

Department of Neurology  
Flinders Medical Centre  
Bedford Park SA 5042  
4 May 2014

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

Dear Secretary:

I write to present an opinion on charges for medical services in Australia.

a. On the current and future trends in out-of-pocket expenditure by Australian health consumers:

Payment for everyday goods and services is an accepted aspect of life. The decisions people make in obtaining everyday goods and services depend on need and ability to pay and involve personal judgement of these competing interests. On the one hand, there is the personal need of an article or a service, on the other, knowledge of the price and whether it is a reasonable amount. Market forces determine what gets sold.

In obtaining medical services, people are in a different situation. Illnesses are unpredictable in timing and severity. Frequently, people are uncertain of what their need is, for example, what does losing vision mean? It could be anything from harmless age-related loss of elasticity of the lens to brain cancer. Do I need glasses or am I going to die? Most often people put themselves in the hands of a person they trust and follow their advice. The relationship between the purchaser-of-everyday-goods from a sales-assistant in a store is entirely different from the relationship of a purchaser-of-advice-or-service from a medical advisor. The relationship in the situation of a goods-and-services purchaser is balanced. For a purchaser of medical advice and treatment, the transaction is biased strongly against the purchaser who may be anxious of the unknown, or threatened and alarmed by loss of vision or life.

For people to assess the reasonableness of out-of-pocket costs is difficult or impossible in the medical environment. Out-of-pocket cost will always be paid by people accessing medical services and, like illness itself, the additional cost may be unpredictable in severity. It is disappointing for this writer, a retired specialist, to know that specialists may bill out-of-pocket co-payments that vastly exceed the Schedule Fee or AMA recommended rate. To my mind, this represents exploitative charging (greed).

b. On the impact of co-payments on:

- i. consumers' ability to access health care, and
- ii. health outcomes and costs;

The impact of co-payments on the consumers' ability to access health care is obvious: Only opting out of medical care avoids them. They should not be chargeable in the first place. Large out-of-pocket expenses do nothing to enhance health outcomes. In contrast, as per the above, they will sometimes dissuade individuals from agreeing to necessary procedures. Furthermore, high out-of-pocket costs might be an incentive for specialists to undertake treatments unnecessarily.

For these reasons, the costs of medical consultations and procedures in Australia, or anywhere, need to be strongly regulated and fully covered by public (and private) schemes.

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