

Additional Comments

Senator Rachel Siewert, the Australian Greens

Introduction

The Extended Medicare Safety Net (EMSN) was introduced in 2004 as part of the previous government's *Medicare Plus* reforms to provide individuals and families with an additional rebate for out of hospital Medicare services once an annual threshold of out of pocket costs was reached. The Act provides that once an individual or a member of a registered family reaches the out of pocket EMSN threshold, they are entitled to a Medicare benefit equal to 80 per cent of their out of pocket costs for that claim for the rest of the calendar year. There is currently no limit on the amount of benefit payable under the EMSN. The Explanatory Memorandum (EM) notes that this has led some doctors to increase their fees with the knowledge that the majority of the cost will be funded by the Government once the person has reached the EMSN threshold. This also has implications for those people that have not qualified for the EMSN benefits. The amendments to the *Health Insurance Act* proposed by the bill would create a mechanism enabling the Minister to determine a cap on the EMSN benefit payable.

The Australian Greens acknowledge this is a step in the right direction. There is evidence from the Centre for Health Economics Research and Evaluation (CHERE) ¹ of significant and excessive fees being charged by certain medical practitioners. The Australian Greens support the move to instigate changes to the legislative framework and are broadly supportive of the provisions in this Bill.

However, while the Committee report does address the key issues raised in the course of the Inquiry, the Australian Greens wish to make some additional comments on a few of these issues and also make additional recommendations.

Key Issues

Excessive Fees

The Australian Greens believe the EMSN is an inflationary policy. The EMSN was designed to provide financial relief for those who incur high out-of-pocket costs and thereby make health care services more affordable. The EMSN appears to have little benefit for those in more remote areas or in lower socioeconomic groups. According to the CHERE report, 'the EMSN appears to be a relatively ineffective way to direct higher benefits to those households.' The report says that most of the EMSN benefits have flowed to services more often used by wealthier sections of the community, increasing the affordability of high-cost services but making little impact on the affordability of medical services for other sections of the population. The CHERE report describes the EMSN as 'poorly targeted policy because it

¹ 'Extended Medicare Safety Net Review Report 2009', by the Centre for Health Economics Research and Evaluation prepared for the Australian Government Department of Health & Ageing (UTS, 2009)

has not addressed one of the main barriers to access that many patients on low incomes face.'

The impact of the EMSN on fees is most pronounced for Medicare items that are usually associated with high out-of-pocket costs per service. The Australian Greens believe that providers know if they bill these items their patients are likely to qualify for EMSN benefits. Under these circumstances providers feel fewer competitive constraints on their fees.

Between 2003 and 2008 the fees charged by obstetricians for in-hospital services reduced by 6%, whilst the fees charged for out-of-hospital services increased by 267%. Similarly the fees charged by ART services fell by 9% for in-hospital services while the fees charged for out-of-hospital services increased by 62%.

The Australian Greens believe this shows that some doctors are structuring their billing to take advantage of the EMSN.

EMSN benefits are highly concentrated in certain types of services. In 2007 over 30% of all EMSN benefits helped fund obstetric services and 22% went towards assisted reproductive services. The EMSN has more than doubled the amount of Commonwealth funding going towards these two professional groups. Only 8% went towards funding general practice consultations.

The Australian Greens recognise the need to address the lack of constraints on excess fee increases. The Government estimates there will be net savings of \$451.6 million over four years as a result of these measures. However this is a blunt instrument approach to the matter of excessive fees. The Built into this Bill is the assumption that the provider will be pressured into reducing their pricing by the patient rather than tackling the problem more directly. The Greens are concerned that this will cause considerable heartache for certain sections of the public, particularly in ART and obstetric services.

Cataract Surgery

The Australian Society of Ophthalmologists (ASO) noted that the Medicare reimbursement for cataract surgery as of November 2009 would be reduced from \$623.70 to \$307.20. It identified the 'most concerning effect' of this reduction as the 'economic viability of the delivery of eye care to rural and remote centres'. They were unequivocal: if the Medicare rebate is cut by 50 per cent, the cost of cataract surgery will be 'beyond the reach' of the 'average Australian'.²

The Australian Greens accept that improvements in technology have meant that cataract services can be provided more quickly and safely – up to one third of the time since the fee level was first set – but are particularly concerned about the implication these changes will have to provision of services in rural and regional patients. According to the Royal Australian and New Zealand College of Ophthalmologists (RANZCO), 'The economic viability of the delivery of eye care to rural and remote centres will very likely be destroyed.'³

² Australian Society of Ophthalmologists, *Submission 6*, p. 3.

³ Royal Australian and New Zealand College of Ophthalmologists (RANZCO) response to Budget proposal, 2009

Recommendation 1: The Australian Greens recommend that the Bill be amended to include the provision of a Medicare provider number for cataract surgeon in rural and remote areas to ensure that the changes will not negatively impact on people in those areas.

Recommendation 2: The Australian Greens recommend that Bill is amended to include a provision for an independent evaluation of the impact of the caps measures with the report to be tabled in Parliament no later than 1 July 2011.

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