CHAPTER 9

The ALP Policy

Introduction

9.1 The Australian Labor Party's response to the government's 'A Fairer Medicare' package was announced by the Leader of the Opposition, the Hon. Simon Crean MP, as an element of the Budget reply speech of 15 May 2003. The policy highlights the fundamental premise, that 'A civilised society demands health care based on medical need.' As such:

> [E]very Australian must have the right to access a doctor who bulk-bills, and they must have the right to attend a well-funded public hospital without charge.[1]

9.2 The ALP policy proposes to immediately lift patient rebates to 95% of the scheduled fee, with a subsequent increase to 100% for every bulk-billed GP service. As well, GPs who meet bulk-billing targets will receive additional incentive payments as follows:

- Doctors in metropolitan areas[2] who bulk-bill 80% of services will receive an additional $7,500 per year.
- Doctors in outer-metropolitan areas[3] who bulk-bill 75% of services will receive an additional $15,000 per year.
- Doctors in rural and regional areas[4] who bulk-bill 70% of services will receive an additional $22,500 per year.

9.3 According to Mr Crean:

> This is the equivalent of increasing your patient rebate by as much as $6.30 for a doctor in a metropolitan area, $7.80 in an outer metropolitan area and $9.60 for a doctor in a rural area.[5]

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1 The Hon Simon Crean, House of Representatives Hansard, 15 May 2003, p. 14759

2 Determination of areas is based on the Remote, Rural and Metropolitan Area (RRMA) Index. Mapping of all RRMA areas is available at www.health.gov.au/workforce/new/more.htm: RRMA 1: metropolitan, excludes outer metropolitan areas as designated by the Department of Health and Ageing.

3 RRMA 2: Outer metropolitan areas.

4 RRMA 3 – 7: All other areas.

5 The Hon Simon Crean, House of Representatives Hansard, 15 May 2003, p. 14759

9.4 Labor's policy also allows for 'areas of need' to be identified, where bulk-billing rates are so low, or the decline so great, that the relevant incentive is not regarded as sufficient. In such cases, the Minister can increase the incentive payment to that of an adjoining area, in order to increase the attractiveness to continue, resume, or commence bulk-billing.[6]

9.5 The ALP policy differs from the government policy in the important respect that it is not necessary for a practice to 'sign on' in order to receive the benefits of the ALP package: the incentive payments are made to individual GPs who reach the relevant bulk-billing threshold.

9.6 These moves are designed to reach a national target level of bulk-billing of 80%. Overall, the ALP policy represents a rejection of all elements of the 'A Fairer Medicare' package *except* for the workforce initiatives aimed at alleviating doctor shortages, and measures to increase the GP rebate for veterans and war widows.[7]

9.7 Mr Crean has proposed the ALP policy as the first of a number of steps which aim to restore bulk-billing to previous levels of around 80%.[8]

Reactions to the ALP plan

9.8 Commentary on the ALP plan in written submissions was limited, and the majority of feedback was received through witnesses at public hearings.

9.9 Most respondents were more optimistic about the Labor proposal than that of the Government. Dr Woodruff of the Doctors' Reform Society told the Committee that:

> The reform proposal from the Labor Party goes a little way towards addressing the monumental problems that doctors like us face when we are confronted by patients who are struggling to afford their medical bill. It does not go all the way; it is not a total solution. But one thing it does, in complete contrast to the government's proposal, is support the principle of Medicare, in that it encourages bulk-billing no matter who the person is and no matter where the person lives. In contrast, the coalition's package encourages bulk-billing of health care card holders only.[9]

9.10 A similar comment was made by Dr Rivett of the AMA:

> I was at a large GP forum in Sydney a couple of months ago, and we asked for hands up for the Government package, and there was an absence of

6 ALP Medicare Fact Sheet no. 2

7 'Labor intends to spend $1.9 bn to revive bulk-billing', AAP 15 May 03

8 Mr Crean, Labor's New Deal to Save Medicare, Media Release, 19 May 2003

9 Dr Woodruff, *Proof Committee Hansard*, Sydney, 22 July 2003, p. 53

> hands; hands up for the Labor Party package, and there were about six; and hands up for neither package, and I think there were about 250.[10]

