

SUMMARY

I object to:

Increasing the number of medical school places (HECS funded or full fee paying, whether bonded or not) because each medical practitioner costs the Government (and hence the tax payer) close to a million dollars per year in costs for consultations, subsidised PBS scripts, costs for tests such as pathology, x-rays etc. Ultimately all these costs are borne by Australian tax payers who are already suffering under one of the world's highest marginal tax rates.

I also object to the 150 additional vocational training places, the 234 new bonded medical school places, measures to attract OTDs, and the 280 supervised short-term general practice placements for pre-vocational doctors each year.

The so-called 'doctor shortage' can be easily cured if:

- a) The Government makes it easier for GPs to charge a fee (by letting doctors charge a co-payment and paying the rebate directly to them). In fact if all GPs were to charge a gap of say \$15, half of them will become unemployed!
- b) Medicare stops harassing GPs who see more than a certain number of patients and discouraging GPs from working hard.

I Support:

The Government's proposals for the safety net.

Dr Ed Bovapati

Vic

Attachment that explains the Rationale and response to the Terms of Reference:

1. Medical services are unique in that they are the only product or service provided free at the point of delivery in Australia. Pumping more dollars into Medicare (by expecting taxpayers to pay for bulk billing everyone) will only fuel demand, resulting in **taxpayers' hard earned money being sucked into a bottomless pit**. It is obvious that any service, provided free at the point of delivery, will result in unlimited demand and hence will require taxes to be raised continuously. Anything provided free is abused, overused and not valued. Government should therefore actively **discourage bulk billing** because anything that is free is abused, overused and not valued.
2. Some argue that the proposed Medicare reforms will lead to a three-tiered health system. However even in the case of the essentials of life such as food and utilities, the quality

and quantity of goods and services is proportional to the price, ie., **there are infinite tiers**. Why should medical services be any different?

3. Various groups have proposed strategies for improving primary health care in Australia. These include incentives for doctors who bulk bill, increasing doctor numbers, raising the Medicare levy, increasing the Medicare rebate and abolishing the private health insurance rebate. However, **all these proposals increase the burden on the taxpayer** either indirectly (in the case of abolishing the health insurance rebate) or directly. This is clearly not acceptable – a recent IMF report pointed out that to make improvements in productivity and to stem the outflow of highly talented people, Australia needs to reduce its top marginal tax rate, which is one of the highest in the world.
4. Politicians avoid making hard decisions in order to create an illusion of caring. By forcing GPs to ration the ever-skyrocketing demand for medical services (because they are free) through bulk billing, they are harming patients by undermining GPs' professional judgement and deflecting patient anger, from politicians to GPs. It is **analogous to the government providing a free taxi service for everyone and forcing the driver to ration the unlimited demand that it would generate**.
5. Perhaps it is **excessive jingoism that makes many people believe that Australia's health care system is the world's best**. They also believe that the US has poorer health outcomes compared to countries such as Australia, in spite of spending more on health. When you consider it objectively, the reality is different. The US has an unparalleled reputation for providing the world's best health care. How else can you explain the fact that people from around the world come to the US for treatment rather than go to the UK or Australia? Being the best in the world inevitably means you will also have world's worst, in certain areas. One has to accept this. It is the basic principle of statistics (called standard deviation). Otherwise you end up being mediocre in everything like Australia is. It depends on one's definition of 'health outcomes'. So if one's definition of 'health outcomes' means lower standard deviation in quality of care then Australia fares better. But if one's definition of 'health outcomes' means higher standard deviation in quality of care, the US does much better.
6. Some argue that health service priorities should be ordered according to need, rather than ability to pay. The problem with this is, who will decide on 'the need'? By its nature, it will be subjective and people will get angry with those who make the decision. The experience of those running a health care business is that it is much better to let the customers decide based on their ability to pay than for providers to decide based on 'the need' as to who will receive the care. **Customers prefer that too, since they are in control, rather than providers being in control**.
7. Some claim that the poor can't afford to pay ten or fifteen dollars gap to see a GP. However studies have shown that the **poor spend 10 times more on unhealthy pursuits** such as alcohol, drugs, cigarettes etc than on their health care. Besides this is Australia, not a third world country! People in Australia spend far greater proportion of their income on gambling, unproven alternative medications, fatty (unhealthy 'take away') foods etc. Paradoxically, free health care in Australia is contributing to people not valuing their health. If people had to pay to see their doctors, they would value their health care more and will spend less on the unhealthy pursuits mentioned above.

