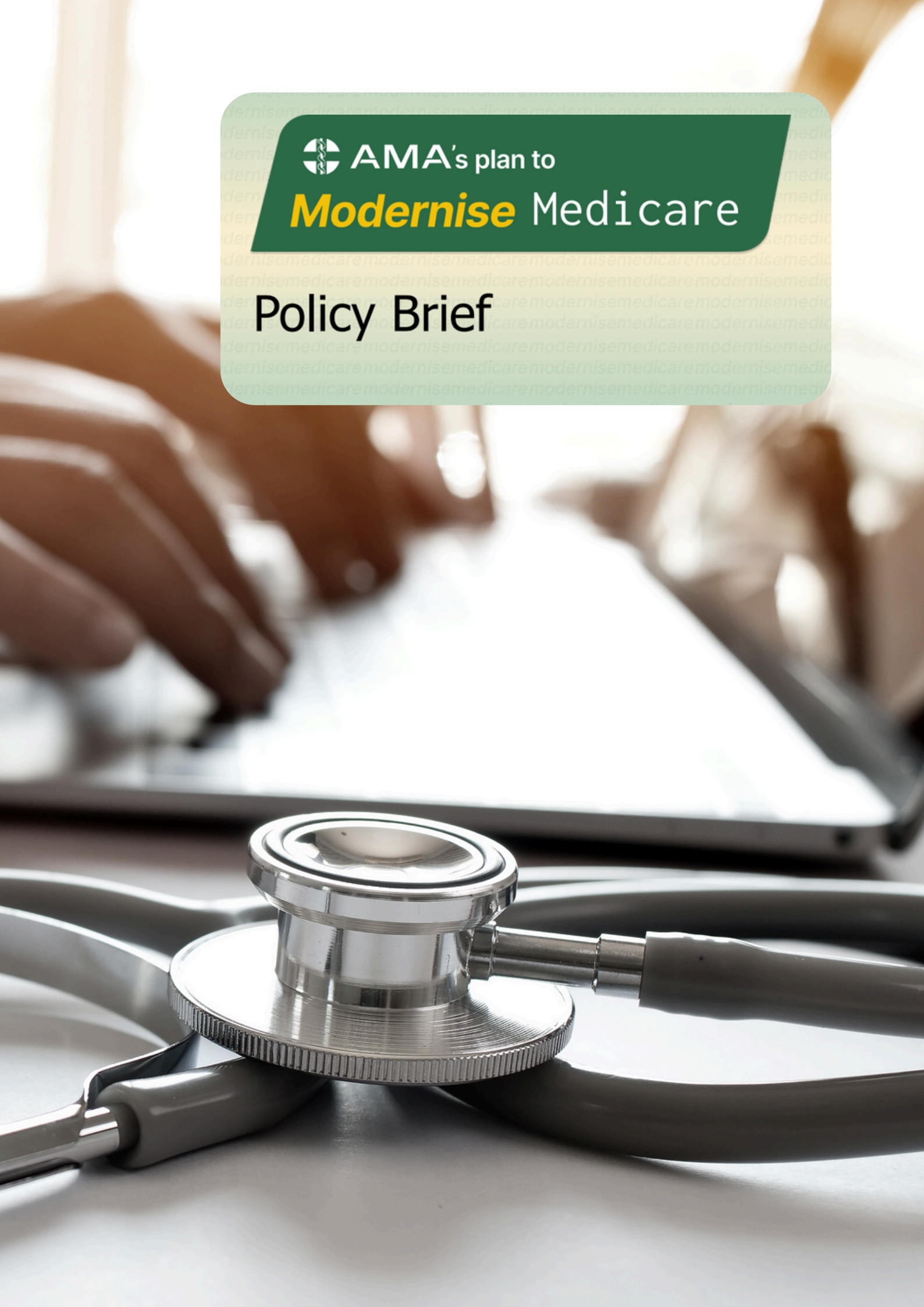
AMA's plan to

Modernise Medicare

Policy Brief



Modernising Medicare

General practice is the cornerstone of successful primary healthcare, underpinning population health outcomes and ensuring we have a high-quality, equitable, and sustainable health system. A well-funded and resourced general practice sector is pivotal to improving the health outcomes of individuals and communities, and can create significant savings through better care, greater efficiency, and reducing the burden on other more expensive parts of the health system.

General practice is the most accessed form of healthcare, with 86 per cent of all Australians seeing a general practitioner (GP) each year. However, general practice services only represent about 6.8 per cent of total government expenditure on health, and government investment in general practice has not matched the increase in the cost and demand for providing high-quality patient care.

Medicare was revolutionary when it was introduced in the 1980s, but since then GP consultation items have become out-of-date. The value of general practice care has been systematically devalued through decades of inadequate indexation, the prolonged Medicare freeze, and the consultation item structure failing to keep up with the growing complexity of care. It has not been reformed to allow GPs to spend more time with their patients as they deliver comprehensive care.

