

Dissenting Report from the Australian Labor Party

1.1 Labor Senators do not support the Health Insurance Amendment (Safety Net) Bill 2015 (Bill) being passed in its current form.

1.2 The evidence from witnesses opposing the Bill has been consistent and has only served to raise additional concerns from those already identified by Labor since its introduction.

1.3 Despite announcing the proposed changes in May 2014 and concerns being raised since then, the Government has made no attempt to address the adverse impacts that will inevitably be realised if this Bill were to be passed in its current form.

1.4 Writing for *The Conversation* on 15 May 2014, Dr Anne-marie Boxall identified a number of the problems with the proposed changes, none of which have been addressed in the following months.¹

1.5 The fundamental premise of this Bill is to achieve savings of some \$267 million. This is especially obvious in light of the Government's decision to pursue these changes irrespective of any recommendations coming from the Medicare Benefits Schedule Review Taskforce or Primary Health Care Advisory Group: an issue raised consistently throughout the inquiry.

1.6 In its submission, the Consumers Health Forum of Australia raised this point specifically:

...this legislation is premature given that the Government is in the middle of reviews of the Medicare Benefits Schedule and looking at alternate ways of funding primary health care through the Primary Health Care Advisory Group process. Both reviews are likely to make recommendations on fee for service and possibly schedule fees and these could have significant implications for the safety nets.²

1.7 Labor Senators are not opposed to considered changes to the Medicare safety nets that aim to simplifying existing arrangements that also make them more accessible to those who need them. Such a focus will not be successful if its principal driver is cost savings.

1.8 Labor Senators are especially concerned by the likely impact on patients needing ongoing access to psychiatrists, cancer patients and those accessing assisted reproductive technology services, and the Government's lack of attention on addressing these impacts.

The case for change

1.9 Labor Senators acknowledge that the safety net thresholds are being lowered for all patients however at the same time restrictions will be placed on what

1 A Boxall, 'A new, simpler Medicare safety net...but with holes', *The Conversation*, 15 May 2014.

2 *Submission 2*, p. 2.

out-of-pocket costs can accumulate towards the thresholds and caps will be placed on the benefits payable once patients reach the safety net.

1.10 When changes were made to the Extended Medicare Safety Net in 2009, they were supported by an independent review conducted by the Centre for Health Economics Research and Evaluation at the University of Technology, Sydney. No such independent review exists to support these changes, nor has the Department of Health (Department) provided the data to support the changes proposed in the Bill.

1.11 In its submission, the Australian Medical Association put the position that:

No information has been provided that demonstrates how the safety nets currently support patients who need to access private medical care outside of hospital, where the providers' fees are commensurate with meeting the costs of providing the service.

Without transparency of this data, patients are being asked to accept that they won't be worse off as a result of this Bill, and medical practices will be left to explain to their patients why their out-of-pocket costs have increased.³

1.12 Similarly, the Royal Australian College of General Practitioners (RACGP) stated it has:

...significant concerns that the proposed changes will leave all patients with greater out-of-pocket costs. Although the safety net thresholds have been lowered, it will be harder for patients to reach the threshold because less of their out-of-pocket expenses will count toward it. Once patients reach the threshold, less of their out-of-pocket cost is covered.⁴

The RACGP went on to express further doubt that provider behaviour would actually change if this Bill were to be passed, failing to meet the stated policy objective of addressing fee inflation.

The impact on patients needing ongoing access to psychiatrists

1.13 Dr Michael Daubney, representing the President and Chief Executive Officer of the Royal Australian and New Zealand College of Psychiatrists (RANZCP), told the inquiry the College is:

...very concerned about the impact that the proposed new Medicare Safety Net will have on vulnerable people with mental illness who require long-term intensive psychotherapy. The RANZCP has raised these concerns continually since the policy was first introduced as part of the 2014-15 budget measure. Despite these representations, the RANZCP is disappointed that there appears to be no real attempt to address these [concerns]...

People with mental illness remain a particularly disadvantaged group in our community. They suffer lower life expectancy, poorer employment and

3 *Submission 6*, p. 3.

4 *Submission 15*, p. 1.

education outcomes and frequently experience discrimination in a wide range of areas. It is our belief that the bill, as it is proposed, will unintentionally discriminate against those most in need of intensive psychotherapy and therefore exacerbate the poor mental health of a small but important group of Australians.⁵

1.14 Evidence provided by Dr Shirley Prager and Dr Gil Anaf, the President and Vice President of the National Association of Practising Psychiatrists respectively, expressed concern about the impact on families where multiple members need psychiatric treatment and where this treatment may be provided by different psychiatrists, including those patients with histories of abuse and sexual disorder; patients needing long-term intensive psychiatric treatment; patients who need hospital in the home and who need to be seen daily; patients with multiple illness, for example: and patients who have both psychiatric disorder and who also suffer from cancer.

