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Transcript: AMA President Professor Brian Owler, SKY News, 22 May 2016

Subject: PBS co-payment, Medicare Freeze, Coalition and Labor health policies

COMPERE: Labor's announcement on its removal of the PBS price increases comes as the Australian Medical Association is this week set to ramp up its campaign against Coalition plans to freeze rebates to doctors until 2020 - doctors labelling it a GP co-payment by stealth. As you might expect, the AMA's also voicing its strong support for Labor's pledge to bring back indexation if elected. And joining me live now is AMA President Dr Brian Owler. Dr Brian Owler, welcome.

BRIAN OWLER: Thank you.

COMPERE: Firstly, what is your reaction to Labor's announcement today that it's not going to increase the PBS co-payment?

BRIAN OWLER: Well I think that's very pleasing news. What we've been seeing is prices being put in at all levels, so we've had the visits to the GP, we've had pathology, we've had diagnostic imaging, and then there's prescriptions as well. And at the end of the day, this is deterring those that can least afford it from going and filling their prescription. So Labor's pledge is very welcome, and I think patients should be very pleased about that. Particularly those with complex and chronic illnesses.

COMPERE: So as it stands now, patients that would like to access medicines that are on the PBS, are they going to be better off under Labor's plan, or the Coalition's plan, and if so by how much?

BRIAN OWLER: Clearly better off under Labor's plan. I mean there's a \$38 payment that exists now if you're a non-concession payment, so they wanted to add another \$5 on top of that. If you're a concession card holder, it's \$6.20. Under the Coalition's plan they'd like to increase that to \$7. Now it doesn't sound like very much, but if you're filling multiple prescriptions and you're also then wearing costs for seeing the GP, paying for X-rays and other tests, those are the patients that really suffer with these types of policies. And I think what we need to do is get back to valuing health and making sure that we put less barriers in place, particularly for those sick patients.

COMPERE: My understanding is under this reversal - under Labor's announcement, the cost is actually not going to go down, per se, for medicine. It will just stay the same, maybe marginally increasing?

BRIAN OWLER: That's right. So it's avoiding the policy that the Coalition has on the table. I mean, it's the policy that's banked in the budget; it's what they wanted to go ahead with but because, of course, of opposition in the Senate, they knew that they couldn't get it through the Senate, and so the legislation's never passed through. But, of course, if that situation changes, it's pretty clear from the Prime Minister's comments today, that the plan would be to go ahead with that policy and charge the extra amounts.

COMPERE: Health Minister Sussan Ley came out today and said it's the Coalition, in fact, that's put - I think her words were three times as many medicines on the PBS, compared to

Labor. She says her party has spent \$4 billion for medicines such as for melanoma, for Hep-C, and also for breast cancer. Is there some truth, do you think from what you've seen and read, and her assessment, that Labor doesn't have a plan to be able to adapt and reform and put new medicines on the PBS?

BRIAN OWLER: No I don't think that's fair. I mean the recommendations come through an independent committee through the PBAC process, and that's a very robust assessment process, and then the recommendations are made. Now there have been some very good things that have been done, particularly around the Hep-C medicines that have been funded, and that's been very good for those patients, but that doesn't preclude that happening under Labor's plans and I'm sure numerous medicines were put under their program as well. So, this is something that is, I think, an independent recommendation, and I don't think we should be charging people extra money so that we can follow through with these PBAC processes.

COMPERE: This PBS plan is going to be - is costing \$1 billion over the next four years...

BRIAN OWLER: Yep.

COMPERE: ...lifting the Medicare freeze will cost \$2.4 billion over the next four years. What do you make of the Government's argument that the country simply can't afford this. It's not economically viable?

BRIAN OWLER: Well, I would go back to how it's being funded, and it's been, Labor's policies are being funded by not giving \$50 billion in company tax cuts, and so while company tax cuts can be argued to be a good thing for the economy, do we have to give that amount of tax cut. Do we have to then pass all of those costs on to patients? It seems like we're giving companies tax cuts, but then passing the costs on to those in the community that can least afford it: Those people going to see a doctor, those people that are sick, those people that are vulnerable. And so I think we need to get back to valuing health care, and seeing that as an investment just like company tax cuts might be considered an investment.