Inadequate Medicare funding limits the capacity of GPs to provide longer consultations for chronic and complex conditions, which risks shifting the burden to costly, logjammed emergency departments. Medicare is still structured to encourage shorter consultations — a design from a time when single or simple health issues were more common. Today, GPs are caring for patients with increasingly complex care needs who require more time.

The AMA's plan to Modernise Medicare is crucial for investing in general practice, ensuring, Australians can see their GP and spend the necessary time when needed. It also seeks to tackle the workforce challenges we face and encourage a more multi-disciplinary approach to general practice healthcare, where healthcare teams work together, under one roof.

We need a modern Medicare so patients can spend **more time** with their trusted GPs, access **more care** from within their general practice, and experience **more health** through comprehensive and evidence-based care.

1. Reforming funding arrangements to basic GP item numbers by modernising GP consultation funding

Introduce a 7-tier Medicare rebate structure (0–60+ mins) to support longer consultations, addressing modern health challenges like chronic illness and mental health conditions.

We are now at a critical point of no return, where rebates are being left so far behind the true cost of delivering healthcare that no future government will dare to tackle it.

The Australian population is growing, ageing, and developing more complex health needs as the incidence of chronic disease and mental ill-health continues to increase.

As general practice is the cornerstone of our healthcare system, GPs are managing more problems in each consultation and are spending more time with patients. Australia looks very different today than it did in the 1980s when Medicare was invented. Everything in our lives has evolved and yet, until recently, the existing GP item structure, comprising Levels A, B, C, and D, had remained largely unchanged since Medicare's inception. The only recent modification was the addition of Level E for consultations exceeding 60 minutes.

Patients with complex conditions need to spend more time with the GP, yet the structure of Medicare does not adequately support this care. Failure to act now to reform Medicare to equip general practice to face the future health demands of the nation will have significant impacts on both patients and the broader health system. A modern Medicare needs to acknowledge the shift in general practice, from irregular acute cases to more complex conditions, including mental health concerns, chronic illness, and the increasing health issues of an ageing population. The AMA has estimated the cost of reforming the basic consultation item structure over the forward estimates, allowing for additional supply from GPs, growing by more than 5 per cent.

This new structure is detailed in the table below:

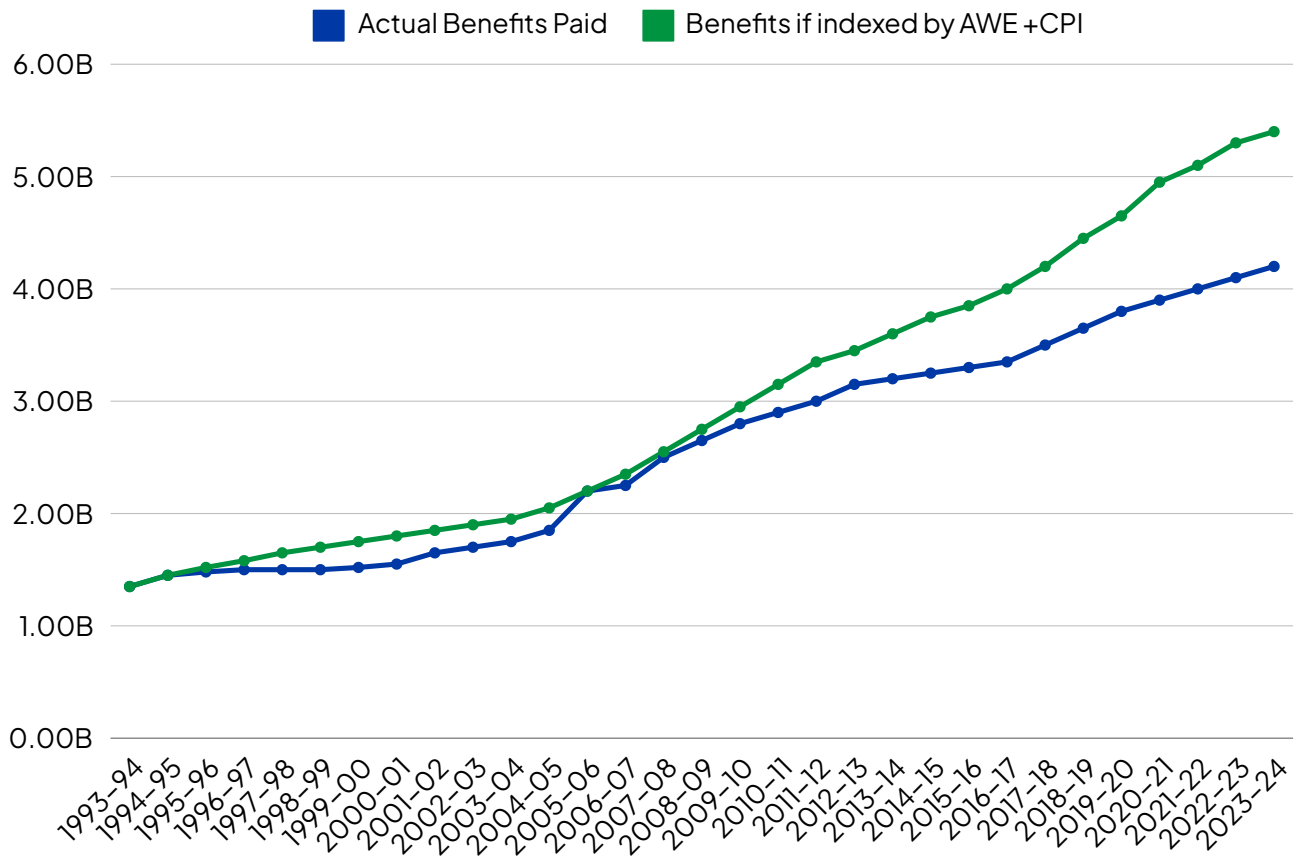
Current consultation item structure	**Time**	**Proposed consultation item structure**	**Time**	**Proposed rebate**
Level A	< 6 mins	Level 1	< 6 mins	$19.60
Level B	6–19 mins	Level 2	6 – < 16 mins	$45.02
Level C	≥ 20 mins	Level 3	16 to < 26 mins	$78.25
Level D	≥ 40 mins	Level 4	26 to < 36 mins	$111.78
Level E	≥ 60mins	Level 5	36 to < 46 mins	$149.04
		Level 6	46 to < 60 mins	$186.30
		Level 7	≥ 60 mins	$260.83