8. The experiences of many GPs shows that the demand for their services exists mainly because they are free. If free services are provided, there would be unlimited demand for *any* service: handymen, plumbers, hairdressers, accountants, lawyers. It is **ridiculous to argue that there is a shortage of service providers in any profession where the services are provided free.**
9. The fact that access to food, electricity, gas and water services, which are even more essential, are not free demonstrates how **illogical our view that health care is a basic right, and that it should be free.**
10. It is theoretically impossible for any government (tax payers) to provide top class services (accommodation, health, education etc) free to the entire population, unless it has unlimited (infinite) money. The only realistic, sustainable and pragmatic thing to do is to have dual system (a private system for those who can afford it and a safety net system for those who can't). The government should therefore move towards a 'user pays' system with a safety net for the **truly** disadvantaged. The Government should also **educate the public on their need to make a contribution to their health care in the interests of quality: that they can't get a 'lobster and champagne' service at 'fish and chips' (bulk billing) prices.**
11. Some people (rich and poor) **do not consider their health valuable enough to pay for,** and prefer to blow their money on things they find valuable (material goods, services, gambling, alcohol, cigarettes etc). This is **their right and their decisions should be respected.** However it is unreasonable to expect other taxpayers to foot the bill for such people who do not consider their health care valuable enough to pay for.
12. Unfortunately there will always be people who will not value their health and pose a health risk to themselves and the community or become a greater burden on society due to their illness not being treated early. Therefore a safety net system could be provided (for infectious diseases, preventative programs etc). However **such system should necessarily be of lower quality** to prevent those who can afford it *or* those who do value their health care from using/abusing such services.
13. There is no shortage of GPs in Australia. In fact the number of **doctors per million people in Australia is one of the highest in the world.** One only has to look at their local yellow pages to notice that there are more doctors than solicitors, accountants and other professionals. If doctors work long hours, it is their choice. If they ask for a minor co-payment (from patients who make them believe they are indispensable) they will find all the demand for their services will evaporate! The GPs are reluctant to do this, because the evaporating demand hurts their ego and bank balance.
14. The mal-distribution of doctors should be addressed in ways different to what is happening now. The current system of RAMUS (Rural Australian Medical Undergraduate Scheme) where students from rural areas are given a quota is morally wrong. In this scheme, those of lower ability from rural areas are able to gain a place compared to those from urban areas. That is, **whether you gain a place in medical school or not depends on your postcode, rather than your ability.** This is **highly unwise, discriminatory, divisive, unfair and unconstitutional.** People from urban areas pay taxes as much as (perhaps more than) those in rural areas. A sensible approach to attract doctors to rural areas is to provide strong incentives: eg. Medicare rebates for

those in rural areas could be raised until the mal-distribution is addressed. If **sufficient financial incentives are offered, it is certain to attract doctors** (and other professionals such as teachers, dieticians etc).

15. Some believe that it is often more efficient to pool community resources and provide publicly financed services than to let people pursue all their interest in isolation. This argument is flawed. If that is so, we should all be living in public shelters, using communal facilities, not use private vehicles, etc. Such people are naïve enough not to realize that with increasing affluence comes need for greater independence and need to control one's own destiny. **Any system that removes patient choice** and aims to bring everyone to the lowest common denominator (eg, Canada's Medicare or UK's NHS) **must be totally and utterly rejected**. People are free to choose higher quality products/services by paying higher prices in every sector of the economy: this should also apply to healthcare- otherwise it will not be sustainable.

