

# Chapter 1

## Introduction

### Terms of Reference

1.1 On 26 March 2014, the Senate referred the following matter to the Senate Community Affairs References Committee (committee) for inquiry and report by 16 July 2014:

The out-of-pocket costs in Australian healthcare, with particular reference to:

- (a) the current and future trends in out-of-pocket expenditure by Australian health consumers;
- (b) the impact of co-payments on:
  - (i) consumers' ability to access health care, and
  - (ii) health outcomes and costs;
- (c) the effects of co-payments on other parts of the health system;
- (d) the implications for the ongoing sustainability of the health system;
- (e) key areas of expenditure, including pharmaceuticals, primary care visits, medical devices or supplies, and dental care;
- (f) the role of private health insurance;
- (g) the appropriateness and effectiveness of safety nets and other offsets;
- (h) market drivers for costs in the Australian healthcare system; and
- (i) any other related matter.<sup>1</sup>

1.2 On 17 June 2014, the Senate agreed to extend the reporting date to 8 August 2014.<sup>2</sup> The reporting date was subsequently extended until 22 August 2014.

### Conduct of the inquiry

1.3 The committee advertised the inquiry in *The Australian* and details of the inquiry were placed on the committee's website. The committee also wrote to approximately 85 individuals and organisations, inviting submissions by 12 May 2014. The formal submissions period was reopened following the 2014–15 Budget, to allow for the further lodgement of submissions by 26 June 2014. Submissions continued to be accepted up to the date of tabling.

1.4 The committee received 106 submissions from a diverse range of individuals and organisations. A list of the individuals and organisations that made public submissions to the inquiry, together with other information authorised for publication by the committee, is provided at Appendix 1.

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1 *Journals of the Senate*, No. 25—26 March 2014, p. 725.

2 *Journals of the Senate*, No. 31—17 June 2014, p. 889.

1.5 Public hearings were held in Melbourne on 3 July 2014 and in Canberra on 29 July 2014. Transcripts of the hearing are available on the committee's website.<sup>3</sup> A list of witnesses who gave evidence at the public hearings is provided at Appendix 2.

### **Acknowledgements**

1.6 The committee thanks those organisations and individuals who made submissions and gave evidence at the public hearing.

### **Notes on references**

1.7 References in this report are to individual submissions as received by the committee, not to a bound volume. References to the committee Hansard are to the proof Hansard. Page numbers may vary between the proof and the official Hansard transcript.

### **Structure of the report**

1.8 The committee's report is structured as follows:

- chapter 2 provides an overview of out-of-pocket expenditure in Australian healthcare, including expenditure in different areas of health care;
- chapter 3 discusses the impact of co-payments on individuals ability to access healthcare and the impact of co-payments on health outcomes and costs. It also examines the impact of co-payments on other parts of the health system with particular reference to hospitals, pharmacies and bulk-billing. This chapter also discusses the appropriateness and effectiveness of safety nets and other offsets;
- chapter 4 covers the sustainability and costs drivers of the health system;
- chapter 5 examines the role of private health insurance in primary health care. This chapter also discusses the out-of-pocket costs incurred in the private health system and the issue of information disclosure; and
- chapter 6 presents the committee's conclusions and recommendations.

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3 See [http://www.aph.gov.au/Parliamentary\\_Business/Committees/Senate/Community\\_Affairs](http://www.aph.gov.au/Parliamentary_Business/Committees/Senate/Community_Affairs)