1.15 Dr Prager provided evidence to the Committee that:

When we look at patients receiving intensive psychiatric treatment, we are concerned that they will not be able to access treatment if this bill becomes law. We are concerned that they will not be able to afford the \$200 or more per week for out-of-pocket expenses. Their psychiatrists will not be able to lower their fees, because they will not be able to cover their overheads and make a living. There is likely to be an increase in suicides and homicides. Patients who are able to work with this treatment are likely to be unable to work, and will be likely to go onto the disability pension. There may also be increased security risks, particularly in adolescent patients.

There will be no net savings that we can see. There will be increased costs due to increasing disability pensions and loss of taxes from earnings. There will be increased costs due to the emergency ward attendances and admissions to hospital. There will be increased costs due to contact with the criminal justice system and for incarceration. For example, the cost of one year in jail is \$100,000.⁶

1.16 A submission from the Private Mental Health Consumer Carer Network further reflected these concerns. In its submission, the Network provided evidence that:

The other main concern we have is that a large number of consumers may not be able to afford longer term psychiatric treatment including psychotherapy, which would be disastrous for mental health provision in Australia.

Many of the people affected are often not in a position to fund the gap. These consumers are people who are deeply distressed, live with constant suicidal thoughts, have experienced significant childhood trauma, have treatment resistant mental illnesses such as anxiety, depression,

5 Chair, Binational Committee, Faculty of Psychotherapy, Royal Australian and New Zealand College of Psychiatrists, *Committee Hansard*, 16 November 2015, pp 20–21.

6 President, National Association of Practising Psychiatrists, *Committee Hansard*, 16 November 2015, p. 18.

personality disorders, developmental disorders and/or combination of these with significant co-morbidity. These are people who to a large extent struggling with daily functioning. They are both male and female, from across the lifespan, geographic locations and levels of education with many being Centrelink recipients.⁷

1.17 Dr Tim Alexander, a Fellow of the RANZCP and member of the Faculty of Psychotherapy within RANZCP, also submitted:

...the Bill in its current form, with the current item numbers in place, will cause an inequity: a significant number of patients who receive more than once week psychotherapy treatment from psychiatrists specialised in this area, will no longer able to afford the treatment.⁸

1.18 Despite these concerns having been raised since the proposed changes were announced in May 2014, the Government has made no attempt to address them.

The impact on radiation oncology patients

1.19 In its evidence to the committee, the Department identified radiation oncology as an area where 'clinicians are making the most from the safety net in comparison with the overall [Medicare Benefits Schedule] fees', going on to say '60 per cent of radiation oncology is provided in the public system'.⁹

1.20 In correspondence to the committee, the Department stated that 'around seven in 10 private services which are provided by GenesisCare—or about 28 in every 100 of total radiation oncology services (out of hospital) which are provided by GenesisCare'.¹⁰

1.21 The Department was not able to provide evidence that billing practices would change, ensuring patients were not left with significant new out-of-pocket costs.

1.22 In its submission, GenesisCare stated that 'the proposed [Medicare Safety Net] Cap will restrict patient access to cancer treatment'.¹¹ Cameos provided in its submission provided examples of a 62 year old prostate cancer patient from Albury facing a 270 per cent increase, or \$8,000, in his out-of-pocket costs, and another example of a 71 year old patient from Adelaide with a malignant melanoma facing a 370 per cent increase, or \$7,400, for their Stereotactic Radiosurgery treatment.

1.23 Labor Senators do not believe the case has been made that the proposed changes will increase competition in radiation oncology, or that they will not see access restricted and significant new out-of-pocket costs for private patients needing access to radiation oncology.

7 *Submission 8*, p. 2.

8 *Submission 2*, p. 1.

9 Mr Andrew Stuart, Acting Secretary, Department of Health (Department), *Committee Hansard*, 16 November 2015, pp 37 and 39.

10 Department, correspondence dated 19 November 2015 (received 19 November 2015)

11 *Submission 4*, p. 3.

The impact on patients accessing assisted reproductive technology services

1.24 In evidence provided by the Department, the First Assistant Secretary responsible for the Medical Benefits Division confirmed:

...based on the current arrangements certainly for assisted reproductive technology our analysis says that the second and further cycles may leave a patient around \$850 out of pocket, but that is again based on current billing practices and current use patterns.¹²

1.25 However, in its submission to the inquiry, the IVF Directors Group and the Fertility Society of Australia submitted that 'the proposed changes are sharply regressive in nature and will have a more marked impact on the ability of the less well-off to access the treatments they need'.¹³

Conclusion

1.26 Labor Senators call on the Government to abandon its plans to pursue this Bill and instead conduct a comprehensive review into the efficacy of the existing Medicare safety net arrangements, especially in light of any recommendations of the Medicare Benefits Schedule Review Taskforce and Primary Health Care Advisory Group.

Recommendation 1

1.27 Labor Senators recommend that the Senate oppose this Bill.

Senator Carol Brown

Senator Katy Gallagher

Senator Claire Moore

12 Ms Maria Jolly, Department, *Committee Hansard*, 16 November 2015, p. 45.

13 *Submission 24*, p. 2.