16. **Free access to doctors puts pressure on the PBS budget.** Drug companies are often criticised for using various strategies to entice GPs to prescribe their drugs. However, they are no different to the various techniques used by organizations to increase the sales of its products or services. For example, travel agents are offered free holidays in return for selling tickets of certain airlines. Why single out the drug companies as the bad guys? How a company runs its business is its prerogative as long as it is within the law. The argument that taxpayer funds are being used for dodgy marketing strategies by drug companies strengthens the case for removal of subsidies to the pharmaceutical companies, not to criticise the companies on the strategies they use to increase the sales of their products. This is one reason why we should move towards a 'user pays' system for drugs and scrap the Pharmaceutical Benefits Scheme. This can be compensated by increases in welfare benefits or tax reduction as appropriate, to citizens. Overuse of drugs (because consultations with doctors are free and drugs are highly subsidised by PBS) not only causes problems such as polypharmacy but the side effects of these drugs (these are, after all, chemicals!) may have repercussions for several generations to come.

17. The advantages of mandatory co-payments or allowing GPs to direct bill & charge a co-payment are many:

- Doctors will stop whining about provider number restrictions, shortage of doctors etc, because the demand for their services will drop (the 'Doctor shortage' will turn to a 'Doctor oversupply')
- Patients won't complain that they can't get an appointment, that they have to wait long to be seen etc, again because the demand will reduce.
- PBS costs will decrease dramatically. Doctors are often pressured by patients to write scripts ("If you don't, I will go to the GP across the road" etc).
- Taxpayers will be happy because health care costs will reduce and budget surplus means lower interest rates for everyone.

25. Following letters published in *The Age* make some important points as illustrated by the title of the articles:

FOOD ISN'T FREE, SO WHY DOCTORS? (26/7/2002)

Kate Stewart's claim (24/7) that health care is essential so it should be provided free, is flawed. Food, clothing, electricity and gas are even more essential. Why aren't these provided for free?

Such arguments reflect a deep malaise in our society. This is what I call the FOHP (From Others' Hip Pockets) syndrome, similar to NIMBY (Not In My Back Yard).

An example of FOHP is when sectors such as health care, education and child-care claim their services are essential so they must be subsidised or provided free, at the point of delivery.

The fact is people want various services, but do not consider them valuable enough to pay for it at the point of delivery – they expect them to be paid FOHP.

Judy Thallur, Burnside, SA

PEOPLE ONLY VALUE WHAT THEY PAY FOR (26/7/2002)

The impact of universal bulk-billing on the demand for medical services is much worse than Dr Boyapati outlined in her letter of 23/7 and Kate Stewart 24/7 inadvertently exposes the reason.

People who believe that, having paid their Medicare levy, they have paid for their healthcare, feel free to demand unlimited service without further payment, not only from GPs but from public hospitals.

The truth is that the Medicare levy meets only 67% of Medicare rebate payments, and has never met their full cost, let alone made any contribution to public hospitals or pharmaceuticals.

Even in communist China a small charge is applied. As Mao said: 'What the people are given for nothing, they do not value.'

Clyde Scaife, Hamilton

HIGH TAX MEANS LITTLE PROGRESS (24/5/2002)

Bleeding heart lefties such as Race Mathews are fond of using the cliché 'high taxes is the price we pay for civilisation'.

What they fail to realise is that the increasing regulations in Australia (safety, environmental, labour market and other regulations from the three levels of government) and high tax rates are driving companies offshore.

Similarly, high tax rates in Australia are encouraging the high achievers (who are mobile) to go overseas, for example, to the US. Such people do not disclose their true reason for leaving for fear of being branded selfish (because they don't want to pay a large proportion of their income as taxes).

In the global economy we live in, there is increasing competition amongst countries for

highly talented individuals and companies because they contribute disproportionately to a country's competitiveness.

A low tax rate is the price we must pay for progress.

Judy Bothal
