VCOSS

VICTORIAN COUNCIL
OF SOCIAL SERVICE

# Submission to the Select Senate Committee on Medicare

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# Introduction

The Victorian Council of Social Service (VCOSS) is the peak body of the social and community sector in Victoria. VCOSS works to ensure that all Victorians have access to and a fair share of the community's resources and services, through advocating for the development of a sustainable, fair and equitable society.

## VCOSS VISION

VCOSS believes a society that lives out the principles of equity and justice:

- Ensures everyone has access to and a fair share of the community's resources and services
- Involves all people as equals, without discrimination
- Values and encourages people's participation in decision making about their own lives and their community.

This is consistent with Article 25 (1) of the 1948 Universal Declaration on Human Rights[1] states:

> *"Everyone has the right to a standard of living adequate for the health and wellbeing of [her or] himself and of [her or] his family, including food, clothing, housing and medical care and necessary social services, and the right to security in the event of unemployment, sickness, disability, widowhood, old age or other lack of livelihood."*

Many causes of poor health in Australia are related to the social determinants of health, including lack of income, inadequate housing, poor education and low levels of social connectedness. To support the health and wellbeing of all Australians, integrated and comprehensive approaches are required in the provision of primary health care. Medicare is an essential aspect of this integrated system, but cannot be addressed in isolation to the other elements of the primary health care system.

## COMMUNITY PARTICIPATION, SOCIAL INCLUSION & HUMAN RIGHTS

Universal provision to meet basic needs in terms of health, education, housing, employment and standard of living is essential to enable and support equality of participation in community life. Importantly, governments need to ensure that the appropriate community infrastructure is in place to facilitate communities' engagement and to support the capacity of all individuals and groups to participate socially and economically. Active citizenship provides a basis for 'healthy, strong' communities.[2]

Australia requires mechanisms which ensure that social, economic, environmental and cultural rights are taken into account when government policy is being developed and legislation drafted. Human rights need to be used as benchmarks, not slogans by governments and their departments.

The significance of social capital – our social connectedness – within our communities also cannot be ignored. Social capital encompasses the links that create society,[3] and relates to the resources available within communities as a consequence of networks of mutual support, reciprocity, trust and obligation.[4] Within the concept of social capital, is the principle of social justice.

The values of social justice are an essential factor in strengthening social capital in communities. These values encompass equal worth of all citizens and their equal right to be able to participate in the community and meet their basic needs.[5] Social justice can be defined as the universal availability of opportunities and services which provide equitable outcomes for the diverse range of community needs, life situations and aspirations for all people on the basis of citizenship[6], and can be described as having four principles:[7]

- **Equity**: meaning fairness in the distribution of social and economic resources

- **Equality**: meaning equal, effective and comprehensive civil, legal and industrial rights for all
- **Access**: meaning fair and equal access to services
- **Participation**: meaning the opportunity to participate fully in personal development, community life and decision-making.

The quality of a person's citizenship is determined by their interaction with the community and the quality of their life experience.[8] Areas such as health, education, housing, community services and income support are integral to participatory democracy in societies "where taxation is used redistributively to ensure basic living standards, dignity and access to basic social services".[9] It is critical that federal, state and local governments support all citizens' rights to actively participate socially and economically in community life.

## Health

Health is central to both individual and broader community social and economic wellbeing,[10] and is recognised as a fundamental right the Universal Declaration of Human Rights, Article 25 (1).[11] Health is an essential component of active citizenship as without health a person cannot access other rights and cannot enjoy quality of life. Equitable access to health prevention and early intervention services and care is therefore vital.

Australia has had a strong health system both in terms of effectiveness and efficiency, which has supported the broader health and wellbeing of the whole community. As noted by the Australian Institute of Health and Welfare (AIHW), effective health services are fundamental to the wellbeing and development of the Australian community, and are key for minimising disadvantage.[12] Access to health services is not just an issue of affordability, but of availability, proximity and timeliness.

