

Senator Jan McLucas,
Chair
Senate Select Committee on Medicare
Parliament House
Canberra 2600

17 December 2003

Dear Senator McLucas,

We ask that the Senate Select Committee on Medicare consider this submission from the Tasmanian Medicare Action Group on the Government's proposed amendments to the Health Legislation Amendment (Medicare and Private Health Insurance) Bill 2003 and other matters as outlined in the Committee's terms of reference.

The Tasmanian Medicare Action Group (TasMAG) was formed in November this year in response to growing concern in Tasmania about the erosion of Medicare as an equitable, efficient and universal national health care system. The Group is a coalition of community organisations, trade unions, peak bodies and individuals that represents low income and disadvantaged Tasmanians as well as those better off (see list of TasMAG members below). We are committed to working toward a restoration of the principles and functions of Medicare in order that health care in Australia is once again affordable, accessible and based on individuals' needs rather than their ability to pay.

Our submission addresses each point of the Committee's terms of reference in turn, and concludes with some general comments regarding the Government's proposed 'Medicare Plus' package.

b (i) the Government's proposed amendments to the Health Legislation Amendment (Medicare and Private Health Insurance) Bill 2003,

No 'safety net'

TasMAG believes that the introduction of a 'safety net' will do serious damage to Medicare and may push medical costs for individuals higher. An effective universal health care system should not need a 'safety net'. We would like to see the Government instead make efforts to restore widespread bulk-billing which is the heart of the Medicare system.

A 'safety net' approach not only institutionalises Medicare as an incomplete health care system, but also institutionalises the practice of doctors charging full fees and patients having to make payments to cover the gap between the Medicare rebate and the fee charged. TasMAG members note that increasingly they are hearing stories from their clients and members that indicate that the necessity to pay up-front fees or even gap fees to doctors has discouraged people from seeking medical attention.

Preliminary findings from a recent Anglicare Tasmania survey (November 2003) indicate strongly that the cost of medical care is a major issue for families seeking Emergency Relief assistance. To the question, 'What are the things that cause financial problems in your household?', 30% of Emergency Relief seekers surveyed responded that medical expenses were 'a very big' or 'a big' problem.

Below are some comments about the financial accessibility of health care from users of community (or neighbourhood) houses in Tasmania:

As most of our community is on a lower income, it is now a last resort to go to the doctor as we now have to budget for these emergencies.

. . . medium range income earners cannot afford the gap – so they stay away from visiting doctors because they cannot afford them.

Doctors [in our community] have no bulk-billing for pensioners – it costs \$9 for a short visit – sometimes I can't afford \$9. So – food for the family or a doctor's visit?!

Evidence presented by the Salvation Army in Tasmania at a recent inquiry into hardship and poverty included the following:

Those that do not have the money to cover gap fees often put off seeking medical attention. One of the issues that impact on our emergency relief in Tasmania is that we are being asked to pay the gap fees for doctors . . . we should be ashamed to live in a country . . . where people have to go to welfare agencies and ask for emergency relief money to visit a doctor.

An Anglicare Tasmania submission to the same inquiry quoted an individual from Launceston:

I can't afford to go to the doctor and if I do go I can't afford the medicine. Both my daughter and I need to go but we can't.

Figures for GP attendances in Tasmania in recent years bear out the increasing inaccessibility of health care (although there are obviously other factors that also affect attendance at GPs) – in 2002-2003, there were 211,515 fewer visits to GPs by Tasmanians than there were in 1996-97. This is in line with a national trend that saw 3 million fewer visits to GPs by Australians this year than in 2000.

Bulk-billing by GPs in Tasmania has always been low relative to most of the rest of the country and is falling – in June 2003, the bulk-billing rate in Tasmania was 56% compared with 67.2% nationally (both rates have fallen from, for instance, December 2000 when Tasmania's bulk-billing rate was 58.5% compared with a national rate of 71.2%). The introduction of a 'safety net' will see bulk-billing fall even further and may

see out-of-pocket costs rise as doctors are likely to feel more comfortable charging higher prices knowing that a 'safety net' is in place. This would also have inflationary effects.

