Australian election: the “save Medicare” sham

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One of the greatest frauds of the campaign for the October 9 election is the claim by both major parties—Labor and the Liberal-National Coalition—that they are committed to saving Medicare, the government-funded medical insurance scheme.

For millions of working people, the sudden concern for the future of the public health system being displayed by Prime Minister John Howard and Labor leader Mark Latham bears no resemblance to their daily experiences. Medicare, and its predecessor Medibank, introduced in 1975, have never provided a free, universal health care system. But for ordinary people, Medicare’s two most important features—their ability to see a doctor without charge, and to obtain free treatment at a public hospital—have been increasingly killed off by successive Labor and Liberal governments at both federal and state levels.

After years of chronic underfunding of public health, and the diversion of billions of dollars a year into private insurance funds and hospitals, patients are increasingly unable to find doctors who will “bulk-bill” (provide services without upfront fees). They confront intolerable queues for public hospital treatment and spiralling out-of-pocket medical and pharmaceutical costs.

The proportion of doctors bulk-billing has dropped to around 65 percent, with rates falling to as low as 30 percent in country and outer-suburban areas. Over the past two decades, at least 60 public hospitals have been amalgamated or shut down and some 20,000 acute beds closed, leading to a 25 percent decline in the number of beds per 1,000 people. Since 1998, the number of public hospital beds has continued to decline by nearly 1 percent a year, while the private sector has grown by almost 2 percent annually.

The results have been catastrophic. Because of rising medical bills, growing numbers of people—particularly the poorest and largest families—are avoiding or delaying visits to doctors, risking their immediate and long-term health. During 2003 alone, the total number of GP visits declined by 1.3 percent.

Often, patients are forced to seek help at over-stretched public hospital emergency departments. In 1995, a study found that tens of thousands of patients were dying each year in public hospitals through avoidable medical errors, which were largely the result of under-staffing, overwork and financial pressure to reduce the length of hospital stays. At Campbelltown and Camden Hospitals, just outside Latham’s own outer-Sydney electorate of Werriwa, the state Labor government has gone to great lengths to whitewash the deaths of 19 patients in a four year period—all due to inadequate care.

Only weeks ago, Howard and Latham combined to push through parliament measures to increase the price of essential medicines, publicly subsidised under the Pharmaceutical Benefits Scheme, by more than 20 percent, another cruel blow to the chronically-ill and poor. Yet, now they are competing to posture as the staunchest champion of public health.

The first major instalment in this charade came on September 6, when Latham issued a policy of offering incentive payments to doctors, claiming that this would restore the proportion of general practitioners (GPs) bulk-billing to 80 percent, the level that existed when Howard took office in 1996. Within hours, Howard countered with a promise to lift Medicare payments to all doctors by $4.50, declaring that the government had thereby outdone Labor in defending Medicare.

Howard baldly argued that because there would always be patients who could not find a bulk-billing doctor, his plan was the only universal benefit on offer. “What the public has seen is the fact that the government is now a much better friend of Medicare than the Labor Party,” Howard stated. “We have produced a health policy which benefits all Australians with their GP bills.”

This was a remarkable performance by the man who, as opposition leader in 1987, declared Medicare “one of the greatest disasters of the Hawke government” and vowed to demolish it. The Liberals have historically opposed Medicare, and its 1970s predecessor Medibank, as a form of “socialised medicine” that interferes with the capacity of doctors and the medical industry to set their own prices.

But with opinion polls showing that the decaying state of the public health system is the number one concern of voters, the Liberals, like Labor, have calculated that they cannot afford to advance their real agenda, which consists of continuing the creeping privatisation of health care.

Howard boasted that his government had already provided all Australians with a “Medicare safety net” by reimbursing patients for 80 percent of their medical bills once those bills exceeded several hundred dollars per year. Unfortunately for the prime minister, reports soon emerged showing that the budgetted cost of this “safety net” had doubled in its first six months, because doctors and other medical service providers had increased their fees by an average of 10 percent.

The cost blowout confirmed the warnings made by various medical and welfare groups, as well as by the *World Socialist Web Site*, that the very concept of a “safety net” was designed to undermine the bulk-billing system. If bulk-billing were available, no “safety net” would be needed. Instead, the so-called safety net has given private medical clinics, hospitals and specialists a blank cheque to raise their fees more quickly, comforted by the knowledge that the government will foot the bill.

Worse still for Howard, statistics released on September 16 showed that patients in wealthy suburbs are reaping the benefits of the safety net at many times the rate of poorer areas. In the high-income federal electorate of Bradfield, on Sydney’s affluent north shore, patients amassed $911,000 in reimbursements in just five months, more than 12 times the $74,000 in claims recorded for Throsby, a low-income seat covering the southern stretches of the industrial city of Wollongong. In Bradfield, 11,080 patients qualified, but only 2,817 in Throsby.

