

A STRONG AND SUSTAINABLE MEDICARE

KEY ISSUES

- On 23 March 2015, an article published in the Medical Journal of Australia (MJA) reported that the freeze on indexation would reduce GP income by 7.1% by 2017-18.
- On 3 March 2015, you announced the Government would not be proceeding with \$5 reduction to GP Medicare rebates and the Medicare co-payment. The Government will be proceeding with its pause on indexation of Medicare rebates while the Government continues to work with stakeholders to develop future policies.
- On 15 January 2015, you announced that you will be undertaking wide ranging consultation on the ground with doctors and the community.

OUR POLICY

- The Australian Government believes Australians deserve a world class health system with access to services provided by highly-skilled doctors, nurses and allied health professionals.
- This must be underpinned by a strong and sustainable Medicare.
- The Government is committed to protecting Medicare.
- The Government wants to deliver policies that value general practice and other health professions and the important role they play in preventative health and primary care in this country.
- Since January 2015, I have been travelling the country meeting with hundreds of local doctors on the ground, and representatives from key medical, consumer and community groups. I have taken on board a wide range of constructive views, ideas and concerns about Medicare reform.
- I am determined to continue consulting on short, medium and long-term options to ensure the Government can keep on supporting high quality care and treatment as efficiently as possible.
- There is no reduction in the rebates for any GP services. Commonwealth expenditure on GP services will continue to increase.
- The report appears only to consider GP income from Medicare. It appears to disregard income from other sources, such as other Government programmes and existing patient charges.

BACKGROUND

- In the last decade, spending on Medicare has more than doubled from \$8 billion in 2004 to \$20 billion today, yet we raise only \$10 billion from the Medicare levy.
- Ten years ago, the Medicare levy covered 67 per cent of the cost of Medicare, but it now covers only 54 per cent.
- Medicare spending is projected to climb to \$34 billion in the next decade to 2024.
- In MYEFO 2014-15, the Government announced that it will be replacing the Medicare patient contribution budget measure with *A Strong and Sustainable Medicare*, designed to make Medicare more sustainable in the medium to longer term.
- Under the previous *A Strong and Sustainable Medicare* measures, announced on 9 December 2014, the Government was proposing to:
 - From 19 January 2015, the requirements for short and standard GP consultations would be clarified that a standard consultation is for consultations between 10 and 20 minutes in length;
 - Pensioners, veterans, concession card holders, children under 16 and residents of aged care facilities would be exempt from the \$5 rebate reduction;
 - Reduce the Medicare rebates for non-concessional patients for most GP attendances by \$5 from 1 July 2015;
 - An optional co-payment of \$5 for GP attendances from 1 July 2015; and
 - Freeze indexation of the MBS to 1 July 2018.
- On 15 January 2015, you announced that the changes to time requirements for GP consultations, announced as part of *A Strong and Sustainable Medicare*, commencing 19 January 2015, will no longer proceed.
- On 3 March 2015, you announced that only the indexation freeze would be going ahead. The indexation freeze does not require an amendment to legislation or regulations.

Indexation

- Historically, the indexation of MBS fees occurred by convention on 1 November each year. An eight month freeze was applied by the previous Government in 2013-14, with an intention that the MBS fees would be indexed on 1 July 2014 rather than 1 November 2013. Indexation would then occur on 1 July each year.
- MBS fees are indexed by a Wage Cost Index (WCI) prepared by Treasury.

Medical Journal of Australia article

- Uses CPI figures, not WCI which is generally lower.
- Assumes the same mix of services as in the Bettering the Evaluation and Care of Health (BEACH) survey data – not actual MBS data. It assumes the GP net income is determined by changes in MBS rebates for bulk billed services – ignoring potential reductions in practice costs.
- It ignores potential increases in revenue through increases in fees charged for patients who are not bulk-billed, or from the trend towards billing higher priced items.