

The Secretary
Select Committee on Medicare,
Suite S1 30
Parliament House,
CANBERRA ACT 2600

17th December, 2003.

Dear Sir / Madam,

Re: Submission to the Senate Select Committee on Medicare

The Victorian Medicare Action Group would like the Senate Select Committee on Medicare to consider this submission addressing the following matters outlined in the terms of reference.

The Victorian Medicare Action Group (VMAG) is a coalition of consumer groups, churches, community health centres, women's health organisations, local government, trade unions, general practitioners (GPs), the Victorian Council of Social Service, the Health Issues Centre and a number of interested individuals. VMAG has two key aims:

1. to campaign for a strong and sustainable universal health system through Medicare and promote community debate about the Commonwealth Government's and Opposition's proposed changes to Medicare, and
2. to provide consumers with a voice in this policy area.

VMAG considers the Federal Government's MedicarePlus package requires some further development in the following areas;

- Prohibitive out-of-pocket expenses and unattainable safety nets for consumers.
- Unnecessary safety nets in the presence of universal health care.
- MedicarePlus is too complicated for consumers.
- Ignoring financial inefficiencies.
- Inadequate incentives for GPs to increase bulk billing.
- Inadequate control of medical service distribution and unethical recruitment practices.
- Failure to address the need for publicly funded dental and allied health services.

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

Out-of-pocket health care services and unattainable safety nets.

VMAG reiterates consumers' concern with a medical services insurance scheme which requires individuals to pay full, up-front fees for health care services. Ever-increasing case studies are being compiled by VMAG which highlight consumer difficulty in accessing GP services as a result of an inability to pay. This results in their being forced to miss out on medical care, to present later (while suffering from a more acute stage of the condition) and/or

to attend public hospital emergency departments, where resources allocated for acute medical services will be consumed for primary medical care.

The MedicarePlus package safety nets (\$500 for concession cardholders and families receiving Family Tax Benefit A, and \$1000 for all others), fail to assist consumers with little or no available income to access health services, as these consumers are still required to pay \$500 or \$1000 before any assistance is offered. MedicarePlus will not prevent those with little or no discretionary income from either missing out on medical care, or having to search for it in public hospital emergency departments, where they exist. MedicarePlus therefore has the potential to turn people away from necessary health care services, and ultimately inhibit, rather than promote health for the Australian community.

The MedicarePlus safety nets are set too high for most Australian families. It is estimated that as little as 200,000 people from families across Australia will accrue enough out-of-pocket expenses to qualify for the safety nets, with the other 19.8 million still having to find available income with which to pay up-front fees for health care services; a task which many report they struggle to accomplish.

Case Study 1:

Angela is a 44 year old woman who suffers from diabetes. While she has no dependants, and a steady, middle income job, she estimates her medical condition costs her in excess of \$1200 per year in doctors consultations and pharmaceuticals. These place her in temporary debt at the end of each financial year (as she awaits the current safety net). Angela recently found herself with no alternative than to attend a public hospital for assessment and treatment of a skin infection because she did not have available money with which to pay the GPs fee for a public holiday consultation. **Angela will not exceed the \$1000 safety net threshold for out of pocket medical expenses (excluding pharmaceuticals) under MedicarePlus.** Angela has reported that meeting the costs of her health care is currently difficult, but this will become more so with MedicarePlus, as she will have to pay full fees, and will receive no safety net rebate.

VMAG recognises that those health service consumers most likely to require the financial assistance of MedicarePlus' safety nets usually sit at the most disadvantaged ends of both the socioeconomic and health needs spectra. MedicarePlus ignores, rather than assists them accessing health care services based on need, and instead promotes a health care system which gives priority to those who have the ability to pay.

Safety nets and universal health care.

VMAG believes safety nets are unnecessary in a universal health care system, and which, by their very existence, imply that some health care consumers will miss out on, or fall through, the 'net'. Qualifying for safety nets means possessing, or not possessing certain attributes or resources, such as a low income, dependant children or being under 16 years of age. The direct targeting of these groups will disadvantage those who do not fit into these categories, often inequitably. For example, while a millionaire's child (under 16 years) will be targeted for a bulk billed consultation with a GP under the MedicarePlus package, a woman with a low income job, no dependant children and a chronic disease such as multiple sclerosis (which requires periodic general practice and specialist consultations) would have to pay the full fee. This is not an equitable distribution of the public health care dollar, and is but one example of the many anomalies which will become obvious under MedicarePlus.