Regrettably, this equality in access is becoming undermined with the rising costs of accessing health care services, including General Practitioners (GPs). VCOSS members report that increasing numbers of clients are delaying a visit to a GP, or not attending at all, as they cannot afford the upfront cost. Research undertaken by VCOSS highlighted the growing waiting lists for a number of allied health services including counselling, physiotherapy, speech therapy and podiatry.[13] A reduction in the effectiveness and efficiency of Australia's health system will further compound the disadvantage experienced by low-income Australians. Socio-economic status is the most important indicator of health status among Australians,[14] with Australians of lower economic status more likely to experience illness and early death than others in the community.[15]

Many causes of poor health in Australia are related to the social determinants of health: lack of income, inadequate housing, poor education, and low levels of social connectedness. It is critical that the primary health care system direct more consideration to the broader causes of ill-health rather than simply focusing on the symptoms of ill-health. To achieve this shift, a comprehensive and integrated approach to health care is required: governments must work in partnership with communities, general practitioners and other health professionals to creatively and proactively respond to issues of ill-health and promote broader individual and community wellbeing.

## Medicare

Medicare is publicly valued and respected across Australia, and plays a central role in ensuring the affordability of hospital and medical services, particularly to those on low incomes and those who are not able to afford or choose not to take-up private health insurance. Medicare's function in providing access to free or subsidised General Practioner (GP) services and hospital services and a range of other health services is a critical one.

Experts maintain there "is ample evidence that the current Medicare system is effective, efficient and equitable, … [and] compares extremely well to other OECD countries [in terms of total health expenditure]",[16] with Australian health outcomes being amongst the best in the world.[17] Further, Medicare has been "spectacularly efficient – delivering increased output for only very modest increases in the share of GDP expended".[18]

A key concern in relation to Medicare is the growing decline in the numbers of GPs who provide bulk-billing. The decline in bulk-billing is already resulting in reduced and uneven access to GP services, with many regional and metropolitan areas in Victoria having some of the lowest levels of bulk-billing; regional: Ballarat – 52.8%, Bendigo – 48.9%,, Corangamite – 42.2%, Indi– 29.7%, Murray – 30.9%, metropolitan: Dunkley – 49%, Goldstein – 58%.[19] Further, there is anecdotal evidence of people delaying visiting a GP to seek diagnosis and treatment. As such, people are not able to access preventative health care measures – for example pap smears – or receive early intervention treatment or support. This is not sound social or economic policy: the longer-term costs of relying on treatment at later stages of illness are both socially and economically significant.

The decline in bulk billing particularly impacts on people who live in rural and regional areas, outer metropolitan areas, older people, families with two or more children, people with a chronic illness and/or disability, and those on low incomes. Many of these people already have the lowest health status in the Australian community.

As a further result of the decline in bulk-billing, people are turning to already over-stretched community health centres and the emergency units of public hospitals. Public hospitals are not an effective provider of population health, prevention and early intervention services, and are generally more expensive to government to fund. Universal health care is the most effective way to provide services to all members of the community, including those who on low incomes and who experience disadvantage.

The introduction of subsidies for private health insurance further undermines the capacity of the Australian health system to provide equitable access to health care. This surreptitious funding of private health cover is unsustainable, inequitable and, arguably, an inappropriate use of public funds.[20]

# Inquiry Terms of Reference

VCOSS endorses the submissions of the Australian Council of Social Service (ACOSS) and the Victorian Medicare Action Group (VMAG) to the Senate Select Committee on Medicare, and their key arguments in relation to each of the terms of reference of the Committee. Specifically, VCOSS wishes to highlight the following points in relation to the terms of reference:

## ACCESS TO AND AFFORDABILITY OF GENERAL PRACTICE

Bulk-billing has been declining due to the scheduled fee paid to doctors by Medicare for their services not having grown, with many GPs and community organisations reporting that they are unable to maintain bulk-billing practices. This has effectively shifted the costs of treatment by a GP from the Commonwealth Government to consumers. Figures for Victoria show that out-of-pocket expenses for visiting a GP have increased from $11.99 to $13.84 for metropolitan Melbourne, and from $9.78 to $11.47 for regional Victoria areas.[21] Some community health services are only able to maintain their bulk-billing services by subsidising their medical practices with State Government funds received for allied health services.

