

Chapter 1

Introduction

Background to the Inquiry

1.1 On 25 November 2003, the Senate resolved to reappoint the Select Committee on Medicare (appointed by resolution of the Senate on 15 May 2003), with the same powers and membership as previously agreed, to inquire and report into the following matters, with a reporting date of 11 February 2004:

- a) the Government's proposed amendments to the Health Legislation Amendment (Medicare and Private Health Insurance) Bill 2003,
- b) the Government's proposed increase to the Medicare rebate for concession cardholders and children under 16 years of age, and
- c) the Government's proposed workforce measures including the recruitment of overseas doctors.

1.2 This inquiry follows the first inquiry which was announced on 15 May 2003 into the government's '*A Fairer Medicare – Better Access, More Affordable*' package, which had been released as part of the May 2003 Budget measures. On 19 June 2003, the Senate also referred to the Select Committee the Health Legislation Amendment (Medicare and Private Health Insurance) Bill 2003 which was the legislative enactment of the budget announcements.

1.3 The Select Committee tabled its response to its first terms of reference on 30 October 2003.

1.4 The Health Legislation Amendment (Medicare) Bill 2003 was introduced into the House of Representatives on 4 December 2003.

Conduct of the Inquiry

1.5 The Committee wrote to all individuals and organisations, including all State and Territory governments, who lodged submissions with the first inquiry, as well as advertising in the *The Australian* newspaper on 3 December 2003. The initial closing date for submissions was 19 December.

1.6 In response, the Committee received ninety-eight submissions. A list of all submissions and other documents authorised for publication that were received during the inquiry is at Appendix 1.

1.7 The Committee held a single public hearing in Canberra on 19 and 20 January 2004. A full listing of the Committee's public hearings, and the witnesses who appeared, is at Appendix 2. Transcripts of the public hearings and roundtable

discussion may be accessed through the Internet at <http://www.aph.gov.au/hansard/index.htm>

Structure of the report

1.8 The report is structured to reflect the specific terms of reference (b)(i-iii): thus the three chapters that follow examine the proposed new safety nets; billing arrangements and workforce measures respectively. Chapter 5 then addresses a number of other matters, including the health information technology and aged care proposals.

Assistance with the Inquiry

1.9 In the course of the Inquiry, the Committee received a large number of submissions from a range of organisations and private individuals, together with a wealth of supporting documents, reports, and other references. Others gave freely of their time in appearing before the Committee at its public hearings, and in many cases, undertook additional work to provide follow up information to the Committee in response to questions raised during the discussions.

1.10 The Committee would like to record its appreciation to all of these people for the time taken in preparing their evidence to the Inquiry, all of which contributed greatly to the Committee's consideration of these complex issues.

1.11 Finally, the Committee thanks the officers of the Secretariat team who administered the Inquiry, and assisted with the research and drafting of the report.

Medicare Plus - Overview

1.12 Following the release of the report of the Select Committee on Medicare on 30 October 2003, the Government announced a revised Medicare package entitled Medicare Plus. Under the new proposal, about \$2.4 billion (or \$1.5 billion more than in the Fairer Medicare package) will be allocated to Medicare up to 2007. The new package picks up a number of issues and recommendations raised by the Committee – both in the majority and Liberal Senators reports. A key distinguishing characteristic between Medicare Plus and *A Fairer Medicare* is that there is no requirement for practitioners to 'sign up' to the package.¹

Changes to the 'safety net'

1.13 The Government will not proceed with the dual safety net proposal contained in *A Fairer Medicare*, which included a private health insurance 'gap' product. Instead, it has expanded the MBS concession safety net as follows:

1 With the exception of direct rebate crediting services, for which doctors must subscribe to HIC Online.

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- All concession card holders and families in receipt of Family Tax Benefit (A) will be eligible for an 80% rebate of all out-of-hospital out-of-pocket expenses in excess of \$500 in each calendar year. According to the Department of Health, 80% of families will be eligible for the lower threshold.
 - Family Tax Benefit (A) is available to families with children under 18 years whose adjusted income is below \$85,702 a year with one child, \$92,637 with two children, and \$99,572 with three children.²
 - All other families, and all individuals, will be eligible for an 80% rebate of all out-of-hospital out-of-pocket expenses in excess of \$1,000 in each calendar year.
 - The current MBS safety net will be retained.
 - The proposed changes to the safety net arrangements are the only part of the Medicare Plus package that require legislative change, and are contained in the Health Legislation Amendment (Medicare) Bill 2003, which was introduced in the House of Representatives on 4 December 2003.

