are payable. The maximum that these patients will be out of pocket over the course of 2006 is therefore an estimated \$211.68 (over and above the out of pocket cost expected under the current thresholds).

3. *The implications for access and equity in health care for all Australians.*

The extended Medicare safety net continues to provide protection against high out of pocket costs for out of hospital services for all Australians. It benefits every Australian by providing certainty that Medicare will provide additional assistance with their expenses if they incur costs above the thresholds. It is expected to directly benefit about 1.5 million people in 2006 through additional benefits.

The intention of the safety net has always been to protect those people who face high out of pocket costs. It will continue to do so.

Yours sincerely



Mr Philip Davies
Deputy Secretary

17 August 2005