

# National Seniors

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Committee Secretary  
Senate Standing Committees on Community Affairs  
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Dear Committee Secretary

## **Health Insurance Amendment Extended Medicare Safety Net Bill 2014**

National Seniors welcomes the opportunity to comment on the proposed increase to the general threshold for the Extended Medicare Safety Net.

National Seniors is Australia's largest organisation representing the interests of those aged 50 and over, with around 200,000 individual members nationally. This broad-based support enables National Seniors to provide a well informed and representative voice on behalf of its members and contribute to public education, debate and community consultation on issues of direct relevance to older Australians.

National Seniors members and older Australians generally report financial stress in meeting the cost of their health care. In Australia, upfront health care costs are increasing at levels higher than CPI and are now the fifth highest in the world. Our average out of pocket healthcare costs of \$1,075 per annum are twice as much as in Britain or France.<sup>1</sup>

Research commissioned in 2012 by National Seniors Productive Ageing Centre revealed that 570,000 people aged 55 years and over spend more than 10% of their income on health and about 250,000 spend over 20% of their income on health. Those with five or more chronic conditions spend \$882 per quarter which is almost 6 times as much as those with no chronic conditions.<sup>2</sup>

<sup>1</sup> Australian Institute of Health and Welfare. 2013. *Australia's Health 2012*. Canberra.

<sup>2</sup> National Seniors Australia Productive Ageing Centre 2012. *The Health of Senior Australians and the Out-of-Pocket Healthcare Costs They Face*. Canberra.

In particular, people with multiple chronic health conditions are finding the range of services and the number of occasions of service required to treat their condition/s can quickly impact on their ability to fund their other living expenses. Households aged over 50 report that they spend between 25 per cent and 50 per cent of their disposable income on essentials such as groceries, transport, communication and medicine.<sup>3</sup>

Older Australians continue to 'go without basics' including food, medicines and heating/cooling to make ends meet.<sup>4</sup> Twelve per cent (12%) of those aged 65 plus and a fifth (20%) of Australians aged 50 to 64 have also reported that they skip medication doses to counter mounting costs.<sup>5</sup>

The wind-down by 2014-2015 of access to the Net Medical Expenses Tax Offset for out of pocket health care costs will further exacerbate the financial pressure experienced by those retirees or low income workers who were required to submit a tax return.

Raising the Extended Medicare Safety Net threshold contradicts the rationale that the Net Medical Expenses Tax Offset was poorly targeted as it only supported consumers who submitted a tax return. This increase to the threshold for the Extended Medicare Safety Net targets all consumers, regardless of their financial capacity to afford their health costs.

Out of pocket payments can rapidly escalate because of gaps between the MBS rebate and the provider's charge for primary health and specialist consultations, eligible allied health, pathology and diagnostic imaging services. In addition, many patients face substantial health costs that are not supported by Medicare or the Extended Medicare Safety Net such as dental health services, low vision health services and assistive technologies, private allied health services and in-hospital gap payments.

Although patients are grateful for the support provided under the MBS chronic disease management plans, the limit of a maximum of five allied health services per calendar year is insufficient to allow the ongoing treatment which many patients require.

*Member comment:*

*I get 5 referrals from my GP per year which I use for podiatry (diabetes related) and urinary incontinence. This is nowhere near enough. Each additional visit to the incontinence physiotherapist costs \$58 x 3 or 4 a year. I also attend a chiropractor for back pain \$43 x 5 or 6 visits a year.*

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<sup>3</sup> Kelly S. *A squeeze on spending? An update on household living costs for senior Australians*. Melbourne; National Seniors Productive Ageing Centre: 2013.

<sup>4</sup> Kelly, S. (2011) *Are Older Australians Being Short Changed? An Analysis of Household Living Costs*. National Seniors Australia, November 2011.

<sup>5</sup> National Seniors Australia Productive Ageing Centre. 2012. *Senior Australians and Prescription Medicines: Usage, Sources of Information and Affordability*. Canberra.

