**TRANSCRIPT**

**Doorstop, Parliament House, Canberra**

**Thursday 11 February 2016**

**Subjects:** MBS Review, Medicare payments system changes, public hospital funding, radiology and diagnostic imaging

BRIAN OWLER: Alright well thanks for coming out everyone. I just have been at a meeting with about 70 members of the medical profession, representatives from the colleges, the associations and specialist societies meeting about the current MBS review. I'm grateful to Professor Bruce Robinson who of course chairs the MBS Review Taskforce who came and spoke to these members of the profession, these leaders of the profession about the review to give us an update on the program.

I think it's fair to say that there's a lot of goodwill within the medical profession to work with Professor Robinson and the taskforce to improve the MBS. We all want a more modern MBS that reflects modern medical practice that is going to benefit patients. It is also fair to say that there's still concern about the removal of item numbers but also how we're going to get new item numbers on the schedule. Now the Minister has said that that process is going to happen although it's still very unclear and yet to be tested as to how that's going to occur and particularly how long that's going to take, so we have some concerns about the addition of new items and how that's going to be funded but also the time it's going to take.

I think also what is coming through from the review is the notion that there are improvements that can be made through consultations with the profession. Some of those improvements will deliver savings but at the end of the day it's about getting better care for patients. I think also coming through is the notion that some of the preconceived ideas that were included in some of the announcements about the review early on are not necessarily being filled out by the evidence and so I think some of those notions are about things like [indistinct] for instance, and probably not necessarily being reflected once the review is actually taking effect.

Now obviously the first tranche of recommendations announced, that was back in December, on Boxing Day last year, that's still yet to be agreed to by the Minister and so we're still in a very early phase. Happy to take questions about the review but other comments as well.

QUESTION: Are you concerned that the Government was not going to put new things into the Medicare schedules themselves [indistinct] reforms; do you have a list of important items that you think should be funded [indistinct]?

BRIAN OWLER: Look the recommendations still have to come from the working groups, but it's clear that the working groups are going to recommend new item numbers to make sure that some of the anomalies that are in the system already are corrected. I think it's really important that if we are going to end up with a more modern schedule, that means having acted the new procedures. Now what the Government said or the Minister has said is that where it requires a simple re-write, so called no-brainer changes, those changes should be able to be expedited and made very quickly.

Where something is an improvement and doesn't require major review, major MSAC review, there should be an expedited process for that but obviously the funding would still have to be considered, but whether our new procedures or technologies that require complete revision then that would have to still go to the MSAC process, which is a long process. So the concern is the ability of the MSAC process to deal with the number of recommendations that are going to be made – clearly there's going to be quite a number to come out of this process – and the time it takes through that process before procedures are put on. So that means that you do have the potential for items to be taken away, and a potential gap before new items are put on, and so that's where some of our concerns lie.

Now obviously this has to be tested, we've got to see the recommendations coming through, the decisions that's going to be made by the Minister on the basis of those recommendations and then how those new items will be fitting into that framework.

QUESTION: Are you concerned that the Government might be moving [indistinct]?

BRIAN OWLER: It's very clear that [indistinct] so [indistinct] them, and look, where there are savings that can be made without adversely influencing access patients – access to services for patients, where it's not going to adversely impact on clinical practice, then we support those savings. But the key thing is that those savings must be reinvested in health. We have a problem at the moment where savings are being made across the board – we've got a Medicare rebate freeze that's been in place that needs to be lifted. If patients' rebates are ever to rise, if patients aren't going to see greater and greater out of pocket expenses. We have the arbitrary cuts that were made to pathology and diagnostic imaging, bulk billing incentives that were announced without any consultation in MYEFO.

And other changes as well. So we need to make sure that if there are savings through this process, if the goodwill of the profession’s being used to make savings for this Government, that those savings are held within health, to provide better services to patients at the end of the day.

QUESTION: But are you concerned that while the Government's conducting this MBS project, you're going ahead and making other [indistinct]?

BRIAN OWLER: Well, that is the concern. I think that pathology and diagnostic imaging groups are very disappointed in the announcements that were included in MYEFO. They were part of the MBS review process, they still are, and it was clear that the medical profession, if it worked with the Government to try and improve the MBS, and if there were savings then those savings could be reinvested. Now if you engage the profession on that basis and then come out with an announcement in MYEFO without any consultation or discussions with pathologists, with those in diagnostic imagining or with any other peak body, of course people are going to be upset, and it was part of the lesson that was learned from the 2014 Federal Budget. The former Prime Minister said that no changes would be made without consultation with the medical profession, so that seems to have gone out the window very quickly indeed.

