

ROBERT W. PARRY FCA
CHARTERED ACCOUNTANT
A Member of The Institute of Chartered Accountants in Australia since 1951
ABN: 20 654 969 457

25 Laurie Street, Yarrambat Vic. 3091
Telephone: (03) 9717 3494
Facsimile: (03) 9717 3393
Email: rwparry@bigpond.com

Submission

to the

Inquiry into the Health and Social Services Access Card

conducted by the

Senate Finance and Public Administration Committee

February 27, 2007

INTRODUCTION

I have been following the subject of the Medicare system for some years.

I am very concerned at the way the government has been led into the concept of the proposed “Access Card” by vested interests whilst the real problems and their simple solution are being ignored.

The 100-page document compiled by the accountants KPMG reveals the simple fact (on page 33 – paragraph 5.1) that it was prepared for the Minister for Human Services in response to the government’s direction for him “to submit a detailed business case for the introduction of a health and services smart card”.

At paragraph 3.5 the KPMG report says “KPMG have provided ongoing advice to the Australian Government that fraud savings could range from at least \$1.6 billion to \$3 billion over a ten year period”. In other words “from at least \$160 million to \$300 million per annum”.

At paragraph 3.1.2 with the heading “Opportunities for fraud and other leakage” some very vague statements are made which at best question how the savings figures were actually calculated.

For example, one item says “Centrelink’s database contains records for almost 1.5 million customers, where those records contain a date of death. **Assuming** benefits are still being paid to 0.5% to 1% of these customers, Centrelink **could** be overpaying between \$75 million and \$150 million annually.”

For these figures to be true, the assumption is that \$10,000 p.a. is continuing to be paid to each and every one of these deceased people after the department has been notified of their demise!

Clearly such a situation has nothing to do with an access card – the agency is obviously grossly incompetent if any amounts are being paid to customers who they know to be dead.

Under the heading “KPMG recommendations” “4.1 Government should implement the HSS initiative” (which is for the provision of the Access Card) the following unexplained claim is made – “The HSS initiative is probably the best platform that Medicare and Centrelink has had to address fraud and other leakage.”

What enquiries were made before reaching this conclusion?

For many years I have been endeavouring to get the Australian Government to streamline the Medicare system so as to cut red tape, minimise fraud and slash administration costs.

My method could be carried out almost overnight with miniscule costs and massive savings but unfortunately the government prefers to listen to vested interests and commission expensive reports to justify its decisions, rather than listen to gratuitous advice from well informed “nobodies” such as myself.

A sample of my attempts to save the nation a fortune are attached:

- A. My Medicare notes dated 24th May 2005 explain how simply the current medicare system could and should be modified.
- B. My email to the current Minister for Health (Mr. Tony Abbott) explains the wastage and costly red tape which is continuing to inflate the cost of the Pharmaceutical Benefits Scheme. In that email I stated ‘There are several other ways of simplifying the GST system in the health area which I will happily explain if you are interested in really being “economically responsible”. I am still awaiting a reply from the minister.
- C. My letter of 28th May 2002 to the financial journalist (Robert Gottliebsen), who has since retired, fully explains the way the GST system is seriously inflating the cost of the Pharmaceutical Benefits Scheme.

Conclusion

I am of the firm belief that the proposed so called “smart” Access Card will not produce the benefits being claimed by it’s supporters, it’s cost to the community will be much greater than indicated in the KPMG report. It’s introduction would be very disruptive both within the medical fraternity and the general community.

Regardless of whether or not the Access Card is introduced, it is imperative for the Medicare system to be simply modified so as to eliminate the current Medicare Rebate system – a simple piece of legislation is all that is required for this to happen.

I would be very pleased if I could be given the opportunity to appear before the Senate Committee so as to more fully explain my views.

ATTACHMENTS

- A. Medicare Notes 24th May 2005 “Strengthening Medicare and Reducing It’s Cost”
- B. Medicare Safety Net and GST on PBS Drugs 18.4.2005 (Email to Tony Abbott)
- C. Letter to Bob Gottliebsen 28.5.2002