



# Australian Council of Social Service

19 September 2014

Senate Select Committee on Health

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Canberra ACT 2600

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Thank you for the opportunity to provide a submission to the Senate Select Committee established to inquire into and report on health policy, administration and expenditure.

ACOSS has a keen and long-standing interest in the equity of the health system recognising that the design, funding and administration of the health system is a powerful determinant of healthcare access and equity. ACOSS also recognises the intersection between health, poverty and disadvantage, which results in a significant social gradient in health outcomes in Australia<sup>1</sup>. As such, as an organisation committed to ensuring that the voices of low-income, disadvantaged and vulnerable people are represented, ACOSS believes we have a key contribution to make in public debate about health policy and health funding.

ACOSS argues that health is an area where there should be universal coverage for the whole community, particularly as it relates to access to essential healthcare services. The community expects a healthcare system that responds to the health needs of the community and works to eliminate the current social gradient of health. The provision of universal healthcare is the best way of ensuring that, as a community, we can guarantee the Australian public access to the fundamental human right to health care<sup>2</sup>. Universal healthcare is the most effective, efficient and equitable way to ensure the delivery of our commitment to the Australian public of adequate health care<sup>3</sup>.

ACOSS has deep concerns regarding current proposals that are under consideration by the Government and Parliament as they have the potential to undermine universality of access to essential healthcare services. ACOSS believes that universal access has led to Australia achieving some of the best health outcomes in the world, and having some of the longest life expectancies in the world.

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<sup>1</sup> 2013 National Sustainability Council Sustainable Australia Report, Conversations with the future .Canberra p.117 accessible at <http://www.environment.gov.au/system/files/resources/e55f5f00-b5ed-4a77-b977-da3764da72e3/files/sustainable-report-full.pdf>

<sup>2</sup> the enjoyment of the highest attainable standard of health is one of the fundamental rights of every human being..." is articulated in the World Health Organisation's constitution, accessible at <http://www.who.int/hhr/en/>

<sup>3</sup> Rights to healthcare are outlined in the *Australian Charter of Healthcare Rights*. In July 2008, Australian Health Ministers endorsed the charter as for use across the country. It can be accessed at <http://www.safetyandquality.gov.au/national-priorities/charter-of-healthcare-rights/>



We are also concerned that proposals may further disadvantage groups in the community that already are not sharing in the good health experienced by most Australians. Particular groups in the community including Aboriginal and Torres Strait Islander communities, those with chronic illnesses, and people with disabilities and mental health issues need to be supported to access the services they need, rather than facing additional barriers to access.

In making recommendations and findings, ACOSS urges the Committee to ensure that we continue to ensure:

- that there is an appropriate balance between health promotion, prevention and treatment;
- quality health services are provided according to need and not inappropriately rationed;
- there are no increases to the level or type of co- payments required by individuals when they access health services;
- that additional consumer contributions to the cost of health services are levied according to individuals' ability to pay through taxation or a health levy; and
- that systems of resource allocation and cost control ensure efficient delivery of health services.

Since the beginning of 2014, ACOSS has made a range of submissions to health related Senate Inquires, and have appeared before a number of these inquiries. ACOSS directs the Select Committee to the following ACOSS submissions:

- Inquiry into the out-of-pocket healthcare costs of Australians;
- Inquiry into the *Health Insurance Amendment (Extended Medicare Safety Net) Bill 2014*;
- The Inquiry into the *National Health Amendment (Pharmaceutical Benefits) Bill 2014* (transcript only – no formal submission); and
- the Inquiry into the *Private Health Insurance Amendment (GP Services) Bill 2014*.

Recommendations provided in these submissions continue to be a priority for ACOSS.

ACOSS has limited capacity to respond to all terms of reference identified in the Committee's remit. As such, we have focused on our comments on the second term of reference which deals with the issue of access to affordable healthcare and the sustainability of Medicare. We have also made some summary comments on a number of additional issues and proposed some key principles against which changes to healthcare should be measured.



## THE IMPACT OF ADDITIONAL COSTS ON ACCESS TO AFFORDABLE HEALTHCARE AND THE SUSTAINABILITY OF MEDICARE

Current public debate around affordability, accessibility and the sustainability of Medicare is focused around the proposal to introduce new co-payments including a co-payment to access general practitioners (the GP co-payment) and co-payments for pathology and other diagnostic tests. This has rightly focused much debate on the current status of out-of-pocket costs which sees Australia having the fifth highest out-of-pocket health costs in the OECD<sup>4</sup>, with the average Australian paying \$1075 per year in out-of-pocket expenses<sup>5</sup>.

While most of the Australian public believes that we operate under a universal healthcare system this system is being eroded by the introduction of co-payments. As noted in a recent Consumers Health Forum report *Empty Pockets*, co-payments for health services are being increasingly introduced without clear policy or rationale around this shift<sup>6</sup>.

While the proposed GP and pathology co-payments have been presented as a response to the increasing cost of health services, the commitment to direct most of the funds towards a Medical Research Fund is inconsistent with that objective. While the idea of a Medical Research Fund is a sound one, expecting this to be funded by people requiring health services today is questionable. There is already evidence that some people do not access GPs due to costs and major concerns that this policy will introduce an access barrier to groups in the community that need support the most. Even a system of co-payments with exemptions is likely to see people who need healthcare delay because of cost barriers. There are particular concerns about at-risk communities including Aboriginal and Torres Strait Islander communities, and high users of the health system including individuals with mental health issues.

