

24th July 2009

Elton Humphrey
Committee Secretary
Senate Community Affairs Legislation Committee
PO Box 6100
Parliament House
Canberra ACT 2600

community.affairs.sen@aph.gov.au

Dear Mr Humphrey

Inquiry into Health Insurance Amendment (Extended Medicare Safety Net) **Bill 2009**

Thank you for the opportunity to provide a submission to the Committee's Inquiry into the Health Insurance Amendment Bill 2009.

The Australian Society of Ophthalmologists (ASO) requests the committee to review the impact on the community of the recent budgetary decision to reduce the Medicare rebate on cataract surgery by 50%.

This issue of changes to cataract surgery fee is not specifically related to the Extended Medicare Safety Net but has implications that are relevant to this Bill.

Federal Budget 2009

As part of cost containment, the Federal Government, announced in the recent Budget 2009, that it will reduce that the Medicare reimbursement for cataract surgery as of November 2009 from \$623.70 to \$307.20 or by approximately 50%. This issue of reduction of the Medicare rebate for cataract surgery is quite separate to the effects of the limitations placed on cataract surgery under the extended Medicare safety net.

This decision comes on top of reductions made previously to the rebate on this procedure as the attached graph shows. (Attachment 1)

Background Information

In Australia there are approximately 200,000 cataracts operated on annually. As patients generally have bilateral cataracts it is estimated that this would mean approximately 130,000 Australians undergo these procedures each year. 70% of these procedures are undertaken in the private system and 30 % are undertaken in the public system. The provision of public hospital cataract services in the rural, remote and indigenous settings is funded solely by Medicare as the surgeons accept the Medicare rebate as full payment for these procedures.

Patients universally speak of the immediate outcomes following cataract surgery. They refer to the almost unbelievable clarity of vision, their improved life style including the ability to

drive safely again and function independently, and report improved confidence, personal safety and mental outlook.

There is a perception that due to the fact that cataract surgery is so common, being done as a day procedure, and the outcomes so good that this must be a “simple” procedure to do. Over the past 20 years the technological advancements have allowed us to develop an operation that is far safer yet technically more difficult to perform. This is a complex procedure requiring the surgeon to be absolutely meticulous and exact in undertaking the procedure to ensure a good outcome. This procedure is not without its risks, which include blindness, and loss of the eye. The equipment, if not handled skilfully is hazardous and highly invasive. The surgeon needs to be extremely skilled. The procedure requires the surgeon to operate coordinating two hands and two feet through out the procedure, while inserting instruments through 2 – 2.5mm wounds to the eye and simultaneous manipulation of tissue 0.5mm thick – all of this in the patient’s eye under microscopic control. Patients recover extremely quickly and the procedure is one of the most effective modern medical miracles.

These surgical skills come only as a result of a huge investment both in time(12 – 14 years of training) and financial commitment. The skill of the ophthalmologist is supported by modern medical infrastructure and technology. The practice of ophthalmology is expensive and continuously evolving, requiring constant upskilling and retraining. The above is confirmed by an independent review undertaken by Price Waterhouse Coopers (Relative Value Study)¹ which showed that an ophthalmologist’s overheads were amongst the highest of all clinical specialties.

Summary

- 200,000 cataracts are operated on annually in Australia
- As patients generally have bilateral cataracts, with some having one eye done only, this would equate to at least 120-140,000 Australian
- The average number of cataract procedures done per week per practising ophthalmologist is between 4 – 6
- The median number of cataracts done per practising ophthalmologist is between 160 to 180 per year
- There is a vast number of people waiting for cataract surgery in the public hospital system
- Of the cataract operations performed in Australia 70% are done in the Private system, and 30% in the Public system
- Over the past 20 years increasing technology has decreased surgical time but has lead to increased complexity of surgery
- Advancing technology has delivered greatly improved visual results, with improved safety and improved quality of life outcomes
- In 1987 there was a 40% cut in the cataract rebate, in 1996 there was a 10% cut and now with the 50% cut this represents approximately 73% cut over that period

¹ <http://www.health.gov.au/internet/main/publishing.nsf/Content/health-rvs-overview.htm>

- The current rebate is \$623.70 and is to be reduced to \$307.20 – a reduction of over 50% (\$316.50)
- There are approximately 500 practising ophthalmologists in Australia
- The visual outcomes of cataract surgery are extremely good with greater than 98% of patients being returned to normal vision
- The improved visual outcome allows patients to return to a normal lifestyle (are able to continue to drive, maintain independence and live at home, and importantly has dramatically decreased the risk of falls)
- The improved visual outcome also has significant positive impacts on the mental state of patients (restoration of confidence, self esteem and reversal of mental deterioration previously noted by family members)
- Cataract Surgery is one of the most cost effective operations²

Impact on Patients

The result of the 50% cut in the Medicare rebate will lead to detrimental changes in the way cataract surgery is available to the Australian community. The most concerning aspect is that the economic viability of the delivery of eye care to rural and remote centres will be destroyed. As Medicare funds less and less of the true costs of delivering health care to the Australian public, patients will have to pay more. The cost of private cataract surgery (i.e. self funded uninsured patients and privately insured patients) will be beyond the reach for the average Australian.

The immediate impact will be:

- To further undermine the public confidence in Australia's Medicare system
- That patients without private health insurance undertaking cataract surgery in the private system will have to pay increased out of pocket expenses (\$316.50)
- That patients with private health insurance undertaking cataract surgery in the private system will have to pay increased out of pocket expenses (~ \$600)
- To undermine the current “no gap” arrangements of private health insurance products, including simplified billing
- That cataract procedures will not be available in rural and remote settings
- That cataract procedures will not be available in indigenous communities (the most vulnerable)
- Greater congestion in the already overloaded public hospital system

- A greater risk of falls (x2), hip fractures (x 8) in elderly Australians as a consequence of poor vision²
- A greater risk of confusion and depression (x 3) as a consequence of poor vision²

No data has been produced to date to indicate that this decision and its impact was founded upon evidence based modelling. Clinicians are expected to provide healthcare according to available evidence. Similarly health economists should make decisions about health care funding on the basis of a rational and evidence based approach. To date the basis on which the decision to reduce funding for cataract surgery to such a degree is unclear and has not been disclosed.

There was no consultation with health care providers or consumers prior to the announcement of this decision. The result of this lack of consultation is that a decision has been taken with a number of adverse consequences for the community. These consequences have wide ramification for the health of the aging population.

The Australian Society of Ophthalmologists (ASO) call on the Government, the Health Minister and the Department of Health and Ageing for the reversal of their intention to reduce the Medicare rebate for cataract surgery.

The ASO is available to present further information to the committee if a public hearing is considered warranted.



Russell Bach

President

Australian Society of Ophthalmologists

president@aso.asn.au

² http://cera.unimelb.edu.au/publications/reports/access/clearinsight_overview.pdf