9.11 Dr Rivett went on to say:

> The whole system needs redrafting and shoring up with proper indexation and recognition of what a GP consultation costs and is worth to the community.[11]

9.12 Dr Alexander wrote that:

> Both packages offered by Liberal and Labour [sic] are appalling. They will do nothing to stop the slide in bulk-billing rates. They will do nothing to stop the falling morale and numbers of GPs.[12]

9.13 The ALP plan focuses on increasing the rate of bulk-billing as a measure of access to health care and the effectiveness of Medicare. Professor John Deeble commented favourably on the likelihood of the proposal's success in this regard, saying that Labor's aim of 80% bulk-billing under the policy was conservative:

> They are in a position to expect 100% [bulk-billing]. That does not mean they will get it, but they are in a position to expect it.[13]

9.14 Some evidence to the Inquiry has argued that bulk-billing is not the real issue, and that, of itself, is not an accurate measure of health outcomes. Dr Kastrissios was a case in point:

> The only concern I have with your proposal … is that, if you set targets that look at bulk-billing as an outcome, you will achieve those targets, and I am not confident that what we want in the community is more bulk-billing as an outcome. What we want is better health outcomes … .[14]

9.15 A number of respondents were loathe to either endorse or reject the Labor proposal, most often citing the variable outcomes it could have on different practices. Dr Rivett of the AMA warned that:

> It is an additional gross amount, presuming the doctor drops all gaps and does not factor in the gaps that he was charging previously. If he was charging gaps previously it may be a net loss. So the $22,000 is a gross figure and the outcome depends entirely on the bottom line and what gaps his population base is used to paying in the past as to whether he will be

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10 Dr Rivett, *Proof Committee Hansard*, Brisbane, 26 August 2003, p. 54

11 Dr Rivett, *Proof Committee Hansard*, Brisbane, 26 August 2003, p. 54

12 Dr Alexander, Submission 11, p. 2

13 Quoted in David Wroe, *Labor's Medicare Praised*, The Age, 17 May 2003, p. 9

14 Dr Kastrissios, *Proof Committee Hansard*, Brisbane, 26 August 2003, p. 104

> ahead or behind. It does not just equate to a better bottom line without factoring in all those drivers.[15]

9.16 In the context of an across-the-board increase in rebate, Dr Png echoed those sentiments:

> The problem is that individual practices have different circumstances; basically, what might suit one practice might not suit any other practice. So when you put a blanket rule out there it is going to disadvantage some practices.[16]

9.17 There was also an element of dissatisfaction with the perceived lack of innovation evident in the proposal. There was a strong feeling that complex problems at hand required new and innovative responses. Mr Howard of the Ballarat Division of General Practice told the Committee:

> [M]ore than one of our members said it is 100 per cent of not enough.[17]

> I think the response there was similar [to the government package], in that it was a variation of the theme. It did not attend to some of the core issues that have been tabled today, and therefore it was not particularly any more attractive than the current offer on the table from the government.[18]

9.18 Dr Png felt similarly:

> [J]ust topping up the current system is not going to do that [increase bulk-billing], because in five years time, when we have not had any rebate increases, we will be back with the same argument again.[19]

9.19 However, Mr Skidmore of the Combined Pensioners and Superannuants Association of NSW felt that: 'the Federal Opposition's pledge to … lift the rebate … to 100% of the schedule fee has merit.'[20]

9.20 Mr Skidmore went on to support the provision of lump sum payment to doctors who bulk-bill a set proportion of patients:

> CPSA would regard this scheme [bonuses to bulk-bill] as worthy of consideration. Because of the extra problems the decline in bulk-billing is

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15 Dr Rivett, *Proof Committee Hansard*, Brisbane, 26 August 2003, p. 54

16 Dr Png, *Proof Committee Hansard*, Perth, 29 July 2003, p. 44

17 Mr Howard, *Proof Committee Hansard*, Melbourne, 27 August 2003, p. 62

18 Mr Howard, *Proof Committee Hansard*, Melbourne, 27 August 2003, p. 56

19 Dr Png, *Proof Committee Hansard*, Perth, 29 July 2003, p. 44

20 Mr Skidmore, Submission 50, p. 5

> causing people in relatively isolated areas, there is a strong argument for greater financial incentives going to rural medical practitioners.[21]