While the measures proposed here are a necessary investment, further funding will be required in the coming years as demand for services continues to grow. As the above graph demonstrates, just on one single GP item alone, the funding shortfall has already grown to $1.23 billion per year.

Investment and future needs

Indexation is $1.23 billion p.a. too low

Medicare rebate for the Level B consultation item, 1993-94 to 2023-24



MBS Item Reports, Item 23 (Level B consultation) including telehealth equivalent items 91891, 91800 ABS, All groups CPI; Australia, ABS Average weekly earnings, All persons ordinary time earnings

The AMA estimates reforming the basic consultation item structure will cost $4.5 billion over four years. This investment in the MBS is expected to generate savings in other parts of the health system, including reduced requests for tests and investigations and fewer unplanned hospital admissions.

2. **Improving access to general practice by encouraging more doctors to become general practitioners by equalising salary and leave conditions for GPs in training**

The growth in Australia's GP workforce is not keeping pace with community need and this threatens our community's access to primary care.

After years of AMA advocacy, the federal government has recognised the need to address the inferior pay and conditions of GP trainees compared to their other trainee counterparts and is trialling new models of employment in certain areas to address this.

The AMA has estimated the cost of reforming employment conditions for general practitioner trainees to match their hospital-based counterparts. This costing covers rates of pay as well as parental, long service, and study/examination leave entitlements. Equalising pay and leave entitlements removes a significant barrier for doctors in deciding to become a GP.

Attracting more doctors to general practice will make it easier for patients to see a GP, strengthen our primary care system, and reduce pressures on already burdened hospitals. Increasing the number of GPs is vital for ensuring the sustainability of general practice and improving healthcare access for all Australians.

More GPs means greater appointment availability, shorter wait times, and expanded clinic hours, allowing for better continuity of care and proactive management of chronic conditions. This reduces the strain on emergency departments (logjam) and ensures more equitable healthcare, especially in rural and remote areas. A larger GP workforce also alleviates workload pressures, preventing burnout and enhancing job satisfaction, which are crucial for retaining doctors in the field. By meeting the growing demand for primary care, increasing GP numbers strengthens the healthcare system's ability to deliver timely, accessible, and high-quality care. The estimated cost of reforming employment conditions for general practitioner trainees is $185.2 million over four

3. **Improving access to general practice by encouraging more doctors to become general practitioners by offering more GP training places and more GP rotations**

Australia's GP workforce has been declining. If this is not addressed, it will threaten our community's access to primary care. There must be a greater focus by all levels of government on the need to recruit and train more GPs.

The number of GP trainees needs to increase to enable the GP workforce to grow, otherwise there will be a shortfall as the population grows and our GP workforce ages. The projected shortfall varies, with the Department of Health and Aged Care estimating 5,560 FTE by 2033. This reinforces the AMA's independent modelling which projected a range of 3,600 up to a shocking 10,600 by 2031.

