
Mind the gap: Govt, senate on collision course over Medicare

Created 1 Jun 2003 - 12:00am

For the second year in a row, the Federal budget has generated widespread concern over proposals with the potential to seriously affect the lives of people living with HIV, especially those on low incomes.

And once again, the fate of the budget lies in the hands of a hostile Senate, with Labor and minor parties vowing to block key measures.

Medicare

At the centre of the controversy is the "Fairer Medicare" initiative, estimated to cost \$917 million over five years, which the government says is designed to address major problems with Medicare which have led to a decline in bulk billing rates.

The central plank of the package is a proposal to allow medical practitioners to charge a 'gap' co-payment on the top of the Medicare rebate, billing the Medicare portion directly to the government. The size of the co-payment would be uncapped, leading to widespread fears that health costs could rise dramatically if the scheme goes ahead.

Under current arrangements, people who are not bulk billed pay an average of \$12 per visit to see their GP, with some already paying as much as \$20. The President of the Australian Council for Social Service, Andrew McCallum, says that this amount could "easily double" and that "Australians will queue at the cash register to see a doctor" if the reforms go ahead.

The health minister told a Senate committee examining the proposal that the changes will not lead to higher costs, but her Departmental Secretary admitted that the government had done no specific analysis to back up that assessment.

"The government has blindly proceeded on the mere 'belief' that fees will not rise, but were unable to produce any evidence to back up this so-called belief," Labor health spokesman Stephen Smith said.

The restriction on insurers providing cover for out-of-hospital medical services will be relaxed, with consumers able to take out insurance to cover gap payments over a \$1000 annual threshold.

The package also includes new financial incentives for doctors who agree to bulk bill pensioners and other patients holding a Health Care Card. Under the proposed General Practice Access Scheme (GPAS), doctors who bulk bill concessional patients would receive extra payments on a sliding scale ranging from \$6.30 per service in rural areas to \$1 in inner cities.

But the scheme is not compulsory and there are uncertainties about how enthusiastically doctors, especially those in the cities, would take it up. The government estimates that around three quarters of GPs would opt in to the GPAS, a figure that has been disputed by doctors' groups and health advocates.

A joint statement by the Australian Medical Association, the Royal Australian College of General Practitioners and the Rural Doctors' Association said the response of GPs "has ranged from cautious to negative."

"The Government's Package will fail to support quality accessible patient care for Australians. It will bring about a two-tiered system of care," it said.

The arrangements are expected to have greatest impact on people on lower incomes who do not have access to a Health Care Card. Without access to bulk billing, it is feared that some people won't be able to afford to go to the doctor when they need to.

NAPWA President David Menadue says that people with HIV are "outraged" by the proposed reforms. People with

chronic illnesses such as HIV/AIDS, he says, will be highly disadvantaged by the proposals. "This is going to have a devastating impact on those in the range of low to middle income who are not eligible for Health Care Cards or Disability Support, are not eligible for, or cannot afford, private health insurance and yet are battling chronic illness and huge medication [costs]," he said.

Andrew McCallum says that restricting bulk billing to pensioners and Health Care Card holders "will lead to many of those patients being treated as second-class citizens, left to wait at the end of the queue behind the 'paying' patients."

Pharmaceutical Benefits

The budget revives the stalled 30 percent increase in [Pharmaceutical Benefits Scheme](#) [1][Pharmaceutical Benefits Scheme] The federal government program which subsidises medication costs in Australia. Anti-HIV drugs are part of a special part of the PBS called Section 100 (S100) which is used for expensive, highly specialised drugs. (PBS) co-payments originally announced in last year's budget but already rejected twice by the Senate. This proposal would see pensioners pay \$1 extra per PBS script, with non-pensioners paying \$6.30 extra. Opposition parties have vowed to reject the proposal again when it comes before the Senate.

Welfare reform

"With around one third, or around \$62.5 billion of the Federal Government's budget being paid out on welfare, it is critical that support goes to the needy and not the greedy," Family and Community Services minister Amanda Vanstone said in a statement.

To help identify the "greedy," additional funding has been allocated for compliance monitoring by Centrelink of benefit recipients, aimed at cutting \$534 million from the welfare bill over the next five years.

The compliance measures are "designed to make life tougher for customers who do not comply with their obligations or are deliberately defrauding taxpayers," Vanstone said.

New 'Service Update' reviews for DSP recipients, to be conducted via telephone and face-to-face interviews, will supplement the existing two and five yearly reviews, but will be triggered on a 'risk analysis' which seeks to identify benefit recipients who may be being overpaid.



The government plans to perform 61,000 of these reviews a year, taking the total number of DSP-specific reviews to more than 150,000 annually.

New data matching capabilities will be used to identify people receiving welfare payments while working. The data matching program will select 168,000 cases a year by comparing data from ABN, taxation and other government databases with Centrelink data.

Additional compliance measures have also been announced to help identify people using fraudulent identity

The government estimates that the new compliance measures will save \$89 million over the next four years.

The controversial plans in last year's federal budget which would severely restrict eligibility for the DSP to those unable to work 15 hours a week have not been abandoned, although the Senate has so far refused to pass them. The Bill containing the changes is expected to come before the Senate again, although it is not clear when this will happen.

The budget includes major new commitments to the Disability Employment Assistance Program, widely seen as a 'sweetener' for cutbacks in welfare entitlements. This \$150 million package will mainly be targeted at people with severe intellectual and physical disabilities.

The notification requirements for pensioners travelling outside Australia are to be strengthened, with pension recipients having their benefit automatically suspended or cancelled if they go overseas without first advising Centrelink. The maximum allowable period of temporary overseas absence will be cut back, down from 26 weeks to 13 weeks in most cases. And pensioners will have their benefits cancelled if they travel overseas to engage in "terrorist" activities.

The Austudy Pensioner Education Supplement is also being cut back, with reductions in payments to people undertaking one-year courses and no supplement payment during non-teaching periods for all recipients.

2003 Federal Budget at a Glance

'Fairer Medicare':

- New incentives for GPs bulk billing pensioners and Health Care Card holders — \$1 per consultation in cities, rising to \$6.30 in rural areas. No guarantee of bulk billing for non-concessional patients.
- Doctors to bill Medicare directly and charge patients a 'gap' fee for non-bulk-billed consultations. No restriction on the size of the gap.
- Private insurance funds to offer new insurance package to cover gap payments over a \$1000 annual threshold.
- Increased co-payments on PBS prescriptions still on the agenda from last year.

For PLWHAs on the pension:

- No increase in pensions beyond the inflation rate.
- Extensive new compliance monitoring programs, including 'Service Update' reviews for DSP recipients, to cut \$534 million from the welfare bill over five years.
- New data matching capabilities to catch 'welfare cheats.'
- New restrictions on pensioners travelling overseas.
- Cutbacks to Austudy Pensioner Education Supplement.
- Restrictions on eligibility for the DSP still on the agenda from last year.

For working PLWHAs:

- Personal Income Tax cuts of between \$4 and \$11 a week.

- [Disability Support Pension](#)
- [Medicare](#)
- [Pharmaceutical Benefits Scheme](#)

Links:

[1] <http://www.napwa.org.au/glossary/term/121>