Rebate payments

1.14 The Government has decided not to proceed with geographically-based bulk billing bonuses. Instead, it proposes to provide an increase of \$5 in the MBS rebate where concession card holders and children under 16 years are bulk billed. According to the Department of Health, around 7 million Australians are covered by the three categories of concession card (comprising Pensioner Concession Cards, Health Care Cards and Commonwealth Seniors Health Cards).

1.15 The Government also proposes not to proceed with allowing patients to pay only the copayment at the point of service. Instead, MBS claims can be lodged electronically at the point of service, with the payment made directly to patients' accounts within about two working days. Unlike the original proposal, therefore, where a patient is privately billed, they must still pay the full amount up-front.³

1.16 In order to provide this service, practitioners must participate in HIC Online. Under Medicare Plus, the Government now offers a grant to all medical practices to assist in accessing the HIC Online. This grant amounts to \$750 for metropolitan practices and \$1,000 for rural, regional and remote practices. Although the system can

2 For full details of this policy, see: www.ato.gov.au/individuals

3 Assuming the practitioner does not offer a 'pay doctor cheque' option, which will still be catered for under the revised package but is usually not offered by practitioners.

operate on normal 'dial-up' connections, \$9.2 million has been allocated to assist practices establish broadband access.

Workforce proposals

1.17 Medicare Plus proposes:

- Funding an additional 1500 full time equivalent doctors and 1600 full time equivalent nurses in the period 2003 – 2007.
- A new Medicare Item Number to provide a rebate of \$8.50 to practice nurses undertaking immunisation and wound management. This will be in addition to a grant of \$8,000 per Full Time Equivalent (FTE) GP in a practice to assist in employing practice nurses in urban areas of workforce shortage.⁴
- Introduction of short term placements for trainee medical practitioners in outer metropolitan, regional and rural/remote areas in an attempt to address the supply shortage.
- Incentives for Non-Vocationally Registered (NVR) doctors to practice in areas of medical shortage for a period of five years.
- Increases in the number of Overseas-Trained Doctors (OTDs), with a specific focus on areas of workforce need.
- Measures, as yet unspecified, to encourage the continued practice of doctors in areas of workforce need, and to bring doctors who have left the system back into it.
- Various measures aimed at addressing the shortage of medical services in the aged community.⁵

1.18 The bonded medical school places remain, but Medicare Plus will enable students willing to undertake postgraduate vocational training in rural areas to attribute the period spent (up to three years) against their bond term. Otherwise, extra under- and post-graduate training places for GPs, as well as for nurses and allied health workers, remain from the original package.

Aged Care

1.19 The Government proposes to introduce a new Medicare Item Number, worth about \$140 million, covering health assessments for residents of aged care facilities.

4 Practice nurse incentives will also be available to practices that participate in the PIP, and which are located in these urban areas of workforce shortage

5 See 'Aged Care'.

1.20 It also proposes adding to the number of GPs providing medical services for the aged, and has signalled extra funding for out-of-hours care for the elderly. This would involve a payment of up to \$8,000 per GP (over and above those payments received through Medicare) to form part of a panel of practitioners on hand to deal with emergencies or after-hours services in aged care facilities. The initiative would also include funding Divisions of General Practice to support the development of these groups.

Measures retained from ‘A Fairer Medicare’

1.21 Measures retained from the original package include:

- additional utilisation of HIC Online, but with different methodology for processing rebates;
- additional use of overseas-trained doctors; and
- additional under- and post-graduate medical school positions, including bonded places.