9.21 There was relatively strong support from some quarters for a health system which was funded primarily through the tax system. When asked for his views on the respective proposals, Mr Wilson, Convenor of the Victorian Medicare Action Group, replied in part:

> What we are saying in our submission is that by and large the feedback we get is that people want a taxpayer funded health care service that meets their basic requirements. To the degree that the Labor Party's policy is about support of public health services, we applaud it. And, to the degree that the coalition's policy is about user pays, we have concerns about it.[22]

9.22 Labor's proposal was seen by some respondents as better reflecting the universality of Medicare, particularly with regard to expansion of bulk-billing. The Victorian Health Minister, the Hon. Bronwyn Pike, said:

> My understanding of what is being proposed by federal Labor is that it is an underpinning of the universal character of Medicare by a greater level of reimbursement to doctors and by incentives for people to treat more and more bulk-billing patients in those areas.[23]

Key findings from the AIPC Report

9.23 The research commissioned by the Committee from the Australian Institute for Primary Care provides an important source of analysis of the ALP policy. As noted previously, the possible inflationary effects of the ALP policy were examined alongside that of the Government by the Institute.[24]

9.24 In summary, the AIPC Report concluded that based on specified assumptions, the Opposition package would meet its bulk-billing targets and achieve an overall increase in bulk-billing incidence to about 77%. The package would also see out-of-pocket contributions remaining steady for non-bulk-billed services, with an overall 25% reduction in such contributions across all services. Professor Duckett noted:

> The difference between the two packages is that, by and large [under the Government's proposal], to restore their income doctors have to go with the out of pockets, whereas, under the Labor package, to restore their income it comes through the rebate.[25]

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21 Mr Skidmore, Submission 50, p. 7

22 Mr Wilson, *Proof Committee Hansard*, Melbourne, 24 July 2003, p. 60

23 The Hon Ms Pike, *Proof Committee Hansard*, Melbourne, 24 July 2003, p. 68

24 Australian Institute for Primary Care, Report to the Select Committee on Medicare.

25 Professor Duckett, *Proof Committee Hansard*, Canberra, 23 September 2003, p. 31

9.25 Importantly, the maintenance of the existing prohibition of payment of the rebate to the doctor at point of transaction arrangements – what the report labels a 'hard threshold' – means that price signals to patients would remain very prominent, thereby maintaining continued downward control over out-of-pocket costs for patients.[26]

9.26 Modelling was carried out on various scenarios, and concluded that the most likely of these to eventuate under the Opposition proposal was, in turn:

> … likely to have the effect of decreasing the costs to individuals of accessing GP services at the same time as it increases GP incomes.[27]

Conclusion

9.27 The Committee took insufficient evidence on the ALP policy's reception to provide a definitive response. Frequently, witnesses had not considered the alternative policy; had done so fleetingly; or were reluctant to make detailed comparisons with the government's proposal. This included a general lack of recognition that the ALP policy is 'automatic', and does not require the practitioner to 'opt in'.

9.28 It is clear, however, that where opinions or comparisons were offered, Labor's proposal was, with rare exception, preferred over that of the government. Respondents focussed favourably on the ALP policy's emphasis on retaining bulk-billing as a central tenet of health care policy, and on increasing its rates. Increasing the rebate was popular with most, while others saw it as a short-term fix to a complex and long-term problem. Workforce measures, which the Labor and government packages share, enjoyed some support, although they were criticised as being 'too little, too late'.

9.29 From the AIPC Report, it is also apparent that the Labor proposal has less potential for adverse inflationary outcomes than that of the Government, and it is probable that bulk-billing rates would climb under the ALP package, auguring well for the ongoing universality of Medicare.

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26 Australian Institute for Primary Care, Report to the Select Committee on Medicare, p. 31

27 Australian Institute for Primary Care, Report to the Select Committee on Medicare, p. 32