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Transcript: AMA President Professor Brian Owler, Doorstop, 12 May 2016

Subject: AMA Key Health Issues document, Medicare freeze

BRIAN OWLER: Well thanks everyone for coming along, today. I'm here to talk about the key health issues for the 2016 Federal Election. The AMA is launching its document that outlines several key issues that we want to see dealt with in this election campaign; questions that need to be addressed by both parties. The last Federal election, health really got no mention. We've had now 3 years of surprises from the current Government in terms of health policy. What we want to see is each party outline in advance what their plans are for health in this country. We want to see a coherent plan for health.

Now there are a number of issues that this document addresses; first of all it deals with the Medicare freeze. As we know, the Medicare freeze was introduced back in 2013 with a nine-month freeze by the Labor Party. When the Government changed, a further four-year freeze was introduced, which was then extended to specialists as well, and in the last Budget we've had now the freeze extended another two years out to 2020. Now that means more money coming out of health, and that is out of the pockets of patients because this is the rebate back to patients. It's the patients' rebate and it means that particularly in general practice the ability of GPs to provide quality care is going to be compromised.

Now, if you're going to talk about general practice being the cornerstone of our health care system, which it is, you have to make sure that there is investment in general practice to make sure that we actually have our GPs being able to provide the sort of quality general practice that patients should deserve and expect.

There are other issues as well. The public hospital funding is still an ongoing issue. We've seen \$2.9 billion committed by the Government after a campaign by the AMA and State Treasuries around this issue. But it is still well short of what we need to make sure that we fund our public hospitals to the appropriate level. There are issues to deal with pathology and diagnostic imaging, of course. The cuts of \$630 million, which again impact on the patients' hip pocket, and are going to mean an increase in out-of-pocket expenses for patients, but also compromise the very good care that's provided by pathologists and radiologists around the country.

We've got medical workforce issues; if we want a health care system that is going to be able provide the sort of care that we should expect we need to make sure that we not only put our medical students through medical school, but we then train them to be the specialists and GPs of the future. The AMA will be launching a rural package later during this election campaign, but we also talk about the rural infrastructure grants.

Now there are other issues as well, particularly Indigenous health. There are major issues with Indigenous health that still need to be dealt with, and although we've seen advances and we know that the life expectancy rate or difference now or gap is about 10 years, in many parts of this country the life expectancy, the difference between Indigenous and non-Indigenous people, can be 26 years. So while we talk about the average of 10, I think we've got to recognise there's a lot of work that needs to be done, particularly in central Australia.

If we are going to have a healthy population to do the sort of innovation and provide the productivity that this country needs, we've got to invest in preventative health care. Now I've

heard pretty much every politician talk about prevention as being the panacea of our health care system, yet we've failed to see the investment in prevention that we need to make sure that we actually keep people healthy, - that means that they don't have to go to their GP, that they don't need to have an admission to hospital.

We talk about chronic disease management. Now we've seen the results of the Primary Health Care Review. The Primary Health Care Review made recommendations around health care homes which, of course, the AMA welcomes, but while they're taking out \$925 million in terms of an extra two years of the freeze, they're only putting in \$21 million in terms of a trial for chronic disease management and health care homes. So there are questions there for all sides of politics as to how they approach those issues.

We also talk about other aspects, physical activity, tobacco. We know that 15,000 Australians are still dying from tobacco-related illnesses each year. We now have e-cigarettes as a major issue which needs to be dealt with and looked at properly by our governments and regulators so that we don't end up with another health care problem down the track in the future. Fourteen thousand Australians probably die each year as a result of cardiovascular disease and a significant number of those are related to problems with physical inactivity. So there's a whole range of other things that we'd like to see looked at as well.

So they're the issues that are contained in this document. I think we need to start looking at health more as an investment rather than just a cost. Happy to take questions.

QUESTION: You say this is a call to both parties, but Labor for example hasn't outlined how much money they'd put back into public hospitals, what they'd do with the MBS freeze, is this really a call on the Opposition to start outlining its health policy?

BRIAN OWLER: Well this campaign is going to be about health, and the Opposition has said that this will be a referendum on Medicare. Now, for it to be that way, of course, we need to hear the policies of both sides. I still think there is time for the Government to look at some of its policies as well. The freeze is very, very unpopular. It does need to be re-examined otherwise we are going to continue to see the sorts of campaigns that GPs but also other specialists are launching within their own practices. But yes, it is a call on the Opposition to show what they want to do in terms of health care to make sure that we start to see health as an investment, that we start to take health not just as a cost in the budget to be dealt with, but actually something that contributes to this country.

