



Diabetes Australia

29 April 2014

Mr Matt Crawshaw
Secretary
Senate Standing Committee on Community Affairs
Legislation Committee
PO Box 6100
Parliament House
CANBERRA ACT 2600

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Dear Mr Crawshaw,

Thank you for the opportunity to submit to the Committee's Inquiry into the *Health Insurance Amendment (Extended Medicare Safety Net) Bill 2014*. Diabetes Australia welcomes the opportunity to participate in this important discussion on the costs of health care.

Diabetes Australia is the national body representing more than 1.7 million people with all types of diabetes across Australia and over 2 million Australians at high risk of developing type 2 diabetes. Diabetes Australia is always alert to regulatory or policy changes which may impact on people with diabetes managing their condition most effectively and ensuring we prevent the serious complications of diabetes and maintain a healthy and productive workforce and community.

Diabetes Australia is concerned that a rise in the eligibility threshold for the Medicare safety net will adversely impact on many people with diabetes and potentially lead to adverse health outcomes.

Diabetes is a lifelong condition with complex care needs. It is a condition that requires continuous management from the time of diagnosis. Globally, diabetes disproportionately affects the poor and disadvantaged and this equally applies to Australia. The highest prevalence rates for diabetes in Australia are in poorer and disadvantaged communities. Diabetes also affects older people. There are currently over 400,000 Australians with diabetes aged 70 years or older and low income.

People with diabetes aiming to achieve the annual cycle of care recommended for best management of their condition may not reach the safety net threshold every year, but they will reach it some years. For many, the safety net and its increased reimbursements is an important contribution to the significant expenses associated with managing their condition.



unite for diabetes

Diabetes Australia is a member of the
International Diabetes Federation

We already have a problem.

The latest Report on Government Services (ROGS) highlighted that only 25% of Australians met the annual diabetes cycle of care requirements in 2012-13, so 75% of people with diagnosed diabetes in Australia (approximately 800,000 Australians) are not accessing the annual cycle of care and cost is a big issue.

Also, many people with diabetes are not having their recommended 6 monthly check of their average blood glucose level (HbA1c). Only 77.6% of people with diabetes had their HbA1c levels tested in the last 12 months (recommended every 6 months) and only 50% of those levels were found to be under the recommended 7%.

Raising the safety net threshold and having people pay more may worsen access to the recommended cycle of care and the recommended 6 monthly monitoring.

Diabetes Care and Management is already costly

The average annual health care costs for diabetes are as follows:

- Type 1 diabetes without complications: \$3,468
- Type 1 diabetes with micro and macro-vascular complications: \$16,998
- Type 2 diabetes without complications \$4,025
- Type 2 diabetes with micro and macro-vascular complications \$9,645

While the Commonwealth Government supports diabetes self monitoring and management through the National Diabetes Services Scheme (administered nationally by Diabetes Australia) it is important to note that the consumables required to manage diabetes account for only 4.5% of direct health care costs for people with type 1 diabetes and 10% for people with type 2 diabetes. Similarly the subsidisation of insulin and other medications through the Pharmaceutical Benefits Scheme is essential support for people with diabetes, however medications account for only 31.6% of Type 1 expenses, and 29% for type 2.

The costs of primary, specialist and allied health care, which we would expect to attract an MBS rebate in most cases, comprise a further 18% of direct health costs for people with type 2 diabetes and 16.2% for people with type 1 diabetes.

An increase in the safety net threshold could discourage MBS funded, essential multidisciplinary care and could reduce access to affordable medicines and self management and monitoring.

Entrenching disadvantage

Further pressure on what has become known as the “working poor” is of great concern when considering a condition like diabetes, which affects the poor and disadvantaged disproportionately.

It is those people with diabetes without a health care card but still with limited flexible income that Diabetes Australia is most concerned about in terms of their capacity to access affordable health care and treatments to ensure good management of the condition and prevent the development of complications like heart attacks, strokes, blindness, amputations, kidney failure/dialysis and more.

Costly complications are avoidable

The complications of diabetes are a very serious cost burden to Government in hospital costs – but most of the complications are preventable if we provide affordable and high quality primary care. Studies and surveys suggest 15-40% of hospitalisations in Australia are diabetes related and much is preventable.

The new Coalition Government has committed to strengthening the primary health care system in Australia, and in particular has committed to strengthening the focus on diabetes management and prevention in the primary care system. We are concerned that an increase in the safety net threshold will work against these objectives.

People with diabetes need affordable access to multidisciplinary care and support in the primary care system as well as affordable access to the most effective treatments and technologies to ensure they remain healthy and productive contributors to our society. They don't need disincentives such as higher costs placed in their way.

Sincerely,

Professor Greg Johnson
Chief Executive Officer