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Transcript: AMA President, Dr Michael Gannon, Sky News, 19 March 2017

Subject: Medicare freeze

JIM MIDDLETON: And now, as promised, let's cross to our studio in Perth and AMA President Michael Gannon. Michael Gannon, sorry to delay you there. We've fixed up the technical issues, I am sure. Good to have you with us. The Government has, as I said, been on the back foot over health care, struggling to win the confidence of voters. Will this about-face, as it were, on Medicare rebates for GPs be enough to regain public confidence, do you think?

MICHAEL GANNON: Well, it will be a start, Jim; it will be a chance for them to get the monkey off the back. It will be a chance for them to then produce a decent health narrative. Remembering that the freeze on patient rebates doesn't just affect patients seeing GPs and the ability of GPs to bulk bill; it affects all other specialists as well. Thirty to 50 per cent of specialist consultations are bulk billed, that's under pressure. It means that, in many cases, payments to doctors from private health insurers have been frozen, and it's putting more pressure on the public hospital system. So it's affecting the whole health system and it acts as a barrier to health reform for this Government.

JIM MIDDLETON: Now, the AMA did have its big gathering in Canberra last week. What is your understanding, at this stage, about how far the Government is prepared to go to meet what you think is necessary, if it is to recover confidence with the public?

MICHAEL GANNON: Well, that was the opportunity for me to speak to my Federal Council about exactly where I'm up to in discussions with Minister Hunt. He came to the first meeting we had together with some detail about undoing the patient rebate freeze. Those conversations are ongoing. One thing the Minister will not be in any doubt about is the importance of undoing the freeze across the entire MBS schedule, and how this affects not only GPs but other specialists, and how it affects the rest of the health system.

JIM MIDDLETON: What about other savings that are, or have been, in the pipeline? Things like imaging, pathology? Also, as you mentioned, specialists' fees as well?

MICHAEL GANNON: Well, there may have been some hope that the MBS Review Taskforce was able to come up with savings, but yeah, I think what those of my colleagues involved have discovered, what the Government is discovering, is that there's not much money lying underneath rocks.

There are increasing costs in the health system year on year. We see that reflected in the fact that the private health insurers go to Government every year and say, look, this is costing 4 per cent, 6 per cent, 8 per cent more than last year. That's a good indicator to both Minister Hunt, the Government, and to the people of Australia that the cost of the health system goes up year on year. The drivers of those increased costs are complex, but they include things like the ageing of the population and, as the Minister understands, the amazing new technology, the amazing new drugs we have - but they all cost a lot of money.

JIM MIDDLETON: Does that mean that the Australian Medical Association accepts that there will have to be savings to offset any new spending that comes about by ending the freeze on GP rate rebates, for example?

MICHAEL GANNON: Well, it's good medicine, it's good ethical practice to be careful stewards of limited dollars. Now, whether that means doctors in public hospitals, in private hospitals, in the community; we are duty bound to use public dollars carefully. I think what the Minister's discovering is that the doctors do take that seriously, that we are careful stewards of taxpayers' money, that there aren't obvious savings.

But I've agreed, on many occasions, to work constructively with the Minister, whether that's on other elements of their health care, things like the Medical Home, things like the electronic health record, things like greater efficiencies in the way public hospitals are run, things like the review of private health insurance. We're there to work constructively. But a great start for the Minister, for the Prime Minister, to get the monkey off their back is to unravel the freeze across the entire MBS schedule.

JIM MIDDLETON: And is there something that can be done without having to negotiate its way through the Senate, which, as we have seen over the last three years, has been very reluctant to agree to any cuts as far as health or education spending, in particular, are concerned?

MICHAEL GANNON: Yeah look, there's no question that it has been a difficult time for this Government. And, in fairness, Labor Governments usually have trouble getting things through the Senate. I've never underestimated the scale of the task in front of Mr Turnbull and in front of Mr Hunt. I have said on a number of occasions that we support their desire to sustainably fund the health agenda.

But what I've made very clear to Minister Hunt is that the day you unravel the freeze on the rebates for patients when they visit GPs, the rebates for when they visit specialists, the way that the private insurers calculate the money they will pay for specialist procedures, then you've got some clear air. Then you can move forward on the things you want to achieve; the things you want to achieve on health prevention, the things you want to achieve on hospital reform. Get this monkey off your back, and let's move forward constructively on future-proofing Medicare for the next 15-20 years.

JIM MIDDLETON: So you're making it clear to the Government, are you, that this question of the GP rebate freeze is just the start? That it has to more on these other areas, in particular on specialist fees as well, if public confidence is to be regained and the AMA is going to be on side?

MICHAEL GANNON: Well there's a long way to go. It's not as if unravelling the freeze is the end of the story. We've seen both sides of politics underinvest in public hospital funding. The AMA released its national Public Hospital Report Card looking at the jurisdictions, looking at how State and Territory governments are going, and on the Government's own measures they're falling backwards in terms of performance.

But what unravelling the freeze does for the Turnbull Government, it gives them the opportunity to start to write their own story. It means that they've got the opportunity to get this monkey off their back, to have the clear air to move forward on their positive health agenda.

We support them on sustainability, we support them on looking for imaginative ways to make sure that we can fund a health system into the future. We have to get away from the health system that was created in 1983 and look to ways of moving forward rather than tinkering around the edges.

But for this Government to have any clear air, to have any chance of moving forward with the cooperation of stakeholders across the health system but especially the medical profession, starting with unravelling the freeze is a good news story for GPs, for specialists working in

private practices in the community, for private hospitals, for public hospitals, it gives them the chance to start to move forward.

JIM MIDDLETON: Greg Hunt, when he was speaking about this on Sky News *Sunday Agenda* this morning, did note that there would have to be savings to make the shortfall as a consequence of this change. Some \$3 billion he was suggesting. How do you think consumers are going to take to that? They are already pretty frustrated that every time they go to the doctors, or increasingly as they go to the doctors, the gap between what they pay out and what they get back from their health funds grows, and also, in time, what they're paying for the health funds is, once again, outstripping inflation.

MICHAEL GANNON: Jim, you've hit the nail on the head. This is the patients' rebate we're talking about. Now, the truth is, for around 85 per cent of GP services, the GP says, "look, I'll accept the patient rebate as the cost of seeing me". For 30-50 per cent of visits to other specialists they're saying, "look, that's what I'll accept for seeing me". But, in reality, what's happening is that doctors' practices are small businesses, like many others, the cost of wages for their staff, the cost of utilities goes up year on year.

There's amazing technology in the health field, whether that's something as simple as an ultrasound machine or something more advanced like a laser for an ophthalmologist's rooms, those costs go up year on year. So to keep your business afloat you have to pass on the costs occasionally to your clients. When it comes to a small business like a specialist medical practice, that means passing on the cost to patients. In turn, that increases the pressure on our public hospital system.

As I've already stated, that's a system that is at best plateauing, and at worst going backwards. So the Medicare freeze is not only something that, politically, is poison for the Turnbull Government and needs to be undone so that they can start to produce a positive health narrative, until it's unfrozen there will be more and more pressure on out-of-pocket costs for people to see doctors who, in good faith, try and limit out-of-pocket expenses but can't continue to run their businesses as the freeze hits towards its fifth year.

JIM MIDDLETON: Michael Gannon, do appreciate your time this Sunday afternoon. Thank you very, very much indeed. Michael Gannon, President of the AMA.

MICHAEL GANNON: It's a pleasure.

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