In order to address the declining rates of bulk-billing, a number of options will need to be incorporated, including better integration of primary care services. An aspect of this will need to include an increase of the schedule fee (further detail outlined in Alternatives for the Australian Context).

## GENERAL PRACTITIONER SHORTAGES AND ACCESS TO CARE

The increasing difficulties in accessing GPs experienced by people in rural and regional Victoria and in outer metropolitan areas are well documented, as is the declining rates of bulk-billing in these areas (see above for Victorian rates). The lack of bulk-billing GPs is exacerbated in areas where there are limited GPs, and by the general failure of the Federal Government to develop other parts of the primary health care system through which people could access publicly funded services identical to those provided by a GP.

The submission of the Victorian Medicare Action Group (VMAG), of which VCOSS is a member, provides a number of case studies that highlight the inequitable experience of Victorians when seeking timely access to a GP.

## IMPACT ON ACCESS, AFFORDABILITY AND QUALITY OF THE GOVERNMENT'S PROPOSALS

The Government's proposals regarding Medicare will undermine Medicare's central role in ensuring the affordability of hospital and medical services, particularly for those on low to middle incomes and those not able to afford private health insurance.

The Government's proposals will result in reduced and uneven access to GP services. The concept that bulk-billing should only be for pensioners and health care card holders will result in a two-tier health system that divides consumers into those who can afford to pay for health care and those who need a 'welfare' safety net, with many of those patients not able to pay being treated as second-class citizens behind those who can pay. The current Medicare system ensures universal access – no Australian is treated as a second-class citizen.

The Government's main proposals clearly signal that future support for GP services will be funded by way of uncapped patient co-payments and utilisation of private health insurance. It is likely under the current proposals that the patient co-payments will increase, resulting in reduced access to GP services for more people, and will further increase the likelihood of people delaying visiting a GP to seek diagnosis and treatment.

The potential for increases in the uncapped co-payment has key equity considerations. The National Health Strategy review of direct out-of-pocket expenses[22] found that Medicare has meant that most people have no or minimal out-of-pocket expenses for basic medical costs. People on low incomes are deterred from using services by cost[23]. As GP services and dental care services are the services most sensitive to cost barriers, [24] the Government's proposals must be regarded with concern. A recent survey of members of the VCOSS Emergency Relief Network[25], highlighted that people are already approaching emergency relief providers for either assistance in meeting the cost of visiting a GP or meeting other costs such as food and payment of utility bills after they have already spent available funds on a visit to a GP.

## ALTERNATIVES FOR THE AUSTRALIAN CONTEXT

To ensure quality, universal access to health care services, a number of steps need to be taken to ensure social and economic sustainable outcomes for the Australian community.

One of the key steps must be better integration of primary care services. The current sharing of responsibilities for health between the Commonwealth and the states is inconsistent and incoherent, making it difficult to develop comprehensive national policies.[26] The ACOSS submission highlights the need for a long-term strategy encompassing the development of a whole of government Commonwealth/State framework to ensure funding and spending decisions are directed towards the equitable delivery of primary care services. It is vital that any framework ensure that there is a nationally consistent approach to the provision of primary care services at the local level, which are both flexible and responsive in their delivery mode.[27]

An increase in the scheduled fee will need to be incorporated as part of increasing the integration of primary care services. This increase could be achieved through "transferring some of the Private Health Insurance Rebate (PHI) to improved primary care integration, thus increasing remuneration for GPs, with positive effects for the provision of care."[28]

