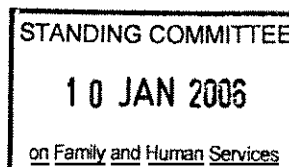




THE HON TONY ABBOTT MP
MINISTER FOR HEALTH AND AGEING
Leader of the House of Representatives

The Hon Alex Somlyay MP
Chairman
Standing Committee on Health and Ageing
Parliament House
CANBERRA ACT 2600



Dear Mr ~~Somlyay~~ *Alan*

Thank you for your letter of 2 November 2005 about comments by the Premier of Queensland, the Hon Peter Beattie MP, regarding means-testing public patients, and how such arrangements would breach the Australian Health Care Agreements.

The Australian Health Care Agreements form an important partnership between the Commonwealth Government and each of the State and Territory Governments to deliver public hospital services to the Australian population. The ability of the governments to work together to provide public hospital services is a core element of the Australian health care sector.

Under the 2003-08 Australian Health Care Agreements, the Commonwealth Government is responsible for the provision of substantial financial assistance to the States and Territories to meet the cost of providing public hospital services. This is in addition to the funds for health care that the State and Territory Governments provide through their own budgets.

Under these arrangements, State and Territory Governments are responsible for ensuring the provision of public hospital services free-of-charge to public patients, regardless of their income or private health insurance status, on the basis of clinical need and within clinically appropriate times.

If Premier Beattie was to introduce means-testing for co-payments for public hospital services, it would make Queensland non-compliant with its obligations under the current Australian Health Care Agreements.

If staff at Queensland public hospitals direct, or in any way pressure patients to elect to be private patients, or direct them to go to private hospitals, Queensland would breach its obligations under the Agreement.

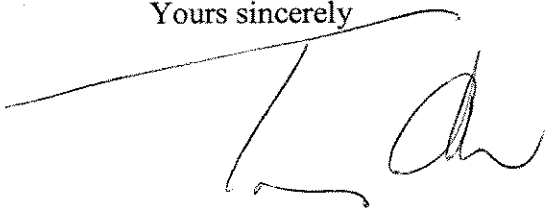
Should there be evidence of systemic breaches of the 2003-2008 Australian Health Care Agreement, Queensland could risk their compliance payment which is equivalent to four per cent of total funding or around \$65 million. I do not rule out the possibility of exercising this option if Queensland so proceeds with the Queensland Government's proposal.

I have enclosed an extract from the Australian Health Care Agreements which sets out the obligations of the States and Territories in respect of a range of principles including the specific requirement that they provide free public hospital services to eligible persons (irrespective of their insurance status).

If you or the members of the Standing Committee on Health and Ageing require further information in relation to this or any issue concerning the Australian Health Care Agreements, please contact Ms Gail Yapp, Assistant Secretary of the Acute Care Division. Ms Yapp can be contacted on (02) 6289 7601.

I trust that this information is of assistance and I have no objection to this letter being provided to the Committee.

Yours sincerely

A handwritten signature in black ink, appearing to be 'Tony Abbott', written over a horizontal line.

TONY ABBOTT

14 DEC 2005

Encl

Extract from the Australian Health Care Agreements 2003-08

In signing the 2003-08 Australian Health Care Agreements, States and Territories committed to a number of principles and agreed to:

6(a)&(b)	Ensure that patients who present at a public hospital are given the choice to receive public hospital services free of charge (to the patient and to Medicare) on the basis of clinical need and within a clinically appropriate period;
7(a)	Continue to provide the same range of public hospital services as they did on 1 July 1998
7(b)	Ensure that all public hospital services available to private patients are also accessible to public patients, where there is a demonstrated clinical need
16	Not institute or sanction arrangements which unreasonably impose an additional financial burden on the Commonwealth
17	Where it can be demonstrated that a change in service delivery arrangements would benefit patients, implement this change in an open and consultative manner and compensate the Commonwealth where costs are transferred to us (the same obligation applies to the Commonwealth)
38	Ensure that all eligible persons elect to receive admitted public hospital services as a public or private patient and that patients are given a clear and unambiguous explanation of the consequences of a particular patient election
39	Eligible patients presenting to a public hospital emergency department will be treated as public patients. Patients may be informed of alternate service providers but must not be directed to a choice and must be fully informed of the consequences of their choice.
41	Ensure that patients who present at a public hospital outpatient department are treated free of charge unless they have been referred to a named medical specialist who is exercising a right of private practice <u>and</u> the patient chooses to be treated as a private patient
44(c)	Control of referral pathways in a way that denies access to free public hospital services is a breach of the Agreements
44(d)	Control of referral pathways so that referral to a named specialist is a prerequisite for access to outpatient services is also a breach