

NATIONAL INTEREST ANALYSIS: CATEGORY B TREATY

SUMMARY PAGE

**An Exchange of Letters between Australia and the Republic of Ireland
constituting an agreement to amend the 1997 Agreement on Medical
Treatment for Temporary Visitors, done in Canberra on 30 July 2002**

Date of Proposed Treaty Action

1. 15 October 2002.

Nature and Timing of Proposed Treaty Action

2. It is proposed to bring into force the Exchange of Letters amending the Agreement on Medical Treatment for Temporary Visitors between the Government of Australia and the Government of the Republic of Ireland (the Agreement) done at Dublin on 12 September 1997.
3. The Exchange of Letters agreeing to the text of the proposed amendments to the Agreement was completed on 30 July 2002. The Exchange of Letters provides for entry into force on a date to be advised by the Government of Australia via the diplomatic channel. The Government of Australia will issue this note when it is convenient for the Irish Government.

Overview and National Interest Summary

4. The Agreement on Medical treatment for Temporary visitors between Australia and Ireland provides residents of either country with reciprocal access to the public health system of the other country for any immediately necessary treatment that is required before they can return home. The Agreement covers public hospital and pharmaceutical care.
5. The proposed amendments to the Agreement are of a technical nature and do not alter the scope or operation of the Agreement, nor impose further costs or other obligations on Australia. No further legislative action is required by the Commonwealth or the States and Territories to implement the proposed amendments. Neither the Agreement nor the proposed amendments provide for the negotiation of any future legally binding instruments and a procedure is contained in the Agreement for its termination.
6. The proposed amendments are required in order to maintain reciprocity in the Agreement. Recent changes to the *National Health Act 1953* have tightened Pharmaceutical Benefits Scheme access requirements. The proposed amendments will preserve reciprocity of the Agreement by explicitly allowing Irish visitors to Australia to continue to have access to the PBS.

Reasons for Australia to take the Proposed Treaty Action

7. Australia has concluded a number of Reciprocal Health Care Agreements (RHCAs) with countries which have health systems of an equivalent standard to Australia and which can provide a high level of health care to travelling Australians.

8. The RHCAs provide for reciprocal access to public health facilities for residents of either country travelling, or otherwise temporarily, in a country where such an agreement exists, thus contributing to a safer travel environment for Australians travelling abroad on business or holiday.

9. The RHCAs particularly assist persons with pre-existing medical conditions who are perfectly fit to travel overseas but are unable to obtain insurance. The RHCAs also assist the aged/ageing who after approximately 70 years of age find it difficult to obtain travel insurance covering their health needs.

10. Presently, there are RHCAs in place with New Zealand, Italy, Malta, Sweden, the Netherlands, Finland, the United Kingdom and the Republic of Ireland.

11. It is now necessary to amend the Agreement to maintain reciprocity by explicitly allowing Irish visitors to continue to access the PBS. *The National Health Amendment (Improved Monitoring of Entitlements to Pharmaceutical Benefits) Act 2000* (IME Act) introduced the requirement that persons evidence their entitlement to PBS benefits. Generally entitlement can be demonstrated by means of a Medicare number, however, a special arrangement is in place to accommodate access under RHCAs, such as with the Republic of Ireland. This arrangement allows other relevant documents (eg passport) to be presented as evidence of PBS entitlement. Prior to the introduction of the IME Act any person in Australia who had obtained a valid prescription was able to access PBS benefits.

Obligations

12. The Agreement requires each country to provide visitors from the other with any immediately necessary treatment as a public patient in its public hospitals, including both in-patient and out-patient care. Subsidised prescription drugs are available to visitors in either country.

13. The Agreement is intended to cover ill health arising during the stay which requires treatment before returning home. It does not cover medical treatment which is prearranged or elective, or for which there is no immediate medical necessity. Those entering Australia for the specific purpose of receiving treatment are excluded.

14. The proposed amendments to Article 1(1)(a)(i) of the Agreement will allow Irish visitors to Australia to continue to have access to the PBS.

15. The proposed amendments are of a technical nature and do not alter the scope or operation of the Agreement, or impose further obligations on Australia.

Implementation

16. The *Health Insurance Act 1973* gives a visitor, of the type covered by the Agreement, status under that Act.

17.No further legislative action by the Commonwealth or the States and Territories is required to implement the amendments.

Costs

18.The proposed amendments to the Agreement will not lead to any additional financial costs being incurred by Australia.

19.It is not possible to determine the future relative financial benefit to Australia of the Agreement since insufficient data is available for such an analysis. This lack of data is a function both of the reluctance of health departments in Australia and the Republic of Ireland to expend human and financial resources in collecting data relating to a relatively small number of services and the very principles of budget neutrality and administrative simplicity embodied in the Agreement.

