

# CHAPTER 5

## ‘A Fairer Medicare’ Package

*The government’s A Fairer Medicare package aims to make out-of-hospital medical care more affordable, more accessible and more convenient for all Australians.<sup>1</sup>*

### Introduction

5.1 Paragraph (c) of the Terms of Reference calls for the examination of ‘the likely impact on access, affordability and quality services for individuals, in the short- and longer-term, of the ... Government-announced proposals’. This chapter gives an overview of these proposals and the provisions of the Health Legislation Amendment (Medicare and Private Health Insurance) Bill 2003 (‘the HLA Bill’) that would give effect to elements of the government proposal. A detailed examination of the package is contained in the following chapters.

### The Government’s proposed changes to Medicare

5.2 The government released ‘A Fairer Medicare’ package as part of the May 2003-04 Budget. The package is designed to be an integrated set of measures which builds on the Government’s commitment to the universality of Medicare will make a range of medical services more affordable, particularly those delivered through general practice.<sup>2</sup>

5.3 The ‘A Fairer Medicare’ package has a budgeted cost of \$916.7 million, and contains measures that aim to reduce the overall costs of accessing health care, particularly for concession card holders, and additional measures to improve access to health care, particularly in areas of medical workforce shortage in outer metropolitan and rural areas. The measures fall into three general categories:

- changes to the methods of payment and rebate;
- introduction of new safety nets; and
- workforce measures.

### Changes to methods of payment and rebate

5.4 The package introduces the General Practice Access Scheme (GPAS). Under the scheme, practices that commit to bulk-billing all Commonwealth concession card holders will receive incentive payments of \$1.00 per consultation in capital cities,

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1 Mr Davies, *Proof Committee Hansard*, Canberra, 28 August 2003, p. 67

2 Senator the Hon Kay Patterson, *Medicare – for all Australians*, Budget Papers, May 2003

\$2.95 in other metropolitan areas (such as Geelong or Newcastle), \$5.30 in rural centres (such as Toowoomba, Cairns or Broken Hill) and \$6.30 in other rural and remote areas (such as Coonabarabran, or Mt Isa).

5.5 Participating practices will be able to receive the rebate amount directly from HIC Online via electronic billing arrangements, with payment time reduced from eight to two days. Where there is a charge above the Medicare rebate fee, the patient will pay only the gap .

5.6 Participating practices will also receive a payment of \$750 in metropolitan areas, and \$1000 in rural and remote areas, to assist in the costs of setting up computer systems for using HIC online. It is also intended that practices in more remote areas will benefit from other, government wide, initiatives to develop broadband connectivity in rural and remote areas.<sup>3</sup>

5.7 These measures will cost \$346.2m and \$24.3m respectively, over four years.

5.8 The legislative changes necessary to give effect to the General Practice Access Scheme are contained in Schedule 3 of the HLA Bill 2003, and involve amendments to the *Health Insurance Act 1973*. A key change is the new subsection 20A(1A) in the *Health Insurance Act 1973* enabling a GP to receive an assignment of a Medicare benefit from a non-concessional patient, and if the general practitioner chooses to do so, charge that patient a copayment at the same time.

## **New safety nets**

5.9 Under the proposed scheme, two new safety nets will be created. The first applies only to Commonwealth concession card holders, who will be reimbursed 80% of all out-of-pocket expenses once a threshold of \$500 is reached. The program is budgeted at \$67.1m over four years.

5.10 The legislative changes for the proposed safety net are contained in Schedule 2 of the HLA Bill 2003, and involve amendments to the *Health Insurance Act 1973*. In particular, the Bill inserts a definition of 'concessional person' in section 8 of the Act, and new sections 10ACA (to establish the new concessional safety net for families with a concessional member) and 10ADA (to establish the new concessional safety net for individuals).

5.11 For non-Commonwealth concession card holders, private health insurers will be able to offer a new product which extends insurance cover to include the out-of-pocket cost of Medicare funded out-of-hospital services, once a threshold of \$1000 per family is reached in a year. This will cover the cumulative cost of the 'gap' between the Medicare rebate and the doctor's fee for out-of-hospital services. Access to this product will be supported by the 30% private health insurance rebate. The

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government estimates that the insurance will cost around \$1 per week for a family. The program is expected to cost \$89.6m over four years.

5.12 The legislative changes for this second safety net are contained in Schedule 1 of the HLA Bill 2003, and involve amendments to the *Health Insurance Act 1973*, the *National Health Act 1953*, and the *Private Health Insurance Incentives Act 1998*.

### **Workforce measures**

5.13 The package provides several measures aimed at increasing the supply of the medical workforce to outer metropolitan and rural areas of workforce shortage. The proposals include funding for 234 additional medical school places each year – amounting to a 16% increase in overall places – with students being required to work for a period of six years in areas of workforce shortage on completion of their training. In addition, 150 extra training places for GP Registrars will be provided each year – a 30% increase – targeted to areas of workforce shortage. These measures will cost \$42.1m and \$189.5m respectively, over four years.

5.14 The package also provides funding for up to 457 full time equivalent nurses to be employed in participating general practices. Practices may also elect to employ allied health professionals instead of nurses, where appropriate. This measure will cost \$64.2m over four years.

### **Veterans and the Local Medical Officer scheme**

5.15 The package changes current arrangements by enabling GPs registered with the Local Medical Officer (LMO) scheme to receive a veteran access fee of \$3 for each consultation with an eligible veteran or war widow, in addition to the 100% of the MBS fee currently paid. This program will cost \$61.7m over four years.

