

# City of Darebin

## Submission to the Senate Inquiry on Medicare

Darebin City Council would like to state that it rejects the changes to Medicare proposed by the Federal Government.

### We believe that these changes will:

- Undermine and dismantle the basic principles of Medicare which are:

#### **Universality**

All people have the same rights and entitlements to good quality healthcare.

#### **Access**

Access to care based on health care needs rather than an individual's ability to pay

#### **Equity**

Medicare is funded through general taxation and the Medicare levy. Services should be low cost or no cost to patients at point of use.

#### **Efficiency**

Administrative costs are kept low by collecting funds through the tax system rather than individual payments. Overheads are kept low through bulk billing and limited advertising.

#### **Simplicity**

Claim forms are simple to complete and easy to understand.

- Fail to provide an adequate access to doctors for those on low incomes who do not qualify for government benefits.
- Create a two tiered health system.
- Lead to significant increases in the co - payment paid to see a GP as these co - payments appear to be uncapped.

Darebin City Council would like to respond to the following terms of reference articulated in the inquiry:

### **The access to and affordability of general practice under Medicare, with particular regard to:**

- (a) the impact of the current rate of the Medicare Benefits Schedule and Practice Incentive Payments on practitioner incomes and the viability of bulk-billing practices;**

Current MBS scheduled rebate of \$25.05 is clearly not enough to sustain a General Practice. Local research undertaken by Darebin City Council has found that as few as **eight** out of the **fifty** general practitioners surveyed bulk bill in the municipality (see Appendix 1). Anecdotal reports indicate that this is a significant reduction in the availability of bulk billing over the past two years. We believe that as a result of the rebate being at the same level for so long now that general practitioners can no longer afford to run a sustainable practice.

Therefore the changes proposed by the federal government should consider an increase in the rebate that provides adequate incomes for general practitioners and maintains universal bulk billing. We believe that a universal health care system should be costed by the government and an appropriate tax levy implemented to sustain such a system.

**(b) the impact of general practitioner shortages on patients' ability to access appropriate care in a timely manner,**

Throughout the City of Darebin there is a shortage of General Practitioners in the northern part of the municipality. These shortages have implications for those people living in areas where there is limited access to private or public transport.

**(c) the likely impact on access, affordability and quality services for individuals, in the short- and longer-term, of the following Government-announced proposals:**

**(i) incentives for free care from general practitioners limited to health care card holders or those beneath an income threshold,**

The proposed incentives fail to provide adequate access to doctors for those on low incomes who do not qualify for government benefits. Using the City of Darebin as an example it can be argued that there are a significant number of people in the municipality who are living on or just above the poverty line but do not qualify for health care or pension cards. The following tables illustrate this point.

<b>Individual Income</b>		
	Persons 15 yrs and over	
Gross weekly income	Number	% of Darebin Pop
\$1 - 39	1,001	1.0
\$40 - 79	2,104	2.1
\$80 - 119	2,893	2.8
\$120 - 159	6,576	6.4
\$160 - 199	12,978	12.7
\$200 - 299	13,906	13.6
\$300 - 399	8,710	8.5
\$400 - 499 (20,800 - 25,948 pa)	8,108	7.9
\$500 - 599 (26,000 - 31,148 pa)	7,460	7.3
<b>Total</b>	<b>63,736</b>	<b>62.3</b>

\*Source ABS Census 2001

\*Shaded area depicts individuals earning under \$31,200 per annum but ineligible for health Care card

From the above table it can be argued that there is a mismatch between those individuals eligible for a health care card and those people reported in the Census as earning very low incomes. There is a difference of 15,568 people or 15.2% of the Darebin population that do not receive benefits but are earning under \$600 per week (depicted in shaded area). It is this portion of the Darebin community that will be significantly affected by the changes proposed to Medicare. More specifically these people will be forced to make a co-payment when they see a doctor, a co-payment that they may not be able to afford. The 'Fairer Medicare' changes propose that the solution to this may be to take out private health insurance when people reach a threshold of spending \$1000 on visits to the doctor. This will be an additional cost incurred from an already limited income.