20.Given the lack of data, only a very basic estimation of the reciprocity of the Agreement can be made based on numbers of people travelling between the two countries. The costs associated with the provision of any necessary hospital care to Irish visitors in Australia will be offset by a similar cost being borne in the Republic of Ireland in order to provide necessary hospital care to Australian visitors to the Republic of Ireland. Australian Bureau of Statistics (ABS) data is limited but indicates that there was a total of 25,900 Australian visitors to the Republic of Ireland and 44,000 Irish visitors to Australia in 1999-2000. However, ABS data underestimates the extent of Australian visits to the Republic of Ireland due to the fact that this data is collected by asking Australian travellers returning home to identify the single country in which they spent most time. Since it is common for Australians to tour around, visiting several European countries this means that the full extent of Australian visits to the Republic of Ireland would not be captured. It is possible that the number of Australian visitors in the Republic of Ireland in this period may actually be as high as the number of Irish visitors in Australia or may well exceed this number. It is also worth noting that the volume of travel between the Republic of Ireland and Australia fluctuates over time.

21.The Agreement covers only hospital and pharmaceutical care. Out of hospital care is not covered. This means that there is no Medicare data available on the cost to Australia, since Irish visitors do not have access to Medicare.

22.Limited data is available on PBS usage by Irish visitors under the Agreement. The IME Act, which came into full effect in May 2002, has enabled collection of data on PBS usage. Initial data provides an indication of the cost of provision of PBS benefits to Irish visitors under the Agreement. However, the data collected does not uniquely identify benefits provided to Irish visitors under the Agreement, but includes Irish visitors within a broader category of PBS consumers. This means that the available PBS data will, to some extent, overestimate PBS usage by Irish visitors under the Agreement. In July 2002, 1,110 PBS scripts were supplied to the category of PBS consumers of which Irish visitors are a part, out of a total of 15,551,165 scripts supplied during that month. The number of scripts provided to the category containing Irish visitors represents 0.007% of the total number of PBS scripts supplied in July 2002.

23.Some State and Territory health departments have introduced procedures to record data on hospital usage by eligible visitors, but such data is neither comprehensive nor reliable. The availability of such data, together with PBS information, should provide an overall picture of the use of these services by eligible visitors from the Republic of Ireland in the future.

24.Data on usage of health services in the Republic of Ireland by Australian visitors under the Agreement is not collected by the Irish authorities. This is due to the fact that Australian usage of the Irish health system comprises such a small number of services and cost relative to the Irish health budget, that expenditure of human and financial resources to monitor usage under the Agreement is not considered worthwhile. In the absence of such data from the Republic of Ireland, comprehensive cost comparisons are not possible at this time.

25.The purchasing power of the Australian dollar in the Republic of Ireland should also be considered. Higher health care costs in Europe will act in Australia's favour in an Agreement on health care.

26.The Agreement provides significant health benefits to Australian international travellers. The Republic of Ireland is one of eight RHCA countries which include some of the major destinations of Australians travelling overseas for both business and pleasure. The international extension of health care is particularly valuable for those with pre-existing stable medical conditions and for elderly who are fit to travel, but face higher charges for insurance.

27.Factors such as the goodwill engendered by a welcoming and a safer environment for tourists, working holiday makers, social visitors and business people are less tangible benefits associated with the RHCAs. Given the importance of the tourism industry for Australia the RHCAs potentially contribute to the wider context of its success. Moreover, the introduction of a Goods and Services Tax means that visitors to Australia are indirectly contributing to the costs of public services, including health. Overall international tourist expenditure in Australia was \$17.1 billion in 2000-01 (Department of Industry, Tourism and Resources, 10 year plan for tourism paper). Visitors from RHCA countries comprise approximately 30% of the total number of international visitors to Australia (based on ABS overseas visitors data) and may therefore be expected to have contributed in the order of \$5.1 billion to this total.

28.The RHCAs strengthen cooperative inter-governmental relationships and thereby assist in the negotiation and maintenance of bilateral treaties. For example, social security agreements with certain European countries were complemented by the existence of RHCAs. In these countries, unlike Australia, the same ministry is responsible for benefits for both pensions and health care.

Consultation

29.Information on the proposed amendment has been provided to the States and Territories through the Commonwealth-State Standing Committee on Treaties Schedule of Treaty Action.

30.All the State and Territory health authorities were specifically advised of the proposed new arrangements under the Agreement with the Republic of Ireland in writing on 12 July 2002. No representations have been received.

Regulation Impact Statement

31.No Regulation Impact Statement is required for the proposed treaty action.

Future Treaty Action

32.Article 5(4) of the Agreement provides that parties may agree, at any time in writing, to amend the Agreement. Any such amendment is subject to normal Australian domestic treaty processes.

33. Neither the Agreement nor the proposed amendments provide for the negotiation of any future legally binding instruments.

Withdrawal or Denunciation

34. Article 6(2) of the Agreement contains a procedure for its termination. It allows for termination twelve months after either party gives written notice, to the other, of its intention to terminate the Agreement. Any such amendment is subject to normal Australian domestic treaty processes.

35. However, in the event of notice of termination being given under Article 6(2) of the Agreement, the Agreement shall continue to have effect in relation to medical treatment to patients who were receiving treatment prior to, or at the expiry of, the period of such notice.

Contact

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