I mean we have a very good Australian health care system. It's something that we should be proud of and I've talked right throughout my two years as AMA President about the foundations of our health care system and about what it achieves for this country. But that is under threat at the present time and unless we have a proper investment in health care, unless we start to talk about health differently, as an asset, as an investment rather than just a cost or an annoyance in the budget, we are going to see that system threatened. And it's the patients that are going to pay and that means particularly for the poor, the vulnerable, and the sick, those are the patients that are going to end up paying the most out of their own pockets, and those are the people that can least afford it, those are the people that are going to be hit the most.

So I'd like to see both the Government and the Opposition start to focus on health. It's not too late for this Government to revisit some of its health policies, but we're looking forward to hearing what the Opposition has to say in relation to the freeze. But also public hospitals and other aspects of health care as well.

QUESTION: So on the public hospital number what number have gone to the... what number have you gone to the Opposition with in terms of what needs to be put back in?

BRIAN OWLER: Well look, there was this number of \$57 billion that was part of the previous announcements under the National Health Reform Agreement. It is going to be difficult to get to that level of money; I think everyone acknowledges that. Over the four years the agreement was going to deliver \$7.9 billion. Now what we've seen is \$2.9 billion announced by the Government, it's a shortfall of \$5 billion, so I think that gives you some idea of the sorts of numbers that we're talking about. But I think what we also need to do is to make sure that we end some of this political cycle blame game. That we actually get to a situation where we have an agreement between States and the Commonwealth that funds our public hospital system appropriately to deliver the sort of health care that we should expect, and that we don't have this ongoing political cycle. That there's a long term fair funding agreement that makes sure that all States and people, no matter where they live, are going to get proper funding for their hospitals.

QUESTION: You've just spoken about- you've spoken about campaigns by GPs on the Medicare rebate freeze.

BRIAN OWLER: Yeah.

QUESTION: Do you think they should be warning patients that they might have to stop bulk billing as a result of the continuation of the freeze?

BRIAN OWLER: Well, I think that's already happening. And I think there has been an absorption of the freeze, but I think we've reached the tipping point. The announcement in the budget, the extension to 2020 has mean that many GPs are now contacting the AMA, asking for assistance in how they transition their practices. We've seen some of the big corporate groups actually looking actively at setting up different practice models that actually does look at billing, so this is now a reality that bulk billing rates are going to go down, and I don't think GPs have a choice. If they want to be able to provide quality health care, maintain the services that we all want, then there needs to be investment in general practice. It also hurts those patients that are already paying a fee. If you're paying to see your GP, and the rebate is frozen essentially for seven years, those patients are going to have increased out of pocket expenses as GPs who are paying staff and leases which are all going up, have to start to pass those costs on to their patients.

QUESTION: Which particular areas are going to be worst affected by the freeze [indistinct]?

BRIAN OWLER: Well I think there's... the most vulnerable people are those people that rely on bulk billing, but particularly those people that are sick, those people that do have chronic diseases, those people that might be, I think, on lower incomes, people with multiple children that might need to go and see the doctor; those are the people that the GP actually has some discretion in being able to bulk bill. Now as the rebate continues to be frozen, the GPs' ability to exercise discretion in terms of bulk billing people starts to be reduced, and particularly in those areas where there's high concentrations of young families with people on low incomes, they can't exercise that discretion for everyone. So it is clearly going to be those sorts of people that are going to be most affected by this policy, and that's why the freeze is particularly unfair.

QUESTION: So does Labor need to commit to ending the freeze to give credibility to its claim that this is a referendum on Medicare?

BRIAN OWLER: Well, I've been lobbying both the Government and the Opposition for some time on the freeze before the budget announcement, but I think it would be welcomed from general practice, but also this applies to specialists as well, to see the freeze ended. And I think patients out there in the community that are seeing the material go up in the practices that have been supplied by many organisations, they're going to start to understand what the impact of the freeze is going to mean for them, and I think it would be welcome news for patients right around the country if we were able to see the freeze lifted.

QUESTION: There's speculation about how much a co-payment will cost once GPs- well certain GPs, stop bulk billing.

BRIAN OWLER: Yeah.

QUESTION: Anywhere from \$15 up to the AMA recommended fee about \$30-something dollars.

BRIAN OWLER: Yeah.

QUESTION: What do you think is the likely outcome?

