

Australian Medical Association Limited

ABN 37 008 426 793

42 Macquarie Street, Barton ACT 2600: PO Box 6090, Kingston ACT 2604

Telephone: (02) 6270 5400 Facsimile (02) 6270 5499

Website : <http://www.ama.com.au/>



AMA

Transcript: AMA President Dr Michael Gannon, with Warren Moore,
Radio 2GB, Night Time, Tuesday 17 January 2017

Subjects: Medicare freeze, New Health Minister, Private Health Insurance

WARREN MOORE: Now as I was saying, it's an important or interesting time in the Health portfolio. We're not even 100 per cent sure who's going to be in that portfolio; we are 100 per cent sure it's no longer Sussan Ley. But the AMA is using the opportunity of health being front and centre to raise a number of issues, one of which is the freeze on the Medicare rebate. Effectively, doctors have had a freeze on their incomes unless of course they charge us more.

To talk about this is the AMA President, Dr Michael Gannon. Thanks for your time, Doctor.

MICHAEL GANNON: It's a pleasure. Good evening.

WARREN MOORE: Well, first up, I guess I'll start with a bit of hindsight, looking in the rear view mirror. What condition do you think Sussan Ley has left the Health portfolio in?

MICHAEL GANNON: Well, I think her legacy is yet to be determined because her time in the Ministry was marked by setting up a lot of reviews. She certainly changed the nature of the relationship with a lot of health lobby groups, including ours. She had a very positive style, a very consultative style, and I'm disappointed to see her go. But her legacy will be determined by how her successor handles things like how the MBS review reports, the new medical home initiatives, and exactly when and where the freeze on rebates is unravelled, as you've mentioned.

WARREN MOORE: Yeah, well we don't know who yet will be in the portfolio. If you were talking to me this time last night, I'd be saying Arthur Sinodinos; this time tonight I'm saying Greg Hunt. Tomorrow is apparently where we might find out the answer to that. Do you care which of the two it is?

MICHAEL GANNON: No. Look, I think both men fit the bill as being senior ministers, both very capable men. What we want is someone who can go into Cabinet and be a champion for patients in Australia. We understand the desire of the Turnbull Government to return the country to something like a balanced budget, we support that. But what we want is for someone to go in there and not just talk about numbers, but talk about human beings and their health. We want a champion for Australian patients inside the Cabinet room.

WARREN MOORE: Well, unfortunately, this portfolio of all, I think, has been a political football, hasn't it? Particularly during the last election.

MICHAEL GANNON: Look, it's always a difficult portfolio. It's hard to please everyone. Most Health Ministers would say it's hard to please doctors, and I even acknowledge that. It's our job to constantly speak up on behalf of our patients. And governments around the world are struggling with the difficulty of providing health care services. As the treatments improve, the technology improves, there's amazing things we can do now; at the same time we've got an ageing population, and we're contending with an epidemic of obesity. So costs are only going in one direction. We acknowledge how difficult it is for governments to fund health services.

But whoever it is, as an individual I'm prepared to work with them. The AMA can be a really constructive voice in the area of health to try and produce outcomes that are good for patients everywhere.

WARREN MOORE: Now let's get down to this rebate business. If we don't get the freeze of the rebate overturned, how much are doctors or will doctors pass these costs on to patients, the increased costs of running their practice?

MICHAEL GANNON: Well, I think one of the things we've definitely seen is that ... one of the things which is easiest to do is for the practices that are already privately billing, they're likely to increase the gap that people who are already paying a gap pay.

One thing which is hard for doctors to walk away from is bulk billing their neediest patients. It's very difficult to turn around to health care cardholders, to pensioners, to children and just to start to bill them. Doctors recognise pressures on working families and they do recognise that if their most vulnerable patients don't turn up for care then they're just going to get sicker. So that's why we haven't seen plummeting at the bulk billing rates because doctors will continue to, where possible, to do the right thing. But remembering it's a freeze on the rebates for patients not just seeing GPs, but other specialists as well.

