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Transcript: AMA President Dr Michael Gannon, 2UE Lifestyle, Tuesday 24 January 2017

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NICK BENNETT: So, April and May might seem a long time away, but they'll come around pretty quickly, and you may not be too happy when they do, for a couple of reasons: 1 April is traditionally when private health funds increase their premiums, and 9 May is when the next Federal Budget is due. Now, the reason we're mentioning it now is because key stakeholders have begun to lobby the Government about what will be in the Budget, including the AMA who say the Turnbull Government could be contemplating another increase in the Medicare levy. The Australian Medical Association - AMA - has used its Pre-Budget Submission to plead with the Government to return any extra revenue raised by the tax to Health, rather than using it to fix the deepening deficit.

Dr Michael Gannon is the President of the AMA and he joins us now. Let's go back, Michael, to how all this started. This issue is largely associated with the Coalition, but Labor first introduced the Medicare rebate freeze in 2013 as a temporary measure to save money. Then, the Coalition put forward a number of proposals, including the ill-fated \$7 co-payment for GP, pathology, and imaging services that would offset a \$5 reduction in Medicare rebates. Do you think you have any chance of having the MBS freeze lifted?

MICHAEL GANNON: Look, I'm very hopeful that we'll have the freeze lifted. I think that it's the right thing to do and I think that it'll be smart politics for the Coalition Government to do it. Certainly you will have noticed in our Budget submission that it's the first line item, and it will be the first thing I discuss with Minister Hunt when I meet him in the next few days.

KAYLEY HARRIS: Now, taxpayers are currently contributing 2 per cent of their income towards a levy which raises about \$15 billion a year, but you say that Medicare is costing us \$22 billion a year. We can't keep running at a loss like that, so how should we be dealing with it?

MICHAEL GANNON: Well, just to make one thing very clear, the AMA is not calling for an increase in the Medicare levy, and perhaps one of the reasons why we've been reluctant to do that in the past is it perpetuates the myth that the Medicare levy pays for the Health Budget. I mean, you've pointed out quite correctly there that it doesn't cover all of Medicare, and that's before you've even thought of the Pharmaceutical Benefits Scheme, the contribution the Commonwealth makes towards public hospitals, and many other areas of the Health Budget.

The only thing we have said is that, if Australians are going to be asked to open their wallets for more spending in the name of the Medicare levy, it's only fair that that goes to their health.

We believe in responsible budgeting, we believe that this Government is doing the right thing by aiming for something like a balanced Budget. Equally, we have long made the argument, and will continue to make the argument, that health spending represents an investment; it shouldn't be seen solely as a cost.

NICK BENNETT: Michael, do you think Australians can afford an increase of, say, 1 per cent?

MICHAEL GANNON: Well, I think that there are a lot of Australians who would gladly pay more if they thought that it was going to improve public health services and the health of their fellow citizens. Equally, I think there are a lot of Australians who would say: “Look, we already pay a lot of tax and I’m already contributing to my own health in the way of paying for private health insurance and then paying from out-of-pocket for gap expenses,” et cetera.

When you look at the international comparisons, Australia is not far off having the balance right in terms of the contributions that patients make towards their own health care. But we are concerned that, for many vulnerable Australians, the out-of-pocket costs are starting to threaten their ability to have the basic health care, like visits to the GP, like filling their prescriptions so they don't end up sicker and in hospital, requiring a lot more expensive care.

KAYLEY HARRIS: Do you think a lot of people - I had no idea that part of the money raised by the Medicare levy is going to the NDIS and part of it back into consolidated revenue. Do you think that most people would just assume that the Medicare levy goes back into health and would be surprised to know that it actually doesn't?

MICHAEL GANNON: Well, I think you'll find that a majority of Australians not only think that, but they think that that represents their entitlement to cheap, if not free, visits to the GP and free visits to public hospitals. One of the reasons why the AMA has been reluctant to call for increases in the Medicare levy in the past is that it does perpetuate the myth that it really pays for your health care.

The reality is that health is now up to 10 per cent of GDP, it represents something like \$60 billion of government spending. So you can see that the Medicare levy ... it's a bit of a falsehood. But I'm not calling for a revolution where we completely get rid of the Medicare levy. It might be that some tweaking is the way that the Government responds to the community's demands for better health services by raising revenue in that way.

NICK BENNETT: Michael, just going back over some figures here, the Medicare levy raises around \$15 billion a year but [health is] costing us \$22 [billion], so we fall short by \$7 billion. Do you see ways that we can save money along the way?

MICHAEL GANNON: Well, I think that what we must do is look at areas that are ... that are cost effective, areas that represent an effective use of taxpayers' money. Now, one of the things that ... that is, I suppose, in many ways an accident of history ...

NICK BENNETT: Yeah.

MICHAEL GANNON: ... both sides of politics have undervalued general practice for a generation. You're quite right in pointing out that it was the Labor Government that first introduced the freeze and then the Coalition extended it. Well, the bad news story for my GP colleagues goes back well before 2013.

But the reality is that primary care, right or wrong, represents outstanding value for money. If you look around the world at international comparisons, those countries that have a health system like ours, that relies on GPs as the primary point of care to discern who does and doesn't need to see other specialists, that invests in preventative health in the suburbs, they do the best. They've not only got the cheapest health systems but they've got the best health systems. Systems like the United States that have a lesser reliance on primary care have worse outcomes and they're a lot more expensive.

So, general practice, primary care, is one excellent example of where we do well. It's also extremely cost-effective to invest in prevention and in public health. So, I'm sure your listeners are well familiar with various campaigns on tobacco and safe drinking and better eating habits; they represent a very good value for money investment in our health. So that's what we're saying, we're saying invest in those areas that, although they appear as line items in the Budget, actually represent medium to long term savings.

KAYLEY HARRIS: You said earlier that you were hoping to catch up with incoming Health Minister Greg Hunt. What do you see as his priorities?

MICHAEL GANNON: Well, I suppose it's fairly easy to refer to our priorities as those in the Budget submission and I'll be putting those right in front of Minister Hunt given the opportunity.

I think that unravelling the freeze, properly funding the medical home concept, and investing in general practice has to be at the top. We understand the fact that many Australians are questioning the value proposition of private health insurance. It's so important that he continues in the vein started by his predecessor in trying to get that right. Public hospital funding needs attention, the States are not doing their proportion of the heavy lifting. Various measures like waiting times for surgery, like emergency department response times, are plateauing or worsening in some States, and then we've got the chronic under-investment in areas like Indigenous health and mental health that I would love to bring to the Minister's attention.

KAYLEY HARRIS: Yeah.

NICK BENNETT: Yeah, I'm glad you raised those two issues at the end.

KAYLEY HARRIS: Dr Michael Gannon, thank you so much for your time.

MICHAEL GANNON: It's been a pleasure.

KAYLEY HARRIS: Michael Gannon there, President of the AMA.

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