VCOSS strongly believes that federal funding should be extended to dental health services. Such a step would have unambiguous social and economic benefits for the Australian community. Waiting lists for dental health disproportionately impact on those who experience disadvantage, affecting both health and quality of life. Oral health is vital to social wellbeing, self-esteem and sound nutrition. Research has clearly demonstrated the relationship between low-income levels and poor dental health, with people earning less than $20,000 per year with no private health

insurance nearly 24 times more likely to suffer complete tooth loss than private health insurance clients earning more than $40,000 per year.[29]

Any reforms to Medicare and the health system as a whole need to be evaluated against criteria that encapsulates the dimensions of 'good' health policy and practices that are sustainable in the longer term. These criteria include:[30]

- Equality of access and affordability
- Social equity and social justice, with the provision of health services based on need rather than individual resources or ascribed status
- Democratic participation and openness of decision-making
- Longer-term sustainability
- Economic efficiency
- Quality of care
- Public interest accountability
- Effective health care treatment and care
- Respect for patient autonomy
- A rights-based framework for decision making.

## Conclusion

Australia can afford equal access to quality health care services. The Federal Government claims the cost of supporting general practice has become too high, and that the Government can only afford to invest $250 million per year for the proposed reforms. However, the Federal Government is currently spending $2.5 billion to pay the Private Health Insurance Rebate. This is not a fair or appropriate use of public funds, and is not socially or economically sustainable policy. Clearly the issues relate to policy priorities.

The quality, accessibility and equity of the Australian health system can be maintained and enhanced through continuing with the current publicly funded and controlled basis of the health system. A number of aspects can be targeted to further enhance health services:[31]

- Abandon the Private Health Insurance rebate
- Develop a comprehensive Commonwealth/State framework to ensure investment in health is directed towards the equitable delivery of primary care services, encompassing a nationally consistent approach to the provision of primary care services at the local level
- Invest in population health interventions
- Maintain the current universal system of health care that is Medicare – do not introduce a two-tiered system that divides consumers into those who can afford to pay for health care and those who need a 'welfare' safety net.

VCOSS advocates for the principles of Medicare to be supported: to ensure equality of access to quality health care for everyone, regardless of income. This is the most cost effective and fairest way to deliver quality health care in Australia, and is one that is publicly valued and respected.

