

Amendment to the agreement with Ireland on medical treatment for temporary visitors

Background¹

- 3.1 The *Agreement on Medical Treatment for Temporary Visitors between Australia and Ireland* (the Agreement) was signed in 1997. As a bilateral Reciprocal Health Care Agreement (RHCA), it enables visiting residents of a treaty partner country to access the public health system of the country visited, to obtain any treatment that is immediately necessary prior to travelling home. This Agreement covers public hospital and pharmaceutical care.
- 3.2 RHCAs are of particular assistance to persons with pre-existing medical conditions or who are over 70 years of age, who are fit to travel overseas, but are unable to obtain insurance. Australia has RHCAs with New Zealand, Italy, Malta, Sweden, the Netherlands, Finland, the United Kingdom and the Republic of Ireland. These countries have health systems of an equivalent standard to Australia.

1 Unless otherwise specified the material in Chapter has been drawn from the National Interest Analysis (NIA) for *An Exchange of Letters between Australia and the Republic of Ireland constituting an agreement to amend the 1997 Agreement on Medical Treatment for Temporary Visitors, done at Canberra on 30 July 2002*, and evidence received at a public hearing in Canberra on 21 October 2002.

Proposed treaty actions

- 3.3 The Committee understands that the proposed amendment to the Agreement arises because the *National Health Amendment (Improved Monitoring of Entitlements to Pharmaceutical Benefits) Act 2000* (IME Act) introduced a requirement for persons to produce evidence of their entitlement to PBS benefits (for Australians, a Medicare card). Prior to the introduction of the IME Act, access to PBS benefits was automatic upon presentation of a valid prescription.
- 3.4 The Committee further understands that the proposed treaty action is required to maintain reciprocity in the Agreement, by explicitly enabling Irish visitors to continue to access the Pharmaceutical Benefits Scheme (PBS) by allowing other relevant documents, for example a passport, to be presented as evidence of PBS entitlement.
- 3.5 The Committee was advised that no further legislative action by the Commonwealth or the States and Territories is required to implement the legislation and that States, Territories and the Pharmacy Guild had been consulted about the proposed amendment to the Agreement.

Evidence presented and issues arising

- 3.6 The Committee was assured that no other extant RHCAs would require similar amendments resulting from the presence of the IME Act. The Committee was informed that, for other countries:
- ... the structure of their agreements is broad enough to cover this change. For various reasons, references in those treaties ... have picked up the National Health Act sufficiently to accommodate the changes.²
- 3.7 The NIA makes reference to a number of ways in which RHCAs benefit Australia, for instance, through the assumption that these mechanisms facilitate tourism by providing a more secure environment for travellers from either country visiting the other. The Committee sought further clarification on whom would benefit from RHCAs. Mr Burness stated that:

The general overall government policy on the agreements is primarily to provide us – the Australian population – with an

2 Mark Burness, *Transcript of Evidence*, 21 October 2002, p. 13.

extension of our health system to countries around the world where that can be done ...³

3.8 The NIA also makes reference to the problems of specifying the costs and benefits that arise as a result of the proposed treaty action. The Committee sought clarification of the reasons why data was not collected on the impact of temporary visitors on the Australian PBS and why data on Australian use of foreign public health schemes appeared not to be collected in countries with which Australia has RHCAs.

3.9 The Committee was informed that under the IME Act the Government is monitoring the effect on PBS expenditure of restricting access to those who hold Medicare numbers and appropriate passports. Mr Burness referred to the specific case of Ireland:

I do not in all honesty believe that we are in a position to get a serious cost-benefit analysis between two countries when we are dealing with such a small number of people ...⁴

3.10 The Committee was concerned that, while the NIA contains many references to the overall trade and tourism benefits between Australia and major partners, no detailed cost-benefit analysis could be provided to support the claim that the particular treaty is in the national interest. The Committee accepts that while any costs associated with the treaty are minimal, the Department of Health and Ageing would be advised to avoid making assertions about financial benefits to Australia as a result of the treaty without specific financial analysis to support this.

3.11 The Committee investigated the possibility that RHCAs may be open to abuse by foreign nationals seeking to exploit publicly funded health care in Australia. The Committee was satisfied that the costs to the public health system are minimal under the Agreement, accepting the Department's view that, if the purpose of a visit were for treatment or major surgery, visitors would arrive into Australia under the conditions of a medical visa, the provisions of which are excluded from the Agreement.⁵ The Committee concurs with Mr Burness's view that 'it is a pretty big flag fall cost to try and uplift yourself to go to a country to get into their health system and to enter it to abuse it.'

3.12 The Committee noted the department's policy that, should a treaty partner make changes to its own health system in any way that would exclude

3 Mark Burness, *Transcript of Evidence*, 21 October 2002, p. 14.

4 Mark Burness, *Transcript of Evidence*, 21 October 2002, p. 13.

5 Mark Burness, *Transcript of Evidence*, 21 October 2002, pp. 14-5.

Australians from, for example, accessing their PBS or equivalent, the relevant Agreement would be changed to reciprocally 'exclude access to ours.'⁶

- 3.13 The Committee inquired as to whether the scrutiny of passports by pharmacists might provide for the identification of individuals who have overstayed their visas. Mr Burness indicated that 'there is a nationwide process that goes to all pharmacies' by which temporary visitors who were ineligible for PBS benefits, such as visa over stayers, but who made claims upon the PBS could be detected.⁷
- 3.14 In response to the Committee's observation that industry groups were not listed in the NIA as having been involved in the consultation process for the proposed treaty action, the Department informed the Committee that extensive consultations were held with the Pharmacy Guild.

Conclusions and recommendations

- 3.15 The Committee is satisfied that the proposed amendment is necessary to continue the terms of the Agreement.
- 3.16 In the interests of informing the Parliament fully of the efforts made by Departments proposing treaty actions to consult other agencies the Committee requires that future NIAs include reference to the full range of agencies that have been consulted.

Recommendation 3

- 3.17 **The Committee supports the *Exchange of Letters between Australia and the Republic of Ireland constituting an agreement to amend the 1997 Agreement on Medical Treatment for Temporary Visitors, done at Canberra on 30 July 2002* and recommends binding treaty action be taken.**

⁶ Mark Burness, *Transcript of Evidence*, 21 October 2002, pp. 14-5.

⁷ Mark Burness, *Transcript of Evidence*, 21 October 2002, pp. 15-6.

Recommendation 4

- 3.18 **The Committee recommends that future National Interest Analyses list all agencies consulted in relation to the proposed treaty action.**