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Transcript: AMA Vice President, Dr Chris Zappala, ABC Radio Sydney, *Focus with Cassie McCullagh*, Wednesday, 12 June 2019

Subject: Specialists' Fees

CASSIE MCCULLAGH: Well, in the recent week, we've seen Australia's Chief Medical Officer, Brendan Murphy, say that surgeons will face sanctions for imposing too high a cost for their services. And the Surgeons' College has backed this idea, and it also opposes the crowdfunding that's been going on for what they say are sometimes excessive fees. Greg Hunt has backed a review. But what does it all mean, and when should a specialist be able to charge, well, what they think is the right price for the services that they will provide to you and me? Well, let's see if we can find out. Dr Chris Zappala is the Federal AMA - the Australian Medical Association's - Vice President, and he's joining us on the phone. G'day Chris.

CHRIS ZAPPALA: Good morning.

CASSIE MCCULLAGH: Thanks for being there. And also joining us from Canberra, from our studios there, is Leanne Wells, the chief executive of the Consumer's Health Forum, which advocates on behalf of consumers on health issues. Leanne Wells, lovely to have you back on the program.

LEANNE WELLS: Thank you, Cassie.

CASSIE MCCULLAGH: First to you, Dr Chris Zappala. I have to confess, I really don't understand when a specialist can charge for a service. Is it a little bit complicated, our system?

CHRIS ZAPPALA: Unfortunately, it's quite complicated, and I accept that it's difficult for patients to understand. The first thing we need to do is separate when we see a doctor - a specialist or GP - in their clinic, in their rooms, and when we see a specialist in hospital. Private hospital insurance will only be useful and cover patients when they're in hospital having an inpatient episode. So, when you see a doctor - a specialist or GP in the community, in their rooms - then there will be a rebate that will help cover the cost of that from the Government, the MBS rebate, and in some instances, not all, some instances a gap or out-of-pocket cost to the patient. When you go into hospital, Medicare will cover a bit, but your private hospital insurance will cover an amount and then the doctor is able to charge an out-of-pocket cost on top of that as well.

CASSIE MCCULLAGH: So that - you're talking about a private hospital there, not a public hospital?

CHRIS ZAPPALA: Oh, no, no. Public hospital is all no charge. We all pay for that through our taxes et cetera, Medicare levy and so on, and we can all go to a public hospital at any time and receive triaged care, because remember that's one of the big differences. When you go to a private hospital, and you are paying that extra, both through your private hospital insurance premium and whatever gap, one of the benefits of that is that you get your choice of doctor and you get care straight away, as soon as you need it. You don't have to join, for

example, an outpatient queue or a clinic queue at the public hospitals. That's one of the benefits of the private hospital system.

CASSIE MCCULLAGH: And this is where we come across that strange word 'elective surgery' as if anyone would really choose [audio skip]… extra fees to the doctor or surgeon or specialist or anaesthetist that is going to treat you, and then maybe as you're being discharged and you're paying your bill, you might find that there's maybe radiology, pharmacology, like anything that's come from the hospital dispensary that you need - maybe painkillers or antibiotics or ongoing medications, you could be charged for those. There might be pathology charges. That's the kind of things that we're talking about.

CHRIS ZAPPALA: Yeah, unfortunately this is the problem - that each of the items or episodes can actually attract a gap. And so even though the gap or out-of-pocket cost on each item might be small, they can add up during an entire episode of care. I think it's important to note that the huge majority of medical services are actually provided at no gap. So, for example, when I see my inpatients in a private hospital, all of my inpatients - and I'd have to say most other respiratory physicians like me that I know - charge no gap.

So that actually is not uncommon, but there are some instances where the patient will have a gap, and I guess that does tend to be with the procedural-type work. But as you correctly pointed out, the costs are actually also derived in many other parts of the system. The final point just to make, remember, is that when we pay our private health insurance premium, people need to be aware that the huge majority of that is going to the hospital. So, the proportion of our private health insurance premium that goes to the doctor is only about 16 - one six - per cent. It's actually a very small portion. And that's just an indicator of the total cost of care. Unfortunately, high quality medicine is expensive.

CASSIE MCCULLAGH: Chris, why don't you charge a gap? What's your logic there?