Targeted safety nets, by their very nature, will always disadvantage some health care consumers, and require considerable bureaucratic resources and infrastructure in order to be maintained. By contrast, universal health insurance, and access to primary health care facilitated through the bulk billing of all service users, disadvantages no one, has been proven to be a highly cost effective and efficient health insurance system, and has been responsible for Australians enjoying one of the highest standards of health in the world.

MedicarePlus is too complicated for consumers.

VMAG reiterates feedback from health service consumers that MedicarePlus, with its multi-tiered medical rebates, its multi-tiered safety nets, its myriad of safety net eligibility criteria and unclear commitment to bulk billing is too complicated to be clearly understood. In addition, it will require meticulous record keeping, placing yet another burden on the least healthy and most vulnerable in the community. VMAG questions how a frail aged person in a nursing home will maintain such records in order to access the safety net. By contrast, Australians understand and have embraced the comparatively simple Medicare system for its efficiency and negotiability.

Case Study 2:

Harry's wife is chronically ill with asthma and schizophrenia, and their primary school-aged son has a learning disability. Two years ago, Harry left the workforce in order to care for his wife, and now relies solely on a carer's pension. Harry reports that Medicare had been a great relief to his family, but now they find themselves again unable to access basic health care. Harry complains that doctors in his area no longer bulk bill, and that the prohibitive cost of health care means that "...on Saturdays and Sundays [concession cardholders] are not allowed to get ill. I've consistently paid the Medicare levy," he adds, "[yet now] **we are totally confused as to where we can get proper service from a doctor**". When his wife has an asthma attack now, Harry calls an ambulance every time because he knows he can't afford a doctor. While Harry and his family would certainly be eligible for the \$500 safety net under MedicarePlus, they clearly do not have even that amount available to them with which to pay both 'up front' medical fees, and the costs of pharmaceuticals. As Harry reports, without bulk billing, the health care needs of his family cannot be met.

Inefficiencies ignored.

VMAG continues to express concern and disappointment with MedicarePlus' lack of recognition for, and commitment to addressing the ongoing inefficiencies within the public health care financing system. MedicarePlus continues to ignore the enormous, inefficient drain on public health funds associated with the Federal/State Government funding arrangements. These arrangements are managed by inefficient bureaucracies, lack flexibility in the allocation of public health funds, and rarely address recognized health needs at the community level.

VMAG strongly advocates for abolition of the Federal/State funding arrangements for primary health care in favour of the establishment of Primary Health Care Trusts. These would exist within communities and would respond to identified needs. Primary Health Care Trusts would allocate funding based on the attainment of health outcomes, rather than on through-put medicine. VMAG's vision for this model is to enable medical services greater flexibility in which to provide preventive health interventions which will ultimately benefit communities through disease prevention, and reduced public health care spending.

In addition, VMAG highlights the failure of the MedicarePlus package to address gross inefficiencies in the operation of medical practices, where running costs consume 50% of their income in most cases. This inefficiency is not addressed through MedicarePlus. There are no viable incentives proposed to ensure GPs implement the administratively efficient system of bulk billing; they will continue to set consultation prices to cover these inefficiencies. This process is inflationary, and will continue to disadvantage health consumers with little or no discretionary income by placing services financially out of reach. It will also see Australia's percentage of GDP spent on health care increase to rival that of the United States of America.

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

Inadequate incentives for GPs to increase bulk billing.

VMAG questions that offering GPs an extra \$5 to the Medicare rebate in order for concession cardholders and children under 16 years of age to be bulk billed will actually influence GPs' billing practices. At present, the difference between the scheduled fee and that charged by GPs is in excess of \$5 in most cases (the difference is usually in the order of \$13). GPs, therefore, would be required to take a cut in pay (upwards from \$8 per consultation) in order to bulk bill these clients. Given that both individual GPs and bodies which represent GPs argue that medical practices are currently economically unviable, it is considered unlikely that GPs will opt for bulk billing over full-fee recovery for concession cardholders and children under 16 years of age.