Tasmania is a low income state where approximately 35% of the population rely on Commonwealth payments for their main source of income, and where wage and salary earners have a mean income per annum of \$29,285. Tasmanians can ill-afford any increases to health care costs.

The institutionalisation of full fee payments for health care through the introduction of a 'safety net' will result in working Australians always paying three times for their health care – once through the Medicare levy, once through general taxation payments and again at the doctor's surgery.

The proposed 'safety net'

While we oppose the introduction of a 'safety net' for Medicare, we feel that the measures proposed by the Government for a 'safety net' are set far too high, will require complex bureaucracy and accounting, and may ultimately be worse for the health of Australians than the system that the measures seek to improve.

The 'safety net' thresholds of \$500 for concession card holders and families receiving Family Tax Benefit A, and \$1,000 for others are very high and will fail to assist those with little or no available income to pay for health care services. Health consumers will still need to find \$500 or \$1,000 annually to pay for doctors' fees. This will surely deter many people from seeking medical attention at doctors' surgeries except for the most serious illnesses, and may see a further increase in people presenting inappropriately to hospital emergency departments for relatively minor ailments.

The high level of out-of-pocket expenses required before the 'safety net' takes effect will greatly limit the numbers of people eligible for the 80% 'safety net' rebate. It will only assist people who have chronic illnesses or who experience a health catastrophe and will not benefit the vast majority of Australians.

The 'safety net' proposal is a complicated one for individuals, families and the health care bureaucracy. Individuals and families will not only need to keep track of their status in relation to the categories in the 'safety net' (that is: concession card holder or Family Tax beneficiary A or neither), but will also need to carefully monitor their out-of-pocket expenditure on doctors' services. Those who are likely to qualify for 'safety net' rebates will be those who are very ill and who are probably least able to bear this extra burden of record-keeping. A new bureaucratic structure will need to be established to track the expenditure of every Australian individual and family – this will surely require funding that would be better spent on the direct provision of health services.

We cannot support any policy that acts as a disincentive for people to seek medical treatment when they need it. This policy surely does that by not capping out-of-pocket expenses, not providing incentives for doctors to bulk-bill more widely, and by setting an unrealistically high 'safety net' threshold. If people do not visit GPs when they need to,

untreated minor health problems may escalate and become more serious, adversely affecting individuals and ultimately becoming more costly for the health budget. This is likely to have a detrimental impact on the overall health status of Australians, rather than making a contribution to improved health outcomes.

We are also concerned about the effects of these changes on preventative health care. The long term benefits of preventative health care cannot be underestimated, and these proposed amendments will not only deter people from seeking treatment when in crisis, but will also greatly affect the preventative and health promotion work carried out by GPs.

We believe that the money required to implement this complex 'safety net' system would be much more constructively spent on direct health care provision, preventative health care or on real incentives to encourage doctors to bulk-bill more widely.

b (ii) the Government's proposed increase to the Medicare rebate for concession cardholders and children under 16 years of age;

TasMAG believes that the proposed \$5 increase in the Medicare rebate to doctors who bulk-bill concession card holders and children under the age of 16 is wholly inadequate and will not influence bulk-billing practices.

In Hobart at present, GPs charge on average \$10.50 more than the scheduled fee for a standard consultation which is \$15 more than the Medicare rebate. By asking doctors to accept a \$5 increase in the Medicare rebate to bulk-bill pensioners and children, the Government is effectively asking doctors to take a \$10 pay cut. This is unrealistic and it is unlikely that GPs will opt for bulk-billing over full fee recovery.

TasMAG is disappointed that this package does not include greater incentives for GPs and other doctors to bulk-bill more widely. We would like to see not only a higher rebate, but also incentives offered to doctors to meet pre-arranged bulk-billing targets. Only policies such as these will see the return of widespread bulk-billing, a key element in the Medicare system. Ideally we would like to see all patients bulk-billed – we believe that doctors should not be required, or indeed allowed, to assess their patients' ability to pay, but should restrict their assessments to the health needs of their patients.