To address this, the AMA proposes an expansion of the John Flynn Placement Program and the addition of 500 more training rotations, along with a phased progression of a further 500 funded Australian General Practice Training places.

The AMA estimates that increasing the number of AGPT training places by 500 trainees and adding 500 rotations over the four years will cost $150.1 million. This costing covers rates of pay as well as parental, long service, and study/examination leave entitlements.

4. Improving access to care in general practice by supporting more nurses and allied health professionals to work in general practice

The Australian population is growing, ageing, and developing more complex health needs as the incidence of chronic disease and ill-health increase. GPs are managing more problems in each consultation and are spending more time with patients.

We need to fund more nurses and allied health professionals to work with GPs, to deliver long-term treatment, care, and patient education services — all of which are crucial to delivering improved patient outcomes. Inadequate support for general practices for this multidisciplinary approach will have a significant impact on the capacity of general practices to continue providing quality care into the future.

After years of AMA advocacy, the federal government agreed to index the amount of the benefit paid under the Workforce Incentive Program (WIP) for nurses and allied health professionals (AHPs) to be employed and working in general practice. The government effectively lifted the maximum amount available under the program from $25,000 per subsidy to a maximum of $32,500, in the first year. This recognised the significant contributions being made by registered nurses and other allied health professionals within general practices, as well as the reality of the significant cost of their salaries.

Unfortunately, the increase was largely funded by a cut to the maximum number of eligible allied health professionals in practices to four. As the needs of the Australian community grow, we need to grow our investment in our healthcare workforce, by increasing funding to the Workforce Incentive Program (WIP).

The AMA has estimated the cost of increasing WIP payments, based on the assumption that general practices uptake will increase to seven eligible allied health professionals. This costing assumes the base rate remains the same and continues to be indexed and would cost $401.4 million over four years.

Doing so will allow GPs to continue to build a collaborative model of care, under one roof, which will be of huge benefit to both patients, and the health system.

5. Funding for better general practice information collection and research

High-quality general practice data plays a pivotal role in advancing both clinical care and service delivery, while also serving as a critical foundation for shaping primary care policy. Accurate and comprehensive general practice data assists in making informed decisions about patient treatment, diagnosis, and preventative care, particularly with the establishment of MyMedicare. It can also inform operational processes, enhance resource allocation, optimise appointment scheduling, and allow policymakers to identify trends, allocate resources effectively, and design evidence-based strategies for healthcare.

The Bettering the Evaluation and Care of Health (BEACH) dataset analysed general practitioner and patient interactions and patient management.

It supported numerous academic publications, grant applications, provided data to various sectors, including industry, government, and non-profit organisations. It aided health system planning, policy development, educational material creation, and pricing decisions.

Despite its effectiveness, the federal government ceased funding for BEACH in 2016. Its commitment to "develop a more contemporary means of accessing general practice and primary health care research and data, to guide decision making and policy development" never materialised.

To this day, any serious policy proposal in general practice still uses now outdated BEACH data. The pressing need for more contemporaneous data is becoming dire as reforms are desperately needed.

The BEACH total budget was reported to be $1.3 million in 2007, of which 23 per cent was funded by the federal government. Additionally, the original BEACH dataset was based on a sample of 1,000 general practitioners, about 3.5 per cent of general practitioners in 2007. Using this as a baseline, the AMA estimates establishing a similar research and data collection project today would cost $17.5 million over four years.

Conclusion

The AMA's comprehensive plan to Modernise Medicare reforms Medicare funding for patients visiting a GP, increases the number of doctors choosing and being trained to become GPs. It also boosts the number of nurses, physios, and other healthcare professionals working in general practice, and provides the funding for research infrastructure.

Together, these initiatives work to Modernise Medicare for you and your GP by improving access, patient care, and health system sustainability, while attracting and retaining GPs to meet future demand for all Australians.

Summary table.

Modernising GP consultation funding	Introduce a new rebate structure (0–60+ mins) to support longer consultations, addressing modern health challenges like chronic illness and mental health. **Cost:** $4.5 billion over four years.
Equalising salary and leave conditions for GP trainees	**Single-employer model trials:** Improve pay and conditions for GP trainees to match their hospital-based counterparts. Cost: $185.2 million over four years.
Increasing GP training places and rotations	**Expand the John Flynn Placement Program:** Add 500 funded Australian General Practice Training (AGPT) places and 500 more training rotations. **Cost:** $150.1 million over four years.
Supporting nurses and allied health professionals in general practice	**Workforce Incentive Program (WIP):** Increase funding to support more nurses and allied health professionals working with GPs. **Cost:** $401.4 million over four years.
Funding for better general practice information collection and research	**Re-establish BEACH dataset:** Develop a new project for collecting and analysing general practice data to inform policy and improve patient care. **Cost:** $17.5 million over four years.