The social model of health advocates that the circumstances in which people live have a great impact on their health. More specifically the model argues that low-income level is an indicator of poorer health status. In light of this analysis, Darebin City Council would like the federal government to consider that government benefits are a poor indicator of need and that any changes to Medicare should consider those people on low incomes not simply those receiving government benefits.

**(ii) a new safety net for concession cardholders only and its interaction with existing safety nets, and**

Darebin City Council opposes any attempts by the federal government to turn Medicare into a safety net for concession cardholders. We oppose this as our analysis indicates that there is a significant number of people living in the municipality who do not qualify for concession cards who may be in need of medical care and will not be able to afford it if these changes are introduced.

**(iv) private health insurance for out-of-hospital out-of-pocket medical expenses; and**

The introduction of private health insurance to cover out of pocket medical expenses is problematic in that makes the Australian system vulnerable to becoming an American style two tiered system. This means that those who do not qualify for government benefits are required to have private health insurance to see a doctor. Such changes are of concern to Darebin City Council due to the number of people in the municipality who do not qualify for such benefits but are on low incomes. Paying for private health insurance for out of pocket medical expenses will be an additional cost incurred from an already limited income.

Darebin City Council are concerned that private health insurance is often driven by shareholder interests rather than by population health outcomes. With this in mind we believe that the health of the population will become a secondary consideration to the profit margins of insurance companies. It is our opinion that a government administered universal healthcare system is more likely to ensure sound health outcomes for the Australian population.

**(d) alternatives in the Australian context that could improve the Medicare principles of access and affordability, within an economically sustainable system of primary care, in particular:**

**(i) whether the extension of federal funding to allied and dental health services could provide a more cost-effective health care system,**

At present the publicly funded dental services are in crisis. With the closure of the federally funded national dental health program, state funded local Community Health Services are faced with extremely long waiting lists. People in Darebin, for example must wait for approximately two years to see a dentist unless they have an acute dental issue. Darebin City Council therefore advocates that public dental health needs significant attention from the federal government.

**(ii) the implications of reallocating expenditure from changes to the private health insurance rebate, and**

The 2.3 Billion dollars allocated by the federal government to the Private Health Insurance Rebate could be allocated to mend the failing universal system of Medicare.

**(iii) alternative remuneration models that would satisfy medical practitioners but would not compromise the principle of universality which underlies Medicare.**

In a recent survey of 1000 people conducted by UMR Research Pty Ltd 76% of respondents stated that they would support an increase of the Medicare taxation levy from 1.5% to 2%. We therefore believe that there is significant support for maintaining universal access to health care and that the federal government should establish what is costs to sustain such a system and maintain the tax levy accordingly.

Yours sincerely,



Cr Peter Stephenson  
**Mayor**

**Contact Details:**

City of Darebin  
PO Box 91  
Preston 3072  
Ph: 9230 4602  
[peter-stephenson@cr.darebin.org](mailto:peter-stephenson@cr.darebin.org)

# Appendix 1.

## Bulk Billing in Darebin

Anecdotal evidence indicates that the availability of bulk billing General Practitioners has decreased in the past 12 months. Such evidence has prompted Council to do a short survey of local GPs. In December 2002 56 GP Practices in Darebin were phoned and 50 were able to take part in the survey. The following questions were asked:

1. How many GPs work in the practice
2. Do you provide Bulk Billing?
3. If so who is eligible – pensioners / health care cardholders / other?
4. What hours are you open – weekdays / weekends?
5. Has the opportunity for patients to bulk bill increased or decreased in the past year?

The following map depicts the answers to questions 2 and 3. From analysis of the map it appears that eight General Practices in Darebin bulk bill for all people all of the time (indicated by the solid blue dots). Twenty nine practices bulk bill for pensioners and health care cardholders and 4 practices bulk bill for pensioners only. There are 5 non bulk billing practices in Darebin.

