

Minority Report by Senator Nick Xenophon

1.1 These comments are confined to the likely effects of the proposed cap on the public subsidy for out-of-hospital Medicare services under the Extended Medicare Safety Net (EMSN).

1.2 As outlined in the majority report, the *Health Insurance Amendment (Extended Medicare Safety Net) Bill 2009* restricts the rebate for costs incurred for out-of-hospital Medicare services by introducing a cap on a variety of items described in the Budget Papers as incurring ‘excessive’ fees.¹ These items include, amongst other things, all obstetric services including some pregnancy related ultrasounds, all Assisted Reproductive Technology services and one type of cataract surgery. These measures which are due to take effect from 1 January 2010 are expected to provide savings of \$257.9 million over four years.² However, there is concern that in seeking to achieve these savings the Government may unleash unintended consequences, which will be counterproductive, lead to adverse health outcomes and subsume the projected savings.

1.3 Evidence from AccessAustralia over the proposed changes and the impact on IVF services states that ‘if this Bill is passed, it will deny many hardworking Australian families their last chance to have a child.’³

1.4 AccessAustralia’s submission and evidence that the changes will adversely affect the one in six who need medical help with infertility⁴ indicates the potential extent of the impact of these changes (with many couples not realising they may have a fertility problem until they decide to have children).

1.5 A key underlying premise of the Government’s rationale for these changes is:

There is evidence that the Extended Medicare Safety Net has enabled some doctors to charge excessive fees resulting in windfalls being paid by taxpayers through Medicare. The cap will encourage patients whose doctors charge excessive fees to seek other providers who charge more reasonable fees.⁵

However, evidence from Dr Richard Henshaw indicates when the costs for a cycle are increased there is increased pressure for multiple embryos to be used, which increases the chance of medical complications, multiple births and neonatal intensive care.⁶

¹ Budget 2009–2010, *Budget Paper No. 2*, http://www.aph.gov.au/budget/2009-10/content/bp2/html/bp2_expense-16.htm

² *Ibid.*

³ AccessAustralia, *Submission 8*, p1.

⁴ *Proof Committee Hansard*, 9 July 2009, p 44. See also evidence of Professor Peter Illingworth, President, Fertility Society of Australia, *Proof Committee Hansard*, 9 July 2009, p 37.

⁵ Budget 2009–2010, *Budget Paper No. 2*, http://www.aph.gov.au/budget/2009-10/content/bp2/html/bp2_expense-16.htm

⁶ Dr Richard Henshaw, Chairman, IVF Directors Group of Australia and New Zealand, *Proof Committee Hansard*, 14 July 2009, p 35.

AccessAustralia points out that:

More than 40,000 individuals were able to access IVF services with the support of the Medicare Safety Net in 2008 and nearly 11,000 babies are born each year as a result. Based on estimates reported in The Australian newspaper (2/4/09), the \$42 million spent on IVF in the Safety Net equates to approximately \$4,500 for each of these IVF children born last year. IVF therefore is a cost-effective, valuable investment given the significant return each of these children, as productive Australians, will bring their families and this country of ours.⁷

1.6 Similar concerns about the unintended consequences the proposed changes could have on ophthalmology services have also been expressed, in terms of increased out-of-pocket expenses for patients, greater congestion in the public hospital system and reduced access for rural and remote settings (including indigenous communities), among others.⁸ 'A greater risk of falls (x2), hip fractures (x8) in elderly Australians as a consequence of poor vision'⁹ has been cited as another factor.

1.7 Dr Hillary Joyce set out the concerns of obstetricians and gynaecologists on behalf of the National Association of Specialist Obstetricians and Gynaecologists. Dr Joyce highlighted that 'the Medicare Safety Net has provided hundreds of thousands of Australians with the security of affordable service access when they need it, particularly those faced with high-cost services or recurrent medical expense.'¹⁰

1.8 In addition to the issues raised with respect to IVF treatment, Dr Joyce pointed out that:

Thirty per cent of women have their children under care of private obstetricians, and if there is less choice to do so because of reduced affordability then there will also be an impact on the public system, which is already overloaded, if those women turn to the public system to help them out of their predicament. Certainly, for the future mothers we do see reduced choice, reduced access, and reduced affordability.¹¹

1.9 The rationale for these changes, namely excessive fees and overcharging, could be tackled by alternative means including:

- giving patients the right to informed financial consent with significant sanctions for medical practitioners who do not comply;

⁷ AccessAustralia, *Submission 8*, p 1.

⁸ Australian Society of Ophthalmologists, *Submission 6*, p 3-4.

⁹ *Ibid.*

¹⁰ *Proof Committee Hansard*, 14 July 2009, p 30.

¹¹ *Proof Committee Hansard*, 14 July 2009, p 38.

- targeting practitioners for overcharging.

1.9 There appears to have been a lack of analysis and modelling by the Government over the potential unintended consequences (and additional costs) of the proposed changes, particularly in relation to IVF.

Recommendations

Recommendation 1

That the Bill not be passed in its current form until adequate assessment of the costs and implications of the proposed measures has been undertaken.

Recommendation 2

That the Government ought to pursue alternative approaches to deal with concerns of excessive charging including informed financial consent for patients.



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