



# Australian Council of Social Service

18/07/14

Committee Secretary  
Senate Standing Committees on Community Affairs  
PO Box 6100  
Parliament House  
Canberra ACT 2600  
[community.affairs.sen@aph.gov.au](mailto:community.affairs.sen@aph.gov.au)

Dear Secretary,

Thank you for the opportunity to provide a submission to the Inquiry into the *Private Health Insurance Amendment (GP Services) Bill 2014*.

This short submission outlines ACOSS' support for the *Private Health Insurance Amendment (GP Services) Bill 2014*, focusing in particular on how this Bill will remove all ambiguity regarding the involvement of private health insurers in GP services and ensure that existing health inequities in Australia are not compounded.

## **About ACOSS**

The Australian Council of Social Service (ACOSS) is the peak body of the community services and welfare sector and the national voice for the needs of people affected by poverty and inequality. Our vision is for a fair, inclusive and sustainable Australia where all individuals and communities can participate in and benefit from social and economic life.

Our membership represents over 3000 organisations and additional individual members through the combined network of the Councils of Social Service (COSS). Our members include community service providers, professional associations, representative and consumer organisations, and members of the public.

## **ACOSS Position on the Private Health Insurance Amendment (GP Services) Bill 2014**

Access to adequate healthcare services is a fundamental human right.<sup>1</sup> As a result ACOSS supports a universal health care system which works to eliminate the current social gradient of health<sup>2</sup>. The proposed Bill should be supported as it ensures that there is not a further move to increasing existing health inequities.

---

<sup>1</sup> Rights to healthcare are outlined in the *Australian Charter of Healthcare Rights*. In July 2008, Australian Health Ministers endorsed the charter for use across the country. It can be accessed at: <http://www.safetyandquality.gov.au/national-priorities/charter-of-healthcare-rights/>

<sup>2</sup> WHO evidence shows that in general the lower an individual's socioeconomic position the worse their health. *Social Determinants of Health*, accessed online (14/07/14): [http://www.who.int/social\\_determinants/thecommission/finalreport/key\\_concepts/en/](http://www.who.int/social_determinants/thecommission/finalreport/key_concepts/en/)



As noted in the explanatory memorandum of the Bill, the *Private Health Insurance Act 2007* contains provisions that prohibit private insurers from covering services for which a Medicare benefit is payable. This restriction is important as it aims to ensure the universality and affordability of primary health services which are currently subsidised by the Government through Medicare. Primary health care services act as the gateway to the health care system, and play a vital role in health promotion, prevention and early intervention. As a result it is particularly important that primary health care services are universally available regardless of an individual's capacity to pay. Current moves are aiming to enable private health insurance to extend into primary care services. This would create a two tiered primary health care system in Australia – one in which a high level of service is provided to those who can afford it, and an inferior service for those who cannot. As such, amendments to current legislation which strengthen the commitment to ensuring primary healthcare services are universally accessible should be welcomed.

The last decade has seen a significant increase in the costs of private health insurance, far beyond CPI increases. This experience within the Australian acute care system demonstrates that private health insurers are unable to contain costs in a way that is commensurate with general rises in cost of living. In contrast, the current process where the price is set by a single mechanism (i.e. the Medicare rebate to GPs for services), in addition to incentives for bulk billed services has had a significant impact in controlling the costs of these services. Allowing private health insurers to enter the primary health care sphere - particularly by allowing coverage of the costs of GP services - would result in increases in the costs of these services for all patients, without any connected improvement in health outcomes for individuals and the community. An example of this is the American experience where costs are high, the system is inefficient and there are comparatively lower health outcomes to those achieved in Australia.

The current trial of Medibank Private in Queensland provides us with some indication of what the extension of private health insurance into primary health care might look like. This program provides preferential service to Medibank Private Members over other patients trying to access the services of participating GPs by guaranteeing same day appointments, free fee consultations, after-hours GP home visits and a range of one-off-health assessments.<sup>3</sup> This is a high level of service guarantee for consumers, and one that should be available for everyone, not just those fortunate enough to be in a position to be able to afford private health insurance.

Australia has a health system that we are rightly proud of. While there are challenges around adequate access for some individuals and households, and a trend of rising co-payments, in many areas we know that people are able to access the care they need, when they need it and do not face cost barriers. This system needs to be protected and strengthened, rather than moving towards a two tiered system that is expensive, inefficient, discriminatory and not effective in delivering better health outcomes.

---

<sup>3</sup> Medibank (2014), Media Release: 'Medibank and IPN Trial to give members more options to access to GPs at no cost', accessed online (8/7/2014): <http://www.medibank.com.au/About-Us/Media-Centre-Details.aspx?news=535>



As such, ACOSS supports the proposed amendment Bill that aims to clarify beyond doubt the exclusion of private health insurers from primary healthcare services within the *Private Health Insurance Act 2007*.

Thank-you for the opportunity to provide comment on the Bill. If you require any additional information regarding this submission, please do not hesitate to contact Rebecca Vassarotti, Deputy CEO of ACOSS, on 02 9310 6200.

Yours faithfully,

Dr Cassandra Goldie  
CEO, ACOSS