[1] See http://www.un.org/Overview/rights.html
[2] People Together Project & Victorian Local Governance Association (VLGA), 2000, *The power of community: Celebrating and promoting community in Victoria*. Melbourne.
[3] Cox, E.,1998, Wellbeing and quality of life. In R.Eckersley, Ed., *Measuring progress: Is life getting better?* Collingwood: CSIRO Publishing.
[4] ABS, 2000, *Measuring social capital: current collections and future directions*.
[5] Commission on Social Justice & Institute for Public Policy Research, 1994, *Social justice – Strategies for National Renewal*, London: Random House.
[6] Atkins, C. & McCaughey, J., 1999, *Social Justice Report Card – Women: Balancing social justice with economic efficiency*, Melbourne: People Together Project.
[7] Everingham, C., 1998, The Imagined Community of Access and Equality. *Australian Journal of Social Issues, 33* (1), 1-16.
[8] Burke, T. & Salvaris, M.,1997.
[9] Hancock, L.,1999, What makes sustainable health policy? In L.Hancock, Ed., *Health policy and the market state, pp.1-15*, St Leonards: Allen & Unwin, p.2.
[10] Australian Institute of Health and Welfare, 2002, *Australia's Health 2002:* http://www.aihw.gov.au/publications/index.cfm?type=detail&id=7637
[11] Universal Declaration of Human Rights, Article 25 (1) states: *"Everyone has the right to a standard of living adequate for the health and wellbeing of [her or] himself and of [her or] his family, including food, clothing, housing and medical care and necessary social services, and the right to security in the event of unemployment, sickness, disability, widowhood, old age or other lack of livelihood."*
[12] Australian Institute of Health and Welfare,2000, *Australia's Health 2000*, Canberra: Australian Institute of Health and Welfare
[13] VCOSS, 2002, *Victorian State Budget Submission 2003-04, Access: Primary Health*: Waiting lists for services across metropolitan Melbourne and regional Victoria were as follows: general counselling 2-12 weeks; physiotherapy – 4-8 weeks; speech therapy – 3-16 weeks; podiatry – 4-12 weeks urgent cases, 4-36 weeks non-urgent cases.
[14] Lawson, J.S. & Black, B., 1993, Socio-economic status: the prime indicator of premature death in Australia, *Journal of Biosocial Science, 25*, 539-552.
[15] McClelland, A., 1999, Economics, equity and community in a changing world, *in Hard Choices Conference*, Canberra.
[16] p.56, Livingstone, C. & Ford, G., 2003, Paying for health, *Dissent, Autumn/Winter*, 56-60. Highlights that in 2000, total health expenditure in Australia was the equivalent of 9% of GDP, as compared with USA - 13%, UK - 7.3%, Canada - 9.1%, France - 9.5%, New Zealand - 8%
[17] see Australian Institute for Health and Welfare (AIHW), 2000, *Australia's Health 2002*, tables S9, p.360, S12, p.362, S15, pp.365-368.
[18] p.56, Livingstone, C. & Ford, G., 2003, ibid, referring to: Deeble, J., Medicare's maturity: Shaping the future from the past, *Medical Journal of Australia, 173*, 44-47, In
[19] Health Insurance Commission quarterly figures, April 2003.
Indi – main towns include: Beechworth, Benalla, Bright, Corryong, Euroa, Mount Beauty, Myrtleford, Rutherglen, Tallangatta, Violet Town, Wangaratta, Wodonga and Yarrawonga
Corangamite –includes Geelong (Belmont, Grovedale and Highton), and the towns of Anglesea, Apollo Bay, Barwon Heads, Inverleigh, Lorne, Ocean Grove, Portarlington and Torquay
Murray - main towns include Cobram, Cohuna, Echuca, Kerang, Kyabram, Mooroopna, Murchison, Nathalia, Numurkah, Rochester, Rushworth, Shepparton and Tatura
Dunkley - main suburbs include Frankston, Frankston North, Langwarrin, Mt Eliza, Mornington, Seaford and Skye
[20] Health insurance rebates currently total $1.9billion annually, thereby predominantly underwriting the health care of those with higher socio-economic groups. See: Smith, J, 2000, Subsidising the health of the rich, *The Australia Institute Newsletter*, September, p.5-6.
[21] Victorian Medicare Action Group (VMAG), 2003, *VMAG Bulletin No.2.*
[22] National Health Strategy, 1991*, Spending on health: The distribution of direct payments for health and medical services*, A.McClelland (Ed.), Background Paper No.7, National Health Strategy, AGPS, Melbourne.
[23] Hill, S., 1999, Consumer payments for health care. In L.Hancock (Ed.), *Health policy in the market state*, pp.113-127, St Leonards: Allen & Unwin.
[24] National Health Strategy, 1991, ibid*;* Hill, 1999, ibid, provides an overview of issues around consumer payments for health care.
[25] VCOSS distributed an email questionnaire on May 19 2003 to its Emergency Relief Network member agencies regarding whether their agency had received any requests for assistance in meeting the costs of visiting a GP.
[26] Duckett, S, 1999, Commonwealth-state relations in health, In L.Hancock (Ed.), *Health policy in the market state*, pp.71-86, St Leonards: Allen & Unwin.
[27] p.59, Livingston & Ford, 2003, ibid
[28] p.58, Livingston & Ford, 2003, ibid
[29] Dental Statistics & Research Unit, 2001, *Oral health and access to dental care – the gap between the 'deprived' and the 'privileged' in Australia*. Research Report, Australian Institute of Health and Welfare, March.
[30] Hancock, L., 1999, Rights and markets: What makes sustainable health policy? In L.Hancock (Ed.), *Health policy in the market state*, pp.1-15, St Leonards: Allen & Unwin.
[31] p.59, Livingston & Ford, 2003, ibid – suggest four aspects of the current health system that could be addressed over the next 3-5 years