

ADDITIONAL COMMENTS BY COALITION SENATORS

Health Insurance Amendment (Extended Medicare Safety Net) Bill 2009

- 1.1 The Coalition introduced the Extended Medicare Safety Net (EMSN) in 2004 to assist with the out-of-pocket expenses of all Australians. The legislation allowed the Minister to initiate an independent review of the 'operation, effectiveness and implications' of the Act. The former Health Minister engaged the Centre for Health Economics Research and Evaluation (CHERE) at the University of Technology Sydney in 2007 to complete a review. This Bill is largely a result of the review's findings.
- 1.2 The Coalition welcomes the review and Government consideration of how to address some of its concerns. However, Coalition Senators believe that a number of submissions raised legitimate concerns with the direction taken by the Government to address the review and the consequences on certain Australians accessing medical services. These concerns relate to a lack of industry consultation by the Department in designing this Bill, and the discrimination against patients receiving the medical services targeted by this Bill. Better consultation would have allowed the Government to investigate the consequences of the measures.

Lack of Industry Consultation

- 2.1 The Australian Society of Ophthalmologists noted in its submission that the Government made "no consultation with health care providers or consumers prior to the announcement of this (Bill)...the result is that a decision has been taken with a number of adverse consequences for the community."¹ The Australian Medical Association submitted that it would be better practice "...for the Government to consult the medical profession when it is developing policy on Medicare rebates so that there can be proper scrutiny of the practical effect of the measures in the Bill and the draft Ministerial determination."²
- 2.2 The Chair's report contends that the Committee is satisfied that the "Department has adequately responded to the concerns put to the committee by various stakeholders." Coalition Senators do not believe that the concerns of industry groups have been adequately considered by the Government. Despite the claims by the Department of constant consultation, it appears that the potential consequences to certain patients has not been adequately considered. Better consultation with the profession would have allowed a fairer assessment of the impact upon these patients.

¹ Australian Society of Ophthalmologists (ASO), *Submission 6*, p.4.

² Australian Medical Association, *Submission 1*, p.2.

- 2.3** Proper consultation with the industry leading to a Ministerial Determination on the level of a particular cap will be essential to the operation of this Bill. Coalition Senators recognise the undertaking by the Department to continue working with the profession "leading up to the implementation of this measure."³

Discrimination of Certain Medical Services

- 3.1** The Bill will allow a restriction on the rebate for costs incurred for outside-of-hospital Medicare services on certain items. These items include: all obstetric services including some pregnancy related ultrasounds; all Assisted Reproductive Technology services (IVF treatments); a type of cataract surgery; and, a type of varicose vein surgery. Coalition Senators recognise the need to monitor costs relating to the operation of the EMSN and understand that some providers have increased costs to absorb the Medicare rebate provided. However, Coalition Senators wish to raise concerns of submissions made contending that the Bill will increase the costs of medical services provided to certain groups of Australians and the effect is discriminatory in nature.
- 3.2** The Australian Medical Association (AMA) submits that "it is inevitable that patients will incur greater out-of-pocket costs for these services as a consequence of this measure". The increases are despite the Government promising before the 2007 Federal Election that "with about one million people each year receiving some cost relief from the safety net, Federal Labor will not put more pressure on family budgets by taking that assistance away."⁴ The disturbing pattern of the Government breaking its election promises is a concern.
- 3.2** Coalition Senators are particularly concerned at the potential cost increases for families and rural Australians. The AMA's analysis of the draft Ministerial Determination is that costs for normal obstetric deliveries will increase "by around \$466 for patients who are charged fees in the bottom quartile, and around \$1,706 for patients who are charged fees in the top quartile."⁵ The Australian Society of Ophthalmologists submit that "the economic viability of the delivery of eye care to rural and remote communities will be destroyed".⁶ This will lead to more patients moving to the public hospital system, more congestion and increased costs to both insured and uninsured patients.
- 3.3** The Chair's report contends that, whilst capping these items will have "the desired effect of curtailing public expenditure on the extended safety net", the actual causes for cost increases have not been determined. The report recognises:

³ Department of Health and Ageing, *Submission 4*, p.25.

⁴ Rudd, Kevin and Nicola Roxon. *Media Release 22/9/07*.

⁵ Australian Medical Association, *Submission 1*, p.1.

⁶ Australian Society of Ophthalmologists (ASO), *Submission 6*, p.2.

"...the difficulty of establishing a causal link between an increase in average fees for medical services and the range of factors that may have contributed to higher costs. Indeed it is highly likely that the recent increase in average fees for the services that the government proposes to cap is the result of several factors."

- 3.4** Coalition Senators are concerned that the Government does not have a clear idea as to why the costs of obstetric, IVF and cataract services have increased and that it proposes to increase out-of-pocket costs in order to save public finances. For example, Access Australia submits that the factors relating to rising costs for Assisted Reproductive Technology must be determined by consulting with the particular doctors accused of overcharging.⁷ It is unfair to require certain Australians, such as families and those living in rural areas, to pay higher costs, without addressing the range of factors contributing to the higher costs of these services.

Conclusion

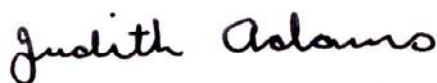
- 4.1** Coalition Senators believe that better consultation with the profession would have resulted in a better understanding of the factors placing upward pressure on the cost of certain medical services. The operation of the EMSN will require continued reviewing in order to ensure that the out-of-pocket costs to those Australians receiving these services does not increase unfairly and that these services continue to be available.



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⁷ AccessAustralia, *Submission 8*, p.1.

