



Committee Secretary
Senate Standing Committees on Community Affairs
PO Box 6100
Parliament House
Canberra ACT 2600

Dear Sir/Madam

Inquiry into Out-of-pocket costs in Australian healthcare

The Consumers Health Forum of Australia (CHF) welcomes the opportunity to provide input to the Senate Community Affairs References Committee's *Inquiry into Out-of-pocket costs in Australian healthcare* (the Inquiry)

CHF is the national peak body representing the interests of Australian health care consumers. CHF works to achieve safe, quality, timely health care for all Australians, supported by accessible health information and systems. As such, CHF and its members have a strong interest in ensuring that our health system delivers and meets these principles.

CHF has been a strong voice against rising health costs and increasing consumer out-of-pocket costs. Through our campaigns we have challenged the popular view that Australia has an equitable health system, and highlighted the prevalence of high direct costs facing patients which are stealthily creating a two-tiered health system in Australia.

CHF has raised these concerns repeatedly through our past submissions to the National Commission of Audit (Attachment A) and to the Senate Select Committee inquiry into National Commission of Audit (Attachment B). CHF's commissioned research on out-of-pocket costs highlights many of the complex and negative aspects of co-payments in health care. (Attachment C). Our call to address the rising consumer burden of healthcare in Australia is supported by this robust, evidence based and consumer-centred research.

Drawing on these submissions and research it is clear that existing levels of consumer out-of-pocket payments already comprise over 17% of total health care expenditure in Australia, making consumers the largest non-government source of funding for health goods and services. According to a recent study by Commonwealth Fund, Australian consumers are already contributing a larger part of the health bill than their counterparts in most other developed western countries. There is also a growing body of evidence that a number of groups in the community are particularly vulnerable to the impact of rising out-of-pocket costs, including: people with chronic illnesses; people on low incomes; people living in rural and remote areas; young families; and older Australians.

CHF has recently conducted a national survey on the burden of out-of-pocket health costs on consumers and the significant impact any decision to introduce further co-payments will have on their health and welfare. The CHF survey (Attachment D) received 585 responses, with the vast majority of respondents expressing significant concerns regarding proposals for co-payments in health and its impact on their ability to access timely, appropriate care.

Through our work, we have also highlighted the many opportunities to improve the current scope and scale of health care expenditure in Australia, and we are therefore very concerned that the current debate is narrowly focussed on revenue measures which impose further costs on consumers, instead of reducing expenditure outlays. Rather than assume that consumers can or should shoulder more of the financial burden of health care, we must be examining how we can improve systemic efficiency, reduce management overheads, build integrated and coordinated care, eliminate duplication of services and introduce progressive revenue strategies. CHF has, and will continue to be, a willing participant in debates on health care financing.

CHF argues strongly that the principles of universality for the health system, progressive revenue collection through the taxation system and the Medicare funding arrangements should be maintained. However, CHF calls for a fundamental rethink in how the health system is structured in Australia.

The nature of illness and disease has changed significantly since Medicare was introduced nearly 30 years ago. Our current funding model was built to essentially provide a subsidy for one-off interactions with the health system such as a visit to the doctor or a short hospital stay. But our burden of disease has dramatically shifted towards a primary burden of chronic care, often as a result of preventable health conditions. There is broad recognition of the need for a health system that focuses on prevention and wellbeing management.

CHF strongly recommends the development of effective primary care systems that work to prevent illnesses from becoming more serious problems needing acute care, as well as deliver patient-focused care that result in healthier consumers – and lower health costs.

CHF does not accept that there is an inevitable growth in costs which require more government investment in health, or that any growth should be funded through increased consumer co-payments and higher out-of-pocket costs. There are currently significant opportunities to improve health outcomes and structural efficiency within the health care system. Improving efficiency through more effective community/primary care interventions and reducing unnecessary payments in areas such as pharmaceuticals, should deliver the financial capacity to reduce (not grow) out-of-pocket costs for consumers.

Consumers want a health system that is consumer-centred, easily navigable, affordable, accessible, safe, transparent and of high quality. Overall, while CHF acknowledges the current need to focus on fiscal sustainability, we are strongly opposed to the creation of any additional financial barriers to health care access. CHF appreciates the opportunity to provide and input to the Inquiry and is eager to participate in this important discussion.

Yours sincerely

Adam Stankevicius
Chief Executive Officer
8 May 2014