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TITLE: The rising costs of Australian health

AUTHOR: David Baker

PUBLICATION: Online Opinion

PUBLICATION DATE: 03/11/2011

Link: <http://www.onlineopinion.com.au/view.asp?article=12827>

Despite Medicare being introduced in 1984 to provide 'fair and affordable' health care to all Australians, many are now faced with extra costs for visits to the doctor, having prescriptions filled and diagnostic referrals such as blood tests and x-rays. New research conducted by The Australia Institute reveals that in total Australians are paying more than \$1 billion each year in out-of-pocket expenses for their medical care.

One in five visits to the doctor now results in gap fees not covered by Medicare and almost a quarter of Australians surveyed by the Institute said they had postponed or avoided having a prescription for medication filled due to the cost. Young women are more likely to pay GP gap fees and two out of every ten Health Care Card holders and almost as many Pensioner Concession Card holders have paid to visit their doctor. This is despite concession card holders being entitled to bulk billing.

GPs have enormous discretion over how much patients pay, not just for their consultations, but also the cost of medication and diagnostic tests. For example, the prescribing rate for generic medicines has been stuck at around 14 per cent for the past ten years. Only six per cent of survey respondents reported first hearing about generic medications from their GP, while 43 per cent said they would not use generic medication without first checking with their doctor. Most respondents said they had first heard about generic medications from a pharmacist.

When GPs seek additional information about a patient's condition through diagnostic testing they do so via a referral. While there is a Medicare fee schedule for diagnostic testing, there are currently no limits to what patients may be charged for these tests. Public awareness about the role of GPs in determining whether an individual pays gap fees for things such as blood tests, x-rays and other scans is low. Less than two in ten of those surveyed realised that it was up to their doctor to tick the bulk billing box on referral forms.

By ticking a box on a referral form a GP can ensure that a patient will not be charged any gap fees at all; if a referral indicates that the service is to be bulk billed, a private provider cannot overrule this aspect of the referral. Three out of ten respondents mistakenly believed that the government made the decision.

Of concern is the fact that referral forms are usually provided to GPs by private providers whose goal it is to promote their business. This effectively channels patients to a particular private provider simply because the logos and addresses on the referral documents imply that the test should be performed by a particular company. Any subsequent gap fees charged by the company providing pathology or imaging are unlikely to be questioned as the patient is following 'doctor's orders'.

In the past, the government has regulated the default settings on prescription software. One option to try and reduce out-of-pocket expenses is to again regulate this software so that when a GP inputs a medication name, the patient is prescribed the cheapest medication with the equivalent active ingredient (except where this was deemed inappropriate for a particular patient).

Another option would be to introduce standard referral forms and in doing so remove the tacit instruction that patients use particular service providers for their pathology and imaging tests. Such a form could provide the address details for a range of public and private providers, thereby increasing a patient's understanding that the choice of service provider is theirs to make.

The new forms could also include a prominent field in which GPs would enter an estimate of the cost which is likely to be incurred if the patient does not go to a public provider or is not bulk billed. The impact of this transparency would hopefully encourage patients to question the cost of tests should GPs fail to broach the topic.

Recently the Health Minister Nicola Roxon floated the idea that it might be time to revamp Medicare. What is needed are fewer of the band aid policies applied in the past, and instead real structural reforms that facilitate a functional and affordable health system that does not rely on extra money from the public over and above their contributions as taxpayers, much of which flows as profits to medical and pharmaceutical companies. Greater public awareness of the role GPs can play in determining out-of-pocket expenses is also imperative to achieving better results for patients.

David Baker is a Research Fellow at The Australia Institute, a Canberra-based think tank, and is the author of *Bulky Billing: Missing out on fair and affordable health care* which can be downloaded at www.tai.org.au