QUESTION: Pathology companies are talking about implementing co-payments of at least $30 if the Government doesn't back down from cuts to the bulk billing rebate. Do you believe them, or do you believe the head of the Health Department [indistinct] yesterday that they didn't [indistinct]?

BRIAN OWLER: Well I believe that they didn't factor in any increase, that their factoring is wrong. It's very clear that to be viable to enable patients to access these services, that if these bulk billing incentives are taken away, then of course they're going to have to pass those fees onto patients. That's what this strategy is all about. It's about the Government saying no, we're not paying any more; we're going to make the provider charge you a fee. Now those bulk billing incentives were there for a reason – they were there because pathology and diagnostic imaging haven't had indexation for their fees for 16, 17 years. To remain viable, that's why they introduced the bulk billing incentive, and to say it's had no impact, well for outpatient pathology services, their bulk billing rate is in the high 90 per cent range.

So these are important incentives, they are important to maintain pathology and diagnostic imaging services, and so they can't continue to maintain those services unless they now charge the patient a fee, and that is a direct consequence of the announcement in MYEFO. So while I believe them when they say they didn't factor anything in, or they didn't model it properly, that's their problem. But we know what the impacts are going to be.

QUESTION: Do you think [indistinct] a $30 co-payment [indistinct] perhaps is warranted given the [indistinct] doing the same thing [indistinct]?

BRIAN OWLER: Well I think you've got to remember the changes that come when you start to remove the bulk billing incentive. I mean, they can't just charge patients the extra money, that's not possible to do under the current Medicare system. You've got to charge patients a fee upfront. When you start to introduce a model where you've got to start to invoice every patient, send out invoices, [indistinct] debt, other billing systems, where in fact as a pathologist they don't even see most of their patients upfront. In fact, the tests are of course done by the GP. Now are they expecting the GP to collect the fee on their behalf? No, of course. They've got to actually introduce a whole new system to actually enable this to work, so of course they're going to start to charge more. They're not going to charge one or three dollars; it's going to be much more than that.

QUESTION: When does [indistinct] across the board [indistinct] item numbers; is it [indistinct] that the Government should hold off on the amount of people who are saving [indistinct] reforms and other barriers [indistinct] across the board?

BRIAN OWLER: Well it's just no more room to cut money out of health. We've got a freeze on the Medicare rebates across the board, and that freeze has been in place what, four years probably, in fact it's been going on longer in some aspects with the schedule. There's no room to cut any more money out of health, but you can't genuinely engage the profession in this process and then at the same time turn around without any consultation and make massive cuts of hundreds of millions of dollars, which is exactly what occurred in MYEFO in December last year.

The profession’s willing to work with the Government, that's willing to have the conversations, make difficult decisions, and where there's unwanted expenditure, where there's weight, of course we're willing to make savings then. But it has to be reinvested back into health. I mean, remember as a proportion of the Federal Budget, health a few years ago was about 18 per cent. It's now down to 15.97 per cent. There is no health expenditure crisis when it comes to the Federal Budget. I mean, those predictions are unwarranted. We've seen the predictions year after year.

If you look back, the last two years had the lowest rate of growth in health expenditure for the Commonwealth, and of course we've got the crisis with the hospital funding, public hospital funding coming from 2017, again from the 2014 Budget.

Our hospitals, in our states and territories are going to be under extraordinary financial pressure. They are going to have to look at cutting services. We've already seen today in Victoria the cuts that are going to have to be made because of changes to the Commonwealth funding. Those impacts are just a fraction of what's going to happen across every state and territory from next year. This is what spurred on the debate about GST, which is of course now off the table, but the Commonwealth has to live up to its responsibility to fund healthcare, not only through Medicare but of course through funding to states and territories for their public hospital system as well.

QUESTION: If one of this [indistinct] likely to go [indistinct]?

BRIAN OWLER: Well we've been talking to the pathologists and also the diagnostic medicine group. There will be a campaign; they've made that very clear. I've seen some of the material that they've prepared. There are thousands of collection centres across the country, hundreds of thousands who visit those every year. That is going to be a campaign, and I think they're well within their rights to do that. We haven't made a decision yet about what we'll be doing in terms of general practice, but I think for pathologists, radiology centres, there's going to clearly be a campaign and I've seen the material that that's been developing.