Member comment:

*At 60 years of age, my various health problems restrict me from working the long hours I used to. I have obtained Podiatry through Enhanced Primary Care for 5 visits. I need to attend Podiatry every 4 weeks and obtain refunds from my health insurance other times. I am struggling financially at present due to the cost of health care and reduced income.*

National Seniors supports the need for Extended Medicare Safety Net benefit caps to be in place to prevent escalation in benefits when providers' charges are far higher than the MBS fee. However many of our members report that they face significant out of pocket costs for specialists charges which are higher than the EMSN benefit cap.

Member comment:

*Medicare was supposed to make access to basic health services affordable and accessible, but the level of rebate provided has not kept pace with the fees and charges levied by doctors and other health care services covered by Medicare.*

Although many older Australians are unable to afford private health insurance, even those who do have it are unable to fully utilise and appreciate benefits because of the gap payments or annual limits for some services.

Member comment:

*We are self-funded retirees and we can only afford basic cover. We understand the need for private health cover but the costs don't seem to match the services covered.*

Comment from member whose out of pocket costs approached \$5,000:  
*My wife and I are generally considered to be in good health. We get about half specialist visit costs back. Initial consultation can cost up to \$400.00. Our consults for eye checks for cataracts and for sleep apnoea among other things cannot be ignored as they have significant driving and other safety considerations.*

A member with multiple health conditions including cancer:

*I am a widow on a single pension with a small amount of superannuation..*

*The difference between payment and refund of both Medicare and the Health Fund have, over the years diminished. I am sure this plays a part in (sic reducing) a lot of people's access to health care. My GP, skin specialist and periodontist all have premises in the City of Sydney and have higher overheads than suburban practices.*

Thus the proposed \$2,000 threshold will have the greatest impact on the most vulnerable patients. The increase of the Extended Medicare Safety Net threshold by 60% from \$1248.70 to \$2,000 for general patients is inequitable and hurts people who are living with chronic health conditions.

**National Seniors requests that the Extended Medicare Safety Net threshold remain at the current level of \$1248.70**

Member comment:

*The increase in the safety net to \$2000 a year is really going to hit hard so many people. Why can't people with chronic illness, especially seniors, be looked after better by the government? We have worked all our lives and paid our tax all the time; yet when we get to senior age, we are not looked after.*

Member comment:

*The cost of health care is becoming astronomical for people like me on a Disability Pension. My main specialists all practice in a Private Hospital and they charge considerable out of pocket expenses. Required tests also incur out of pocket costs as well – the pension does not cover these.*

*My private health premiums are barely met especially with the current increase of 6+%. If I was to wait for treatment in the public system – well I would probably be dead or waiting till I was on my death bed. I don't know what the solution is but don't hurt those hurting already.*

Of particular concern is the requirement for single patients to reach the same threshold as a couple or family group. This inequity must be addressed.

**National Seniors requests that the Extended Medicare Safety Net threshold for singles should be set at 66% of that for couples or family units.**

As indicated in the above discussion, the supports offered by the Government are appreciated. However, the different eligibility and services criteria are very confusing for members of the public. The current PBS and MBS Safety Nets should be combined to better meet the needs of consumers, many of whom have chronic diseases which require ongoing GP, specialist and pharmaceutical support.

Management of patients with chronic diseases would be enhanced by a more comprehensive approach to provision of health services and supports. An integrated patient centred focus could reduce progression of chronic disease to acute events and avoidable hospitalisations. This focus could include a move away from fee-for-service and greater reliance on multidisciplinary models of care.

Although not a focus of consultation on this Bill, National Seniors also recommends that Government explores the merging of the PBS and Medicare Safety Nets for general patients with chronic disease. We also suggest that substantial benefits would arise from a wider safety net for

those with multiple conditions or targeted programs for lower income earners with multiple conditions, similar to current DVA arrangements.<sup>6</sup>

I would be pleased to discuss the above suggestions at your convenience.

Yours sincerely

**Michael O'Neill**  
**Chief Executive Officer**

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<sup>6</sup> National Seniors Australia Productive Ageing Centre 2012. *The Health of Senior Australians and the Out-of-Pocket Healthcare Costs They Face*. Canberra.