The fact that the Government has allowed Medicare rebates to fall so far behind both the scheduled fee and actual fees charged by GPs is evidence of its lack of commitment to a universal and equitable national health insurance scheme. Further, this measure that seeks to encourage doctors to bulk-bill *all* children under the age of 16 regardless of their family income, is clearly poll driven and not a real attempt to ensure that Medicare is an equitable system.

b (iii) the Government's proposed workforce measures including the recruitment of overseas doctors;

We support the Government's commitment to recruit more doctors and nurses to work in rural and other currently under-serviced areas. However, we would like to urge the Government to ensure that their recruitment of overseas doctors does not occur at the expense of the health care workforce needs of other countries. We should not use our status as a relatively wealthy country to lure doctors away from their practices in poorer countries. Such recruitment should therefore be carried out with the involvement of the Department of Foreign Affairs and Trade and with continuing assessments of the impact in other countries of Australian recruitment policies.

We also support the increased recruitment, training and equitable deployment of Government funded allied health professionals, especially dentists, physiotherapists, occupational therapists and podiatrists. Tasmania is currently experiencing a serious shortage of dentists which is resulting in a crisis in oral health care in the State. The appropriate use of allied health professionals not only ensures that health care services are provided by the people best equipped to provide them, but is also cost effective.

General comments on Medicare Plus and other proposed changes to Medicare

TasMAG does not see the 'plus' in 'Medicare Plus'. The Medicare system as it was first introduced and as it operated for a decade was equitable, efficient, and simple. If introduced, 'Medicare Plus' will put an end to these attributes – it will make Medicare inequitable by encouraging the bulk-billing of some and not others. It will introduce what will need to be a complex, cumbersome and potentially inefficient bureaucratic national record keeping system. And it will not be simple because it will require individuals to keep detailed records of their health care expenditure on doctors fees and to claim once the 'safety net' threshold is reached.

By unnecessarily complicating a simple and efficient system, the Government may eventually claim that it is unworkable, and the Medicare system may end up being a marginalised part of a largely private, for-profit health care system. This appears to be the direction that the Government is taking Medicare.

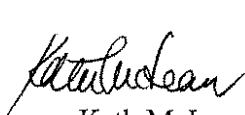
We urge the Government to withdraw this unworkable package and to restore the principles of Medicare – universality, equity, efficiency and simplicity – and its original practice, including widespread bulk-billing. This would allow access to health care in Australia to once again be based on one's health needs rather than on one's ability to pay – this surely must be the aim of any effective and fair health care system.

TasMAG is also concerned about the Government proposal not to issue Medicare cards to young people under 16 years of age and to allow parents access to all information held by the Health Insurance Commission concerning their children until they reach the age of 16. We believe that this move could have a number of grave consequences, the most

serious of which is potentially limiting young people's access to health services, including those providing preventative health care. As a society, we encourage young people to take responsibility for their own health yet this change will limit that responsibility and encourage dependence. It also involves issues of confidentiality and privacy, both of which are central to the health care system but will be denied to young people under this change. Not all young people have open and trusting relationships with their parents, indeed many do not live with their parents at all – this includes homeless young people as well as students attending schools and colleges away from home. We strongly believe that the Government and the health care system should provide young people with the same rights, responsibilities and respect as it does other Australians in relation to their health needs.

If you or the Committee have any questions about our submission or require any more information, please contact us. Thank you for allowing us this opportunity to put our views to you on these proposed changes.

Yours sincerely,



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on behalf of the Tasmanian Medicare Action Group (TasMAG)
[see below for membership of TasMAG]

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Tasmanian Medicare Action Group membership includes:

Anglicare Tasmania
Australian Nurses Federation (Tasmanian Branch)
ARAFMI
Family Planning Tasmania
Health & Community Services Union (HACSU)
Hobart Women's Health Centre
The Link Youth Health Service
Tasmanian Council of Social Service (TasCOSS)
Unions Tasmania
Youth Network of Tasmania