CHRIS ZAPPALA: Well, like most doctors - I mean, if you look at the latest statistics, 87.5 per cent of services are charged with no medical gap - so I think, like a lot of doctors, we think 'well, that fee that the health fund has set, we're actually happy to accept that, that's not too bad, that's reasonable'. And so you just go about your ward round and you collect that. I've got to say there is a lot of extra paperwork when you charge a gap as well. And so there is a bit of a disincentive to do that.

But where, for example, in some of the procedural areas, the rebates that are paid by private hospital insurance companies and the rebate paid by the Government through Medicare have lagged further and further behind what the real cost of providing that care is. And so unfortunately that gap sometimes, particularly in these areas, has appeared. But can I just hasten to add, if you look at the publicly available data, the average gaps are not going up. In fact, they've gone - this is medical gaps - have gone down. That doesn't include the gaps that you get from hospitals paying excess, as you've said, all those other gaps as well. There's unfortunately quite a number of those generated in the system also.

CASSIE MCCULLAGH: So, in essence what you're saying is that our balance between public and private is, in theory, a good one because it allows for mass treatment and very, very

high quality emergency treatment for free for people who desperately need it, but it also has this provision of a private hospital system which frees up the public - one - and can create innovation and advanced techniques because there's money to be made there.

CHRIS ZAPPALA: Well said - I agree. There's absolutely no way - if we didn't have the private system, in other words if we let private hospital insurance drop right away so that more and more people are dependent upon the public system, it will break under the pressure of that. It's already in areas, we all know, under significant stress and not able to provide some services, some elective surgeries, meaning not emergency services to some people. So that balance between public and private helps us all as a community because it means that those people who are able to top up and pay for private health insurance, that they're actually contributing funding to the system as a whole [audio skip].

[Discussion with Leanne Wells and caller, Federal Labor MP, Dr Mike Freelander]

CASSIE MCCULLAGH: But back to you, Dr Chris Zappala from the AMA. What did you make of what Mike Freelander had to say?

CHRIS ZAPPALA: Yeah look, I agree with most of things that Mike said. I think we just need to be a little bit careful that we're differentiating care that's delivered to patients in the clinics in the rooms, because private hospital insurance has nothing to do with that, and the benefit the patient receives is obviously all in the Medicare rebate from the Commonwealth. And I think the AMA and doctors in general have been saying that that rebate is inadequate, and that it disadvantages patients and should be increased. And both political parties have had their fingers on the freeze of the Medicare rebate for many years now. And, of course, with medical costs going up and the rebate staying rock solid, gaps are going to increase.

And that's in the purview of the Federal Government to change, and they have said, as you know, that there is going to be a slight indexation of those rebates for GPs starting shortly. But it's not going to make up for that. So, there is a system problem there that absolutely needs to be fixed.

The other thing that I just- I agree completely there are efficiencies that can be made at both levels. Because remember, public hospitals are largely State-run institutions and so there are definitely efficiencies. And the funding arrangements that exist between the Commonwealth and States are clearly quite complex, and I think we'd all welcome a little bit of efficiency and [indistinct] there.

And just quickly, the final thing is, from that notion that the people are not given the opportunity to have fully informed financial consent that we were talking about earlier, I'm very worried to hear that. I think it's an important principle of medicine, part of our ethical practice, that patients are told how much something is going to cost, what their alternatives are, and there is time for reflection on that, and that the patient can come back to the doctor and say, ‘hey listen, I don't think I'm going to be able to afford that’. And what I hope will happen, and what I do think happens in many cases, is the doctor will say ‘fine, well we'll discount this, and we'll see if we can make it a little bit easier’.

And of course, the final thing that patients can always do is get a second opinion. And we're fortunate that we've got enough depth in our medical system that patients are always able to do that. And, so, if they're struggling with a bit of information, even if it's the cost of something, please go and get a second opinion.

CASSIE MCCULLAGH: That is really good advice for people listening and worrying that they won't be able to pay a specialist. You can always ask and always say 'I can't afford that, what are my alternatives', and you may find yourself in luck, and there might be a different way, and it may even be that that specialist will offer you some kind of reduction in fees. So, yeah, important stuff. But yes, this transparency, Chris - would be really great if there were just some pretty average fees and charges on all the websites, as well as a few other bits and pieces of detail about the people that you're entrusting your treatment to.

Thank you so much for talking with us. I know you're a busy man, you've got patients waiting, so thank you very much for that.

CHRIS ZAPPALA: That's my pleasure, good morning.

CASSIE MCCULLAGH: That's Dr Chris Zappala, Federal AMA Vice President.

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