COMPERE: Let's just talk about Labor's announcement this week to lift the freeze on Medicare rebates. Can you say for certain that patients are going to be better off?

BRIAN OWLER: Well there's no doubt that people have been absorbing the freeze. Now they've only really had to put up with one year of the freeze so far. The freeze really is the thing that extends out to 2020, and so the recent announcement in the budget has really tipped many practices over the edge, to start to say how do we transition our practice to start to charge a fee? Now it's really the practices that in the areas where there are people on lower incomes, those areas where there are a lot of children, those people where there are a lot of elderly patients living with chronic disease. Their ability to exercise discretion and bulk-bill people under the freeze is certainly something that is going to be challenged.

COMPERE: Because even though the freeze has been in place, bulk-billing rates have actually gone up. They're at a high of 84.4 per cent for non-referrals.

BRIAN OWLER: That's right, but I think people need to remember that we've in fact really only had one, practically one year of the freeze so far, because in 2014, there was indexation, 2015 there was the freeze, and 2016 indexation would be coming through on the first of July. So GPs have been absorbing this, but there is a tipping point, and the announcement of extension of the freeze I think really was it. Because people are right, we can probably absorb

some of the freeze, but eventually we're going to have to transition. Now they see it extending out to 2020, and who knows where it's going to extend on after that? I mean we had no warning about the extension of the freeze in the first place.

COMPERE: Can I clear something up? Did the Government tell doctors that stick with us, this freeze will be lifted?

BRIAN OWLER: Well I've had a number of conversations with the Minister over the past, certainly, 12 months around the freeze, and one of the things that we tried to do was work with the Minister, particularly around the MBS review. And the conversations that I had with the former Prime Minister went along the lines of investing some of that money, if there were savings from that review, back into health. And it was very clear that one of the things that we're aiming to do was to lift the MBS freeze. Now all of that seems to have fallen away. Now we're quite happy to participate in the MBS review if it delivers a better outcome for patients, and a better Schedule, but clearly there's no effort to lift the freeze and what this Government is determined to do is to continue the freeze beyond, and pass the cost from the Government, through the doctor, onto patients.

COMPERE: Do doctors feel betrayed by this Government?

BRIAN OWLER: Well, it's...

COMPERE: Are you just campaigning - are you campaigning for the mere fact wanting to have more money in your pocket?

BRIAN OWLER: Well, no. This is not about doctors' incomes. This is actually about the patients and their rebate at the end of the day. Because the Medicare Benefits Schedule rebates are the patients' rebates. Now, in bulk-billing, essentially the patient assigns the rebate over to the doctor, but this is about patient rebates, and it's about the value of the Medicare system. We can't continue to downgrade Medicare, to reduce the value to the Australian people in the way that we've been seeing, and in the process have doctors, but also patients, vilified, as part of the problem. I mean the last two years that I've had in this job, has seen doctors vilified by the Government in a way that has never been seen before. And I can say the same about patients as well. It's almost like we're trying to punish people for going to the doctor too often.

COMPERE: But will patients be paying more in say a year's time if Labor wins and the freeze is lifted? Because Shadow Health Minister Catherine King, I think, has admitted that there won't actually be a cost drop.

BRIAN OWLER: No, but what we know is going to happen is that practices are going to transition away from bulk-billing. They have to. It's just a practical economic reality. As your costs go up for staff, the lease on your practice - which is usually automatically indexed anyway - and all of your other overheads go up, the only way that you can maintain the viability of the practice is to start to transition to a practice that charges patients a fee. Now as soon as you charge a patient a fee, and you go away from bulk-billing, you first of all lose the bulk-billing incentive. So, at a minimum, they've got to make up more than \$6, in regional areas more than \$9. And so most practices won't be charging six or nine dollars, they'll be charging more like \$20 every time they see a patient, on top of the rebate. And so that's what the future holds. It's very clear that there's a choice. Either we continue to value Medicare - I support Labor in their efforts to do that - but there's no doubt that the Coalition's policy will see patients being charged more.

COMPERE: Doctor Brian Owler, the President of the AMA, thanks so much for your time.

BRIAN OWLER: It's a pleasure.

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