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Media release

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Corporate Medicine – Worst Fears Confirmed

Flourishing corporate control of healthcare is opening Medicare to exploitation, destroying medical ethics and restricting access to basic medical services for an increasing number of Australians, according to a new study by the Australia Institute.

The study, *Corporate Control of Healthcare in Australia* by Dr Fran Collyer of the University of Sydney and Dr Kevin White of the ANU, was released today by Institute Executive Director Dr Clive Hamilton.

The paper says that the twin developments of the privatisation of public healthcare and the corporatisation of other healthcare services are having a profound influence on professional autonomy, professional ethics and the priority given to patient care.

It says the integrity of Australia's medical system can no longer be guaranteed.

“The findings of this paper are of major concern,” Dr Hamilton said. “They show that the widespread incursion of big business into healthcare has resulted in seriously declining standards across all services and that escalating costs in the interests of shareholder profits are eroding patient access to even basic services.

“The healthcare system is being opened up to rorting and fraud and Medicare, our publicly funded insurance system, is increasingly seen as a lucrative source of funding for private corporations, many of which are dominated by interests who have little regard for the traditional medical ethos.”

The study found that corporatisation means that doctors are losing their capacity to make independent decisions about the best interests of patients. To maintain their incomes, GPs and specialists under contract to medical corporations are pressured to see more patients, to see patients for only one problem per visit, to prescribe minimum quantities of drugs to ensure return visits, to increase the number of diagnostic tests and to refer patients to other services owned by the corporation itself.

“For instance, patients are already finding themselves referred to a hospital by a Mayne Nickless corporate medical centre, staying in a Mayne Nickless hospital, visiting a Mayne Nickless radiology or pathology clinic and consuming Mayne Nickless drugs,” the study points out.

The study says that in countries like the USA, health corporations draw financially from personal insurance contributions for private health cover.

“In Australia however, healthcare corporations have tapped into a much more lucrative source of funding for their expansion – Medicare... In fostering a process of corporate control of the healthcare sector, Australian governments have increased opportunities for large corporations in the private sector to draw upon public funds”, the study says.

A series of case studies of hospitals, general practice, radiology and pathology shows that this means direct transfers of public money to private-for-profit corporations, whose bottom line is the return to investors rather than the delivery of services to the sick.

The study found that corporate medicine undermines the integrity of teaching and research institutions. “Through control of the research and teaching institutions the corporations are better able to direct research towards profit-making technologies and to control professional research and training,” it says.

As well, government control over health standards is diminished. The study notes, “Governments may for example develop legislation aimed at limiting over-servicing and outlawing practices such as fee splitting and kickbacks ...[but] national legislation is made irrelevant and impotent once responsibility for services is handed over to the private sector”.

The authors call on the medical and healthcare professions and the Government to make a decisive policy response to the issues raised in the paper.

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