QUESTION: Many of these pathology [indistinct] centres are located [indistinct] being able to get the tests back [indistinct].

BRIAN OWLER: Well that's possible. I mean, we know that there are pathology centres within general practice, there are pathology centres outside. To actually locate one inside is a benefit not only to the patient, but also for the doctor clearly. But we know that potentially pathology collection centres will close. But I think the bigger issue here is about the quality of the pathology services that are being offered. People think it's just putting a blood tube in a machine and pressing a button. Many of these pathology services are actually looking down a microscope by an individual pathologist who has been trained for years to detect whether someone has cancer, determine what grade of cancer it is, what the diagnosis is on the histology. And that is very important first of all not to miss any abnormal results, but also in determining whether that patient might have other treatments like further surgery, radiotherapy, chemotherapy.

Pathology is a very, very important aspect of medicine, as is diagnostic imaging. I mean, sometimes people think these things happen just in a back room, or it's just pushing a button and taking an x-ray. It takes years of training for a radiologist to look at a chest x-ray, determine whether its' abnormal, if it is abnormal what the problem is. They have to know about everybody's history so that they can actually work out how this fits within the disease process. They consult with GPs and other specialists about what tests they need to order. These are a vital part of our healthcare system, and it might have been easy to think well we'll just cut pathology and diagnostic imaging, no one really thinks that they do much anyway, but these are an integral part of our healthcare system and they need to be valued.

QUESTION: [Indistinct] fundamental concerns about [indistinct].

BRIAN OWLER: Well again, we haven't been consulted. I think just about any doctor in the country will say that the current system that Medicare uses is out-dated, and as practitioners we have to interact with this system every day of the week and it is becoming increasingly difficult. I think first of all the AMA has concerns about privacy and security. If the service is outsourced, where is the data going to be held? Is it going to be held in some cloud-based system? Is it to going to be held within this country, within its borders? Who owns the data? All of those things need to be clearly worked out before there's any outsourcing.

It's fair to say that the IT system that this Government has been using on, and previous Governments have been using, is out-dated. It's 30 years old. It just is not up to doing the sorts of things that we need it to do. But I think we also have to look at the system itself. I mean, this notion that we have Medicare cheques floating around – it's got to be printed out, it takes 16 days or whatever to print out a Medicare cheque and for it to be sent out to the patient's address, and then they've got to give it to their doctor. That is an archaic system in this day and age. It would be much simpler if a patient was able to assign their rebate to their GP or other doctor and just pay the gap up front. That would make the Medicare system simpler; it would make the lives of patients and also practitioners much more simple and cost effective as well.

QUESTION: [Inaudible question].

BRIAN OWLER: Well there are, but there are many doctors who already charge a co-payment. And I think you've got to remember those patients that actually have to pay the whole fee up front as it is, and so for those patients there would clearly be a benefit if they were just able to pay the gap. So I think it will benefit the system, there would be savings that would be had from such a system, rather than this archaic thing of printing out cheques and sending them all over the country, which inevitably get lost and then have to be redone. We need a much more modern system.

QUESTION: But realistically, this might [indistinct] credit card, and the rebate [indistinct].

BRIAN OWLER: Yeah, that's …

QUESTION: [Interrupts] It works out they get [indistinct].

BRIAN OWLER: That system does exist in some practices, but for most other practices, the non-GP practices, that system does not yet exist and it relies on cheques …

QUESTION: [Interrupts] I think that's a reflection [indistinct].

BRIAN OWLER: No, no, it relies on cheques been sent backwards and forwards. Trust me, as a specialist I've looked at it and on the basis of recommendations of other practitioners, because the system does not work the way that it should, we decided not to go down that route. Believe me, as a practitioner I've looked at these things and I know there are lots of improvements that can be made with the current system.

QUESTION: But do you agree [indistinct].

BRIAN OWLER: If it's done in the right way and we have the basics, the privacy and security that is going to be properly looked after, the process is open and transparent, the Government consults properly with all stakeholders, doctors, patient groups, then there is the potential here to make savings and to do something that delivers up a system that is going to serve the needs of patients and the medical profession in the future.

QUESTION: Would you be happy if the health funds ran the systems?

BRIAN OWLER: Well I think we need to look at … there would obviously have to be very substantial, I guess, firewalls put up between the health fund and the data that they are able to access and how they're able to use that data. So again it comes back to how you actually set up such a tender process, what the rules around privacy, security, who owns the data and how it's used, all of those things would have to be satisfied first.

11 February 2016

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