

Alliance of NSW Divisions

A vital link for general practice

4 June 2003

The Hon. John Howard MP
Prime Minister
Parliament House
Canberra ACT 2600
Australia

Dear Mr Howard,

As Chairman of the Alliance of New South Wales Divisions of General Practice I am writing in response to the government's proposed Medicare reform package. There are a number of aspects of your proposal that our Board supports. These include the increase in medical school and general practice training positions, the ability to charge a co-payment to the non-cardholding patient with the doctor receiving the rebate directly from the government and the additional funds supporting nurses working in practices.

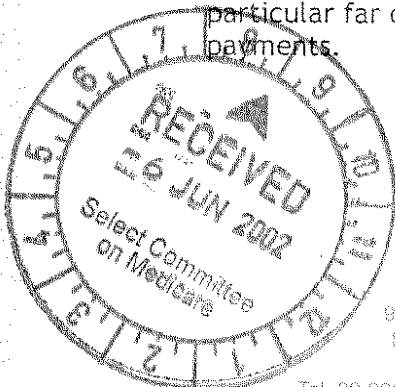
However, the unacceptable part is the tying of this billing to a totally inadequate financial incentive. This is not to say that a number of NSW GPs will not opt in at the opportunity in desperation for an increase in income.

What you need to appreciate is that this will not stop the deterioration and potential disintegration of Medicare in Australia. It will not improve patient access to primary and secondary health care.

Medicare is the envy of many other western countries. Your former colleague Dr Michael Wooldridge explained to us that it was more popular to the voter than the aged pension. However, Medicare has survived this long through the sacrifice of GPs willing to accept the decrease in income against their perceived obligation to provide quality service to their local communities. Unfortunately, we are approaching the breaking point for GPs to continue.

The facts are these:

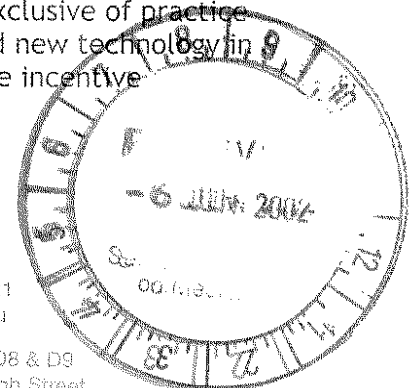
1. An Australian Bureau of Statistics publication reveals that GPs' gross average weekly income dropped by 7% between 2000 and 2002. This is exclusive of practice costs that have increased at an alarming rate with insurance and new technology in particular far outstripping pathetic rebate increases and practice incentive payments.



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2. As evidenced by a recent "Australian Doctor" survey GP morale is low and worsening. GPs are recommending to their children not to follow in their parents footsteps. A sad indictment of the state of affairs.
3. GPs cannot sell their practices. There is no goodwill value. Despite working diligently at a business for ten, twenty or over thirty years there is no market to sell to. The exception was the corporate entrepreneurs who saw potential profit from GPs flow-on costs with pathology, radiology, pharmacy and referral to specialists and allied health care. Some of those companies have had their fingers burnt and changed their approach. They will return but more to pick up the pieces of what remains if general practice continues to disintegrate.
4. General practice is no longer attractive to Australian medical graduates. Not all of the GP training positions last year were filled. The increased allocation of registrar postings is of no use if the graduates do not want them. Over fifty-percent of registrars who joined this year's GP training programme were born overseas.
5. From anecdotal evidence a number of the current registrars have no intention of working in general practice. They are using it as a step towards another part of the medical profession.
6. The medical indemnity crisis was another straw that has broken the GP's back. Despite a number of government attempts to solve the problems the uncertainty and threat remains. If the older GP has put away sufficient assets from the happier days of practice or more simply gained from the property value boom in the capital cities then many will retire early.

Your recent Medicare initiative may delay the inevitable for a short time if some GPs opt on. However, unless there is a radical change in policy the bulk-billing rate will soon resume its downward spiral. As the GPRG recently stated "GPs are no longer prepared to prop up a failing Medicare through what they see as 'compassionate discounting'."

Practices are closing. Local communities are losing their GPs. This has a major impact on the elderly and disabled residents in both urban and rural areas. The number of GPs retiring from active medical practice will increase to an untenable level. It will be more difficult to find any suitable replacements.

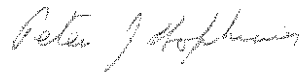
The government's own relative value study stated quite clearly that the Medicare rebate needed to be virtually doubled to reach parity with other professionals. This is the level of income that GPs need to generate for the profession to survive.

For the preservation of the community's access to quality primary and secondary health care you must reconsider the package. If your intention is for market forces to take control then you must appreciate that is on a background of gross underfunding of general practice since the introduction of Medicare.

We do not have a level playing field. GP surgeries contain the cream of what the Australian secondary schools and universities have produced. The threat is that this

priceless resource will be lost to the significant detriment of the Australian community's health.

Yours faithfully,



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Chairman
Alliance of New South Wales Divisions of General Practice

cc: The Hon. Kay Patterson, Minister for Health & Ageing
Rob Walters, ADGP
Senate Select Committee on Medicare