There is also little data to support the proposition that discouraging people to access primary healthcare providers including GPs will reduce healthcare costs in the long term. This is due to the reality that this proposal will result in people delaying seeing a GP as the co-payment will create a cost barrier, particular to vulnerable members in the community.

The health needs of Australians are changing. Advances in medical technologies mean that we are living longer, and many of the health problems that would have previously been fatal, or required significant hospital intervention have been eradicated or managed.

Due to our much longer lives and changes in life style, chronic conditions are much bigger concerns in our community and the Medicare system is not well adapted to the

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<sup>4</sup> 2014 Dockett *Empty Pockets Why Co-payments are not the solution*

<sup>5</sup> 2012 Australian Institute of Health and Welfare. *Health expenditure Australia 2010 -11*. Health and welfare expenditure series no. 47. Cat. no. HWE 56. Canberra: AIHW

<sup>6</sup> 2014 Dockett *op cit*



management and treatment of chronic illness as it tends to compensate individuals for acute health episodes rather than funding the interventions required to manage long term and chronic conditions.

In making changes to health funding, there is a need however to protect and maintain the central premise of Medicare that people should be supported to access the care when they need it, without the need to consider whether or not they can afford it at the time it is required. The reality is that individuals often require healthcare at particular times throughout the life cycle – when one is young or one is old, at times when individuals are potentially not in the workforce and do not have access to discretionary income. At risk communities who face multiple disadvantage are more likely to need to access healthcare services than affluent communities and this needs to be taken into account when designing health funding systems.

There is inefficiency in the healthcare system, and there is waste. However, the solution is not to place a greater burden on individual health care consumers, most of whom do not have significant financial means. ACOSS' submissions to Government, including in our Budget Platform Statement include opportunities such as further work to reduce the prices of PBS medicines, removing the private healthcare rebate for axillary cover and removing the *extended medicare safety net*. All of these would make significantly more savings for the health budget without creating cost barriers to access some of our most efficient health services.

Given the above, ACOSS recommends the following:

**Recommendation One:** That there is a re-commitment to *Medicare* as a mechanism to provide accessible, affordable and appropriate healthcare to the Australian public, regardless of individuals' ability to pay.

**Recommendation Two:** That the Government recommits to the principle of universalism within the health system, and does not introduce more co-payments in healthcare.

**Recommendation Three:** That attention be given to ensuring that there is equity in access in health services across the Australian community.

**Recommendation Four:** That proposals to introduce a co-payment for GP and other primary healthcare services are rejected.



#### **OTHER ISSUES OF RELEVANCE TO THE TERMS OF REFERENCE**

ACOSS is not an expert in relation to health financing and service provision. However, additional comments we would like to make in relation to issues relevant to the Inquiry's terms of reference:

- ACOSS is concerned that changes in indexation arrangements for State and Territory health funding represents a reduction of funding in real terms and will undoubtedly impact on service delivery in hospitals and other acute healthcare settings. There is the need to work collaboratively to manage the sustainability of the health system and not use blunt financial instruments to reduce expenditure in the short term which may in fact lead to higher expenditure, and poorer health outcomes in the future.
- ACOSS is concerned about the reduction of funding in the areas of preventative health and health promotion. Evidence suggests that these are cost effective interventions and we need to look at how we increase investment in these areas, rather than reduce expenditure in this area.
- ACOSS urges the Government to continue and build on the significant work that has been done in relation to producing health performance data. The work that the Health Performance Authority is beginning to provide significant information for health providers and communities and will lead to improved outcomes. ACOSS also commends work being done to access 'big data' that will provide opportunities to learn more in relation to the effectiveness of interventions, improve health outcomes on a population level and increase the effectiveness and efficiency of the health system.

**Recommendation Five:** That the Government reverses decisions that will see an erosion of the value of health funding to States and Territories, and works collaboratively on ways to eliminate waste and increase efficiency within the acute health care system.

**Recommendation Six:** That the Government re-invests in programs that support preventative health and health promotion. This includes re-establishing a National Partnership Agreement on Preventive Health.

**Recommendation Seven:** That there is a continued commitment to measuring performance in healthcare, and providing this information back to the community in an accessible and meaningful manner.



## OTHER ISSUES

We urge the Select Committee to ensure that changes in healthcare be tested against the principles of:

- **ADEQUACY** – ensuring that health services across the continuum are available to the people that need them and particular at-risk groups in the community are provided with the services they need to live healthy and productive lives.
- **ACCESSIBILITY** – ensuring that people are not in the position of having to ration their use of health services, and delay the care they need. In this we urge the maintenance of a commitment to universality in the provision of essential healthcare.
- **ACCOUNTABILITY AND TRANSPARANCY** – ensuring that healthcare services are respected as a community asset, and vested interests are not able to access public funds to provide healthcare services without adequate accountability back to the Government and community. The delivery of health services needs to be connected to the community it is serving, and we need to ensure that patients are at the center of decision making around healthcare.
- **EVIDENCE BASED AND BASED ON AN INVESTMENT PARADIGM** – the health of individuals builds healthy families and communities, and a productive and prosperous economy. Health expenditure is an investment in our community. Health programs that are based on evidence, where possible take a preventative and early intervention approach are the best investments our Government can make. There are opportunities to save the 30% of health expenditure that is currently estimated to be lost in waste, and opportunities to invest earlier to ensure that people stay well and live longer.

## CONCLUSION

ACOSS sees the key work that needs to be done by decision makers to ensure that all Australians can access the healthcare they need when they need it, independent of individual financial means.

We welcome the Committee's investigations into health and we look forward to a more comprehensive policy approach to health financing for Australia as we move into the future.

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

Yours faithfully,

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