

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 in the MedicarePlus package.

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 multi tiered health system.
- Lead to significant increases in the co - payment paid to see a GP as the proposed safety net arrangements appear to be inflationary.

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

(b) The committee inquire into and report on the Government's 'Medicare plus' package including, but not limited to:

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

Darebin City Council rejects the proposed MedicarePlus package as it is premised on a user pays system of access to primary care. The proposals set out to establish a complex system of safety nets for those people who incur out of pocket costs. The concern with this system is that people must acquire at least \$500 of out of pocket costs before the safety net is activated. For people on low incomes this may be a large financial burden. Additionally such complex arrangements move away from the principles of Medicare such as simplicity, universality and equity and bring our world class system of health care closer to a US style model two tier system.

MedicarePlus does not provide adequate access to doctors for those on low incomes who do not qualify for government benefits. This point can be illustrated using demographic data from City of Darebin as an example. In Darebin 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.

Individual Income		
	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
Total	63,736	62.3

*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 under the MedicarePlus package. 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 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) The Government’s proposed increase to the Medicare rebate for concession cardholders and children under 16 years of age

Darebin City Council believes that these changes will result in further fragmentation of the once universal system of Medicare. The package states that bulk billing will be more likely to be provided for card holders and children under 16 years through financial incentives provided to GPs. However in doing so the government will undermine universal access to bulk billing for all Australians.

We believe that the Government should develop incentives and policies to encourage GPs to bulk bill all Australians. Such a system would not only strengthen our system of primary care and provide universal access to doctors to all Australians regardless of income.

Current MBS scheduled rebate of \$25.05 is clearly not enough to sustain a General Practice. 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. 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 determine what is costs to sustain such a system and maintain the tax levy accordingly.

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.

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

Increasing the numbers of doctors and nurses is seen by Darebin City Council as a positive approach by the federal government. The proposed reforms are a first step towards addressing the shortage of GPs nationally. There are concerns however in the placement of newly trained doctors and those drawn from overseas. Such increases in the medical workforce should be allocated in areas where there are significant shortages in the workforce. Darebin City Council believes that the MedicarePlus package does not go far enough to ensure that those areas most in need will receive increases in the number of doctors servicing those areas. There is also a concern drawing on qualified health professionals from overseas may deprive other Countries of their medical workforce. Darebin City Council hopes that this strategy will be mindful of medical workforce issues in countries where overseas-trained doctors will be recruited from.

(c) The committee have power to consider and use for its purposes the minutes of evidence and records of the select committee appointed on 15 May 2003.

Darebin City Council agrees that the committee consider its previous submission and presentation to the select committee on Medicare.

Yours sincerely,



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Mayor

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