Australian doctors call for urgent review of government health funding

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The Howard government in Australia is coming under increasing fire from the medical profession for undermining the government health service, Medicare. Introduced in its current form in 1984, Medicare was touted by the Hawke Labor government as the means of securing free public healthcare for all. In fact, the scheme was based on handing government rebates to private doctors, medical centres, pathology labs and public hospitals to provide limited free health services to the public.

Over the last 15 years, however, successive Labor and Liberal governments have eroded the financial basis of Medicare and the public health system as a whole. Medicare rests on a strict schedule of fees for itemised medical services, determined by the federal government. The current schedule fee for a standard 20-minute consultation with a general practitioner (GP), for example, is $22.50, which has remained virtually static since Medicare's inception despite a decade and a half of inflation.

Pointing to the decline in doctors' incomes, the Royal Australian College of General Practitioners (RACGP) has called on the government to carry out a major review of the scheduled fees. The college has warned that unless there is an increase in government rebates doctors will be forced to abandon the current system of bulk billing, whereby practitioners directly charge the government for services provided to patients. Over 70 percent of all health services that are eligible for government rebates are currently paid for via bulk billing.

The RACGP recently conducted a pilot research project covering 60 GPs in Western Sydney, 80 percent of whom worked in small practices of three doctors or less. The study showed their incomes have dropped by almost half since 1995. Based on these findings, the RACGP stated that without an immediate and radical overhaul of the financing of primary health care the majority of these GPs would not be in business within the next five years.

In a recent RACGP media release, Dr Hemming pointed out: “Since 1995 there has been a pronounced downward slide in GP incomes and, in the absence of reform, those GPs who bulk bill will be going into bankruptcy in just a few years. The average net income of bulk billing GPs has dropped from just under $74,000 in 1995 to $41,000 last year. That's a 45 percent drop in just six years. During the same period average practice costs have gone up 17 percent. I think it would be reasonable to conclude that if current trends continue then the average bulk billing GP must cease bulk billing or go out of business within the next 2-5 years.”

Dr Hemming laid the blame directly at the feet of the federal government: “Without any doubt, GPs are the victims of governments that have more interest in not spending money than in the health and well being of the people they are supposed to serve”. The RACGP is calling for an immediate rise in the Medicare schedule fee for a standard consultation to $45.50 and changes to funding arrangements to reduce paperwork and reporting requirements which impact both on doctors' incomes and the quality of patient care.

“If a GP is desperately trying to help a young person who is in crisis and may be suicidal, the time taken to address the problem at an initial consultation will usually take more than 30 minutes and often more than an hour. As with many other difficult cases, the GP frequently ends up doing much of the work without payment. In the past this might have been manageable, but bulk-billing GPs in particular now run the risk of going out of business if they don't restrict this type of activity,” Dr Hemming said.

For many of Australia's 25,000 GPs, the situation has become untenable. In order to meet costs, GPs have been forced to shorten their consultations and deal with only one problem per consultation. In a recent interview with

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the ABC's *7.30 Report*, Dr Con Costa of the Doctor's Reform Society explained: “Family GPs are having to see more people, having to see them faster. They're not even getting other doctors to come in and help them. So, ... they're getting depressed. Forty percent of GPs are now clinically depressed, according to surveys. Sixty percent would rather do any other job. And very few have got that ethical commitment left to their patients. All of that is coming from this squeezing of Medicare, from underfunding by the Federal Government.”

The Australian Medical Association (AMA) has issued several media releases detailing how doctors cannot maintain economically viable practices and service patients properly with the current level of government funding. It is also calling on the government to increase the existing Medicare rebate, based on the findings of a five-year study into overhauling medical fees. The Relative Value Study (RVS) was jointly funded by the Federal Government and the AMA. “This is the catch-up that's now long overdue—to bring the national schedule of fees in line with the real costs of providing medical treatment”, said AMA President Dr Kerryn Phelps in a recent media release, “Otherwise bulk billing is in danger of becoming a thing of the past.”

In 1996 when the Howard government came to office, 80.6 percent of all GP services were bulk-billed. By February 2001, the figure dropped to an average of 77.6 percent and in country areas it has slipped to 61 percent. Rural areas have been severely affected. In many country towns there are effectively no bulk-billing practices, meaning that patients have to either pay a substantial up-front fee, or drive to the nearest town with a GP who bulk bills, which could be hours away.

The AMA conducted a fax poll of 1,000 GPs that showed within 12 months less than 4 percent of those doctors will continue to bulk bill their patients. “This is further proof that GPs can no longer prop up Medicare—they can't afford to,” Phelps declared in a media release. “Over the last 10 to 15 years, we've seen the costs of running a practice—things like staff wages, superannuation, costs of drugs and supplies and rent and so on—go up substantially, but the medical benefits schedule hasn't reflected this at all. It hasn't even kept pace with the Consumer Price Index.”

An increase in the scheduled fee for consultations with GPs, as outlined by the AMA, would cost the government around $1.5 billion a year. The figure represents a one-third increase in current federal funding but is less than government subsidies provided to private health insurance companies—$1.6 billion annually.

Health Minister Michael Wooldridge responded to the call for increased fees by branding doctors as greedy money grabbers. In an interview on ABC Radio's *The World Today*, he said: “People should understand that the AMA is a doctors' union, and this is just a grab for money by the doctors' union.”

Woodridge's attack on the income of doctors is a transparent attempt to divert public attention from what is really taking place—a cynical exercise by the government in undermining Medicare by stealth.

Fearing a public backlash, Howard was forced to pledge during the 1996 election campaign that a Liberal government would not dismantle Medicare. Only five years earlier, the Labor government had attempted to introduce a $3.50 upfront fee for appointments with GPs and pathology tests. Public opposition was so intense that Prime Minister Hawke had to abandon the fee less than a month after its implementation.

When the Liberals took office, instead of openly taking a knife to Medicare, they carried out a war of attrition. As the RACGP noted in their media release: “The easiest way to cut health costs is to stop people going to doctors.” Clearly, the best way to stop people going to the doctor is to make them pay upfront fees. By refusing to review the Medicare schedule fees, Howard and Wooldridge calculate that the government can force GPs to opt out of bulk billing and then heap the blame for higher fees and up-front payments onto them. In that way, the government can not only cut costs but also avoid the inevitable angry public reaction to such an unpopular decision.

Those hardest hit will be the poorest layers of society who already have to cope with a public health system that has been starved of funds. According to surveys, the poor are 30 percent more likely to have health problems than the wealthy and are less likely to seek out health care if they have to pay an additional charge. Any abandonment of bulk billing will directly affect large sections of the working class who are not in a position to pay substantial medical fees upfront and then wait to collect a government refund for just part of the cost.

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