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AMA

12 October 2005

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

Dear Mr Humphery,

National Health Amendment (Budget Measures – Pharmaceutical Benefits Safety Net) Bill 2005 and Health Legislation Amendment Bill 2005

Thank you for the invitation to provide a submission on these two Bills. Given the short time frame, we are only able to supply some brief comments but we hope these are helpful to the Committee in its deliberations. Both Bills were introduced into the House of Representatives on 14 September 2005. The broad purpose of The National Health Amendment (Budget Measures – Pharmaceutical Benefits Safety Net) Bill 2005 was announced in 2005-06 Federal Budget in May 2005.

National Health Amendment (Budget Measures – Pharmaceutical Benefits Safety Net) Bill 2005

This Bill was announced as a savings measure in the 2005-06 Federal Budget. It contains provisions to increase the general and concessional safety net threshold by an amount equal to two patient co-payments each year for the next four years. It also contains provisions to deter the repeat supply of a medicine occurring within 20 days of a previous supply of the same medicine for the same person. These two measures are expected to save \$307.9 million over four years.

Describing these measures as savings is curious. They are in effect transferring extra costs to households and could more accurately be described as cost shifting measures.

The Safety Net thresholds are already high with 30 scripts (\$874.90) required before eligibility is reached for the general threshold and 52 (\$239.20) required for the concessional scripts. Increasing these already high thresholds by a further 8 scripts to 38 and 60 respectively will impose further hardship on the sickest Australians.

This measure is in addition to increases in the general and concessional co-payments which are indexed annually following a more than 20% adjustment in the 2004-05 budget. This measure will cause hardship for the people in our community least able to afford it.

AMA believes that in the longer term, there should be a joint Medicare and PBS safety net and a proper debate about the thresholds and how they will be indexed.

The second aspect of the Bill is a disincentive to repeat supply within 20 days of a previous supply. At the present, if there is stockpiling after reaching the safety net in one year, it will be offset in the following year by delaying eligibility for the safety net in that subsequent year. The medicines are not wasted and the situation should be self correcting. We question the need for these provisions at all, especially given the large increases in the thresholds already discussed.

The Bill assumes that all instances of early repeat supply are inappropriate. This will not be the case. There are examples of people travelling or having other commitments which make early supply reasonable. It adds a further level of complexity for little benefit and is easily thwarted for those who are determined to do so.

Health Legislation Amendment Bill 2005

This Bill was introduced into the House on 14 September 2005. The Second Reading speech by The Hon Chris Pyne MP, Parliamentary Secretary to the Minister for Health and Ageing, explains the nature and purpose of the Bill. Our concern is in relation to Schedule 3 of the Bill which contains two amendments to the Health Insurance Act. This aspect of the Bill was recently covered in an article in the Daily Telegraph which is attached.

To quote from the second reading speech “The second amendment to the Health Insurance Act is to insert a new power that allows the minister to make a legislative instrument determining that Medicare benefits are not payable in respect of professional services rendered in specified circumstances. A power of this kind is required to allow swift action to be taken to prevent medical practitioners claiming existing Medicare Benefits Schedule items for services which they were never intended to cover or *which the government does not wish to fund through Medicare.*” (my bold italics).

This amendment would give the Minister a broad power to make a determination to the effect that a Medicare Item in the Schedule shall not be used for the purpose specified in the determination. There are no limits on the Minister’s power under this amendment other than disallowance by majority vote in either House of Parliament. In theory, the Minister could determine that Medicare benefits are not payable based on any clinical, demographic, religious or even political criteria.

There is no problem which justifies this new power. The Minister can remove or amend an item already. The Minister can ask the medical profession to cease using an item for a certain purpose. If that request was ignored, the powers of the HIC (Medicare Australia) are extensive and include fines and recoveries. Every situation which has arisen so far between the Government and the profession has been resolved co-operatively and there has been almost total compliance with the Government’s wishes.

There are 220 million medical services provided to Australians each year through the Medicare Benefits Schedule (MBS). Given this number of services, the problems are few. New Items required because of new technology are assessed by the Medical Services Advisory Committee (MSAC) before being allowed onto the MBS. Many are simply rejected. This Committee has been in place since 1996 and is stable (albeit slow).

There is no need for this Amendment to the Health Insurance Act. There is no problem for the amendment to rectify. The Amendment will expose the Government to criticism for no good reason. It will expose the profession to needless criticism. It will cause a great deal of concern for many patients who will feel vulnerable as a result of these new powers being available to the Minister for Health and Ageing.

In the AMA's view, it should be withdrawn.

Dr Choong Siew Yong
Vice President



Medicare under the knife

Abbott wants to ban benefits for some surgery

By SUE DUNLEVY

MEDICARE benefits for some surgery could be banned under new powers being sought by Health Minister Tony Abbott.

Mr Abbott wants the power to ban Medicare benefits as he sees fit under a new law that could mean patients will be forced to pay the full price of some surgery.

And the move has sparked fears it could be a back door way for the anti-abortion minister to ban Medicare rebates for terminations.

Doctors are also worried the new power could be used to stop Medicare rebates being paid for IVF treatment for the over 40's.

Legislation introduced into Federal Parliament last week will give the Health Minister a new power to "determine that Medicare benefits

are not payable in respect of professional services rendered in specified circumstances".

The Government says the legislation follows concerns some doctors are claiming Medicare benefits for new medical procedures under existing Medicare item numbers.

This is happening before the Government is satisfied the new procedures are safe or are giving value for money and should get a Medicare rebate.

A spokeswoman for Mr Abbott said the legislation was "routine" but was unable to provide any examples of the types of medical procedures that could lose Medicare funding.

"It's to give Tony authority if the system is abused," she said.

When asked whether the new power could be used to ban abortion, she replied that "nothing specific

had been mentioned".

Opposition health spokeswoman Julia Gillard yesterday said she was "highly suspicious" about the new powers and had sought an immediate briefing from the Department of Health and Ageing.

"My antennae are raised and I am suspicious," she said.

Australian Medical Association president Dr Mukesh Haikerwal said he feared this new power may be used to ban Medicare rebates any time Treasury wanted budget savings.

"It could be used to say if you are over 90, you can't have a hip replacement," he said.

"It may go to other ethical issues just as sinister.

"This is a huge sledgehammer that will have collateral damage problems," he added.