BRIAN OWLER: Well, it's going to be up to the individual practices and GPs, but once you start to move to a situation where you do start to charge a fee it's unlikely that any practice is going to start to charge \$2 or \$3. I mean the fee is likely to be more substantial, because there are costs involved in those transactions as well. So I think once the billing starts, and we've seen this from the pathologists, and diagnostic imaging sectors as well, it's not going to be a small amount, it's not going to be the difference in the bulk billing incentive for instance, it's not going to be \$2 that they invoice people, they're talking about invoicing \$30, because the reality is there are significant costs associated once they move towards the system, and I think it also changes the whole model of practice that they've been operating on for some time. I think people also need to realise that while we have had indexation of the Medicare rebate it's been hopelessly behind the cost of actually providing the health care, and GPs, specialists, right around the country have been absorbing those changes. But I think now we're starting to see, particularly with the freeze, a tipping point where people can no longer absorb that freeze. I think specialists have probably made that leap, or other specialists have made that leap, some time in the past, but I think now we're going to start to see this play out more and more in general practice.

QUESTION: Back to public hospitals for a minute. So you pushed really strongly on highlighting the so-called black hole of funding that we would have faced if we'd gone ahead with the formula in 2017, and the Coalition has been very hard on Labor saying you're not going to commit exactly to going back to the agreement, which you say is going to be hard to go back to politically, you know, you based all your arguments against us are basically broken (*). Do you say that we have to go back to that level or that..?

BRIAN OWLER: Ideally, it would be lovely if we went back to that level of funding but I think we all...

QUESTION: Would anything less than that be enough to say...

BRIAN OWLER: Well I think the reality is we need to make sure we get as much money into public hospitals as we can. We've seen, as we highlighted in our Public Hospital Report Card at the start of this year, that the performance in terms of public hospitals had been improving but over the last few years has started to fall backwards. So there was the funding black hole and

the change in funding that was going to be there in 2017. Fortunately, the formula has changed back to activity based funding, which I think is a good thing, but it's only 45 per cent of growth funding. And I think if we want to actually make sure that we meet this ever increasing demand that's been placed on our public hospitals we need to see a greater commitment of the Commonwealth or at least a discussion that takes place that actually secures the funding, whether the commitments of State and Territories might change, but there needs to be that consistency and predictability for States and Territories and for patients that their hospitals are going to be funded – not just for the next few years in this political cycle, but well beyond that as well. Now I would welcome certainly any increase on \$2.9 billion that the Opposition is able to fund and commit to, but I think there is a longer term argument that needs to be had as well.

QUESTION: So, what is the minimum number that they're claiming for this to be a Medicare election to be credible?

BRIAN OWLER: Well, I mean there is no one number that I'm going to pin down but what I did point to before was the fact that under the previous agreement the gap seems to be about \$5 billion in terms of what was there for the next four years under the agreement, the \$7.9 billion compared to the Government's commitment of \$2.9 billion over the next four years.

QUESTION: We have seen the Opposition leader visiting schools et cetera throughout the course of this campaign, should he and for that matter Mr Turnbull be visiting health care clinics, hospitals?

BRIAN OWLER: Well, I saw Mr Turnbull visiting a hospital in Brisbane I think in the last few days, so that is a good thing. But I would like to see both parties making sure that they make health the priority in this election. The Opposition's been talking about education and clearly it's a lot of time left to fill in this election campaign, but what we want to make sure is that we have the commitments and plans of both major parties on the table before the election so that voters can actually decide. I mean elections are about choices that people make about their future.

Last time around we didn't have that choice. There was no discussion about health policy. Both parties wanted to avoid it and then we had surprise after surprise so we don't want to get back to that situation again in the future. We want to make sure that people understand what the commitments are going to be from both major parties without the doublespeak, without the verbal gymnastics. We want to make sure that there is a clear plan from both sides that they can be held to account to over the next three years.

QUESTION: When Bill Shorten spoke about protecting Medicare from falling into private hands, like [inaudible] the legislation, others have said it's probably unlikely to be very effective unless you actually put it in the Constitution, is that something that you'd support?

BRIAN OWLER: Look, I think there are a couple of issues there I mean the exact mechanism, I'll leave that to the lawyers to decide. But the issue in terms of privatisation of Medicare, there is an issue there with the infrastructure for the Medicare system; it is completely out-dated, it does need to be built again almost from scratch and we need to get that investment in there, if we are going to have meaningful reform in the future as well. So I think that's a question that needs to be answered.

Now whether or not it's a private contract that is best placed to do that I think that's a question that needs to be examined, but I don't think we can just persist with the same system either. If we don't want to go down that route of outsourcing at least the IT component, with all the issues around security that we need to look at as well, then we need to make sure that we have

some other way of investing in infrastructure that we actually need to maintain the integrity of the Medicare system and allow it to be reformed using IT properly into the future.

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