What we're seeing is that it just makes it harder and harder for doctors not to pass the increased costs that they have in running a business – I can tell you for sure that my staff like a pay rise each year; I can tell you that my costs of rent, utilities, and things like medical indemnity insurance, they go up year on year – so it is difficult to eventually not pass those costs on to patients.

One of the real problems for people is that doctors will then decide where they work. They will decide to work in wealthier areas where there's not the same bulk billing rates et cetera. So that's one metric the Government doesn't deduct when they point to bulk billing rates staying high.

Doctors will, sadly, vote with their feet and work in areas where they can get a reasonable reward for their endeavour.

WARREN MOORE:

I mean, this is going to sound like a bit of a weird analogy, but if you're buying something, say a car hypothetically, the people you're buying it off can do all sorts of things they use to say how much you're going to pay; whether it's how much your trade-in is, how much the cost of the car is - the new car, at the end of the day. All that patient, or customer, sorry, in this case, the customer cares about is how much is out of their pocket.

That's why I find this a bit bemusing, this debate, because we've scuttled the idea of a co-payment because it is politically unpalatable and yet, at the end of the day, all the patient's going to care about is how much extra they're paying out of their pocket, whether it's the doctor charging them extra because the rebate's being frozen or because we didn't go down the path of the co-payment or something.

MICHAEL GANNON:

Yeah, the analogy is well made. But I suppose the difference is we're talking about people's health here. And what we're constantly saying to government is that if you invest in general practice, if you support people in preventive health measures, you'll save money in the end.

Now, sometimes it's difficult for governments to have that 10, 15, 20 year vision, but that's what they need to do. They need to recognise that supporting needy, vulnerable patients seeing GPs means they're less likely to end up in hospitals having a lot more expensive care down the track.

WARREN MOORE:

Okay. Now, the other issue the new Health Minister is going to have to deal with, or one of, is obviously the issue of private health cover. And we're coming up on that date where we will know how much those premiums are going to increase. I mean, that must be of concern to the AMA as well because it's to do with issues such as the pressure on the public system and also whether people can afford, really, the care they need.

MICHAEL GANNON:

Yeah, you're exactly right. And the fact that the value proposition of private health care carries that question by so many Australians concerns us.

Now we're all, we've got different ideas on this, but at the end of the day we're all in it together, whether that's the private hospitals, the private insurers or doctors who work in private practice. So all of us are interested in this being seen as value for money for patients.

I saw a quote today from one of my predecessors, from your home town, Kerryn Phelps, saying that, in her experience,

patients don't complain too much about private health care when they choose to use it. But we do recognise that's not universally the case, that out of pocket expenses are increasing in a lot of areas, I don't think that's usually the fault of the doctor; we know that, for patients, 86 per cent of services are provided at no gap level, another 6 or 7 per cent have a modest no capped level, but we hear from patients when they say that they're paying out of pockets, at the same time that their insurance premiums go up year after year.

WARREN MOORE: Yeah, yeah. Which means they question the value of it. And if no one had private health insurance, the public system would struggle, wouldn't it?

MICHAEL GANNON: It would. It would fall apart overnight. So there are ... not only are they two interlocking pieces of the jigsaw that can't cope without the other one, the truth is that private medicine is actually very good at some things and better than the public system at others. It's a much ... to taxpayers, if you bring it back to it, it's much better value for money and more efficient deliverer of, for example, elective surgery and procedures et cetera. But we need both, we need to support both. We need better funding for public hospitals, but we also need to recognise how much work gets done in the private sector, probably 70 per cent of surgery gets done in private hospitals. Now, we need to support that and we need to support that type of care, not just for the wealthy in society, but for people who do the right thing, scratch and save; we want to reward those people by, wherever possible, limiting out of pocket expenses.

WARREN MOORE: Okay. Thanks for your time, much appreciated.

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CONTACT: John Flannery 02 6270 5477 / 0419 494 761
 Maria Hawthorne 02 6270 5478 / 0427 209 753

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