Case Study 3:

Sandy has lived with her three children in a rural Victorian town for several years, but is moving to the city this month purely because of the cost and inaccessibility of local health care. One of Sandy's children has chronic asthma and another is autistic. **There are no bulk-billing doctors in her town, and each visit costs \$37 up front for health care card holders. (\$45 for non-HCC holders).** On rare occasions, a doctor will bulk-bill, but as this is up to the doctor's own discretion, patients feel they have to beg for bulk-billing, and even then are not likely to be granted it. Sandy was refused an appointment by a local clinic because she owed a doctor \$5; she wrote a letter to the clinic requesting bulk-billing services, and was sent a reply stating that "patients who are unhappy with the fee structure can access care at the hospital". Sandy claims that people have been banned from the clinic as a result of small debts and that people in the area are afraid to speak up about bulk-billing. She asked not to be identified until she had moved out of town. MedicarePlus will not encourage GPs to bulk bill children under 16 years, and therefore will continue to disadvantage, and compromise the health of families in rural areas where bulk billing GPs are practically non-existent.

VMAG further believes that with no incentives being offered to GPs to achieve bulk billing targets under the MedicarePlus package, there will be little encouragement for them to offer bulk billing services to concession cardholders and children under 16 years of age.

In the absence of incentives to achieve bulk-billing targets, VMAG considers the proposed, extra \$5 to the Medicare rebate for concession cardholders and children under 16 years of age will not influence GPs' billing practices, and as such, these consumers, who generally suffer poorer health than other groups in the community, will still have to have available income if they wish to access GP services, or else will choose not to access GPs on the basis of inability to pay, regardless of their health needs.

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

Inadequate control of medical service distribution and unethical recruitment practices.

VMAG supports the Government's commitment to the recruitment of more doctors, however expresses serious concern regarding how the Government plans to ensure equitable distribution of these doctors, especially to rural and other areas where a dearth of medically trained personnel exists.

VMAG also questions the effect on people in other countries should medically trained personnel be attracted to Australia, leaving their countries with a shortage of practitioners. VMAG will not advocate for Australia being responsible for denying people from other nations their basic human right to health care.

As well as the recruitment of doctors and nurses, VMAG strongly advocates for increased recruitment and equitable distribution of tax payer funded allied health professionals, such as physiotherapists, occupational therapists, social workers and counsellors as an appropriate and cost effective strategy to improved health. In particular, VMAG considers the state of publicly-funded dental services in Australia to be appalling, and an area which requires urgent, appropriate consideration, planning and funding. The extent to which dental and allied health professionals should be distributed amongst and within communities should be based on the identified needs within each given community.

VMAG further advocates for the allocation of GP provider numbers based on geographical location ie: a certain number of provider numbers, based on need, will be available in certain locations. This would ensure equitable distribution of GPs amongst communities.

Consumer Medicare Charter

In concluding, VMAG joins the National Coalition of Health Consumer Groups in endorsing the *Consumer Medicare Charter* (see attached), which outlines many of the issues discussed above, as raised by health service consumers. In contrast to MedicarePlus, this document offers positive, workable solutions to many of the issues affecting the long-term viability of Medicare, and aims to achieve equitable health outcomes for all Australians.

The *Consumer Medicare Charter* has been developed with the recognition that many of the causes of ill-health in Australia are related to the social determinants of health; lack of income, inadequate housing, education and social connectedness. The primary health care system, while focusing on medical interventions, needs to afford greater consideration to the causes, rather than just the symptoms of ill health.

In particular, the primary health care system must be flexible to respond to the varying health needs of different communities. Health policy developers, health service providers and communities must work in partnership to ensure creative, effective responses to health issues, and must do so in such a way as to be accountable to their communities.

VMAG would welcome the opportunity to present at the Public Hearings of the Senate Select Committee on Medicare.

Draft only

Yours sincerely,

Rod Wilson
Convenor
Victorian Medicare Action Group.