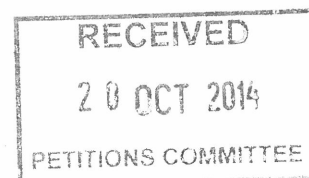




**THE HON PETER DUTTON MP
MINISTER FOR HEALTH
MINISTER FOR SPORT**

Ref No: MC14-011733

Dr Dennis Jensen MP
Chair
Standing Committee on Petitions
Parliament House
CANBERRA ACT 2600



Dear Dr Jensen

Thank you for your correspondence of 3 September 2014 (Ref: 958/1427) regarding the measures announced in the 2014-15 Budget measure to strengthen Medicare.

I acknowledge the issues raised in the petition and particularly the concern that the patient contribution measure will mean that families and pensioners will pay more for their health care. I trust the following information will be of assistance.

The Government is determined to strengthen Medicare and to make our health system sustainable. This is particularly important given the ageing of our population and the costs of listing new medicines and public hospital funding at record levels.

In 2004, we were spending \$8 billion on Medicare, today the figure is \$19 billion and, without policy change, it is projected to climb to \$34 billion in ten years' time. That is an 80 per cent increase.

The Government tasked the National Commission of Audit to undertake an across the board examination of government spending and to make recommendations to ensure appropriate targeting of government programmes. The Government is carefully considering all recommendations of the Commission's report.

The Commission looked closely at the current Medicare arrangements and reached some conclusions about what would need to be done in order to preserve Australians' access to affordable, high quality health care. Expenditure under Medicare has grown rapidly over the last decade, increasing 124 per cent in the last ten years. Further, in 2013-14, 275 million services were provided free to patients in a population of only 23 million.

The Government has moved in the 2014-15 Budget to put health expenditure on a more sustainable footing, to ensure that Australia can continue to afford a strong Medicare system. From 1 July 2015, all patients will be asked to directly contribute to their own health care costs. While the Government will continue to subsidise a majority of the costs of Medicare services, the rebate for most GP and out-of-hospital pathology and diagnostic imaging services will be reduced by \$5.00.

Previously bulk-billed patients can expect to make a contribution of at least \$7.00 to the cost of most visits to the GP and for out-of-hospital pathology and diagnostic imaging services. Doctors will be paid a low gap incentive - equivalent to the current bulk-billing incentive - to encourage them to charge Commonwealth Concession Card holders and children under 16 years no more than the \$7.00 contribution for ten visits in a calendar year. After the patient contribution has been paid ten times, the Medicare rebate is increased by \$5.00 and the doctor will be paid an incentive if they provide the service to the concessional patient for free.

Bulk-billing will still be available to doctors to apply at their discretion (as is the case today) to patients who cannot afford the \$7.00 patient contribution.

Savings from the Budget measure will be directed to the Medical Research Future Fund to ensure Australia can continue to advance world leading medical research projects, attract and retain first class researchers and ultimately deliver improved health outcomes for all Australians.

More information about the Budget measure is available at www.health.gov.au/internet/budget/publishing.nsf/content/budget2014-factsheet-strengthening-medicare.

Thank you for bringing the concerns of the persons who signed the petition to my attention.

Yours sincerely

25/9/14

PETER DUTTON