



Australian Government
Department of Health

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Ms Annette Barbetti
48 Florentine Circuit
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Dear Ms Barbetti

Thank you for your correspondence of 14 June 2014 to the Minister for Health and Minister for Sport, the Hon Peter Dutton MP, noting your concerns about the patient contribution measure announced in the 2014-15 Budget. The Minister has asked me to reply.

I trust the following information will be of assistance.

The Government is determined to strengthen Medicare and to make the health system sustainable. This is particularly important given the ageing of the population and the costs of listing new medicines and public hospital funding at record levels.

Expenditure under Medicare has grown rapidly over the last decade, increasing 124 per cent in the last ten years. Further, in 2012-13, 263 million bulk-billed services were provided to patients in a population of only 23 million.

While many Australians already contribute to the cost of a visit to the doctor, from 1 July 2015, all patients will be asked to directly contribute to their own health care costs. Previously bulk-billed patients can expect to make a contribution of at least \$7.00 to the cost of most visits to the general practitioner (GP) and for out-of-hospital pathology and diagnostic imaging services. Doctors will be paid a low gap incentive - equivalent to the current bulk-billing incentive - to encourage them to charge Commonwealth Concession Card holders and children under 16 years no more than the \$7.00 contribution for ten visits in a calendar year. After the patient contribution has been paid ten times, the doctor will be paid an incentive if they provide the service to the concessional patient at no charge. Bulk-billing will still be available to doctors to apply at their discretion (as is the case today) to patients who cannot afford the patient contribution.

While the Government will continue to subsidise a majority of the costs of Medicare services, the rebate for most GP and out-of-hospital pathology and diagnostic imaging services will be reduced by \$5.00.

Savings from the Budget measure will be directed to the Medical Research Future Fund to ensure Australia can continue to advance world leading medical research projects, attract and retain first class researchers and ultimately deliver improved health outcomes for all Australians.

Residents of aged care facilities may be asked to pay the \$7.00 patient contribution when they have a GP attendance in the facility. If they are a concession cardholder they would only be expected to pay it ten times in a calendar year, although, as now, a GP can set their own fees and may choose to continue to collect the \$7.00 or even a higher fee.

It is anticipated that the management of the facility will be actively involved in assisting residents with the billing process, especially those residents who have difficulty in managing their own finances. For example, in some circumstances, it may be appropriate for the management of the facility to arrange for the patient contribution to be collected and paid to the doctor as a single sum of money, rather than to expect all residents receiving a service on a particular day to have the \$7.00 patient contribution to hand. These kinds of arrangements will need to be worked out on a case-by-case basis by the doctors and residential aged care facilities concerned.

Medical services provided by specialists and consultant physicians; allied health professionals (including dentists, physiotherapist and speech pathologists); nurse practitioners; eligible midwives; and optometrists will not be affected by the Budget measure. Medicare rebates for services provided by these providers will not be reduced by \$5.00, and patients will not be asked to pay the patient contribution.

The Government will also continue to provide a Medicare safety net for people who have high out-of-pocket costs for Medicare eligible services that are provided out-of-hospital. A new simplified safety net, announced in the 2014-15 Budget, will replace the existing complicated arrangements from 1 January 2016. The new safety net has lower annual thresholds in out-of-pocket expenses. This will mean more people receive Medicare safety net benefits and some people will receive higher safety net benefits. However, the \$7.00 patient contribution does not accumulate towards the safety net threshold.

I note your opposition to private health insurers being permitted to contribute to the cost of paying for primary health care services. Commonwealth legislation currently prevents insurers from covering their members for out-of-hospital services that are eligible for Medicare rebates, such as GP visits and there is no legislation before Parliament to change these arrangements.

More information about the Budget measure is available at:
<http://www.health.gov.au/internet/budget/publishing.nsf/content/budget2014-factsheet-strengthening-medicare>

Yours sincerely



Rebecca Dadds
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Primary Care and Pathology Branch
27 August 2014