A similar pattern existed across the country, despite the fact that higher income individuals and families have to incur $700 in out-of-pocket medical bills before they qualify for the 80 percent discount, compared with the $300 threshold for pensioners and low- to average-income

families with children. The glaring disparity between rich and poor electorates reflects the reality that many lower-income families can no longer afford basic medical care.

Higher-income earners are also more likely to access private medical treatment, such as diagnostic scans, and consult expensive specialists, who generated about 80 percent of the reimbursement claims. For them, the burden of paying the remaining 20 percent of their bills once they exceed the threshold is far less than for the poorer individuals and families, and the seriously-ill, for whom hefty medical bills can be crippling.

True to form, however, Howard and Health Minister Tony Abbott attempted to make political capital out of the figures. Abbott said that about 650,000 people had qualified for the safety net by July 31. In some marginal electorates, he emphasised, the number of beneficiaries exceeded the number of votes required for the parliamentary seat to change hands. Labor proposed to "rip off" these people by abolishing the safety net, he said. His brazen vote-buying pitch only served to highlight the electoral calculations behind Howard's policy.

While Labor had no difficulty in making populist noises about the inequity and political bias involved, its own claims to be committed to reviving Medicare bulk-billing are no less absurd. Bulk-billing rates have fallen continuously since the early 1990s, because the Howard government has continued the Hawke and Keating governments' practice of freezing the "schedule fee" paid to doctors. Labor's belated offer of higher payments to doctors to resume bulk-billing would only take their standard consultation fees to just over $30, still about $20 less than the official estimate of the worth of a 15-minute GP consultation.

More fundamentally, Labor has embraced, and pledged not to touch, the massive $3.7 billion per year that the Howard government diverts from the public health system to subsidise private health insurance premiums, to the tune of 30 percent. Assisted by this handout, the private funds have raised their premiums by more than 20 percent since the subsidy was introduced in 1999.

Apart from bleeding public health funding dry, the sole rationale for this subsidy is to boost private insurers' profits to the level where they become commercially viable. Howard's avowed intent is to have a far higher proportion of the population paying the full costs of their own health care, via the private health marketplace. Yet, the proportion of privately insured patients has risen only about 30 percent to just above 40 percent over the past four years. There is only one way to make the private funds profitable, and that is to turn bulk-billing into a third-rate, barely accessible, system, or scrap it altogether.

For all the pretences to the contrary, that is the logic underpinning both Liberal and Labor policy.

The decline in bulk-billing, which will only continue whichever government takes office, has helped turn public hospitals into disaster zones. State governments, which administer the hospitals, have reported increases of up to 14 percent in the number of non-urgent or semi-urgent patients presenting to emergency departments over the past three years.

Meanwhile, hospital beds are still being slashed. In NSW alone, the state Labor government has closed 4,763 public hospital beds since 1995. A recent survey found that 51.6 percent of patients in the state's hospital emergency departments were there because they could not find a bed in a hospital ward.

According to the latest national statistics, the median waiting time for so-called elective surgery in public hospitals in 2002-03 was 28 days, up one day from the previous year. Although classified as elective, this surgery often involves painful, debilitating and ultimately life-threatening ailments. For eye surgery, the median waiting time was twice as high—61 days. Overall, 4 percent of patients waited more than 12 months.

The lengthening waiting lists and run-down conditions in these institutions are a deliberate policy—intended to reinforce the conclusion that in order to obtain safe, timely and decent treatment, working people have no choice but to take out private insurance and attend private hospitals. Last year, Howard made this clear by issuing a media statement welcoming the shift to private hospitals. Over the previous 12 months, for the first time in Medicare's history, he proclaimed, public hospital admissions fell, while private sector usage rose.

This is an accelerating process. Over the decade from 1993-94 to 2002-03, private hospital admissions almost doubled, while public hospital admissions rose by 24 percent. The number of patient days in private hospitals increased by 39 percent, whereas public hospitals administered a 2.5 percent fall.

On September 22, Latham brought forward the second instalment of the Medicare farce when he promised that a Labor government would pump an additional $1 billion into public hospitals over four years, declaring that the election would be a "referendum on Medicare". Much of the funding commitment was a sleight-of-hand, with $800 million to be redirected from cash previously set aside for state governments under the Howard government's national competition policy.

Moreover, only $350 million—a mere $87.5 million per year—would go to hospitals directly. Even if delivered in full, the cash would be a drop in the ocean compared to the needs of the beleaguered public hospitals. "They are playing with small sums of money," commented Professor Jeff Richardson of the Monash University Centre for Health Economics, noting that Australia's health budget totalled $80 billion.

The largest chunk of Labor's package—$414 million—would go into the pockets of medical specialists, paying for 2.4 million free appointments in hospital out-patient sections. There were now, Latham declared, 2.4 million reasons why people did not need the government's "safety net". In reality, Labor's policy will only further encourage the shift to private medicine, with specialists augmenting their lucrative practices in publicly-funded consulting rooms attached to major public hospitals.

On every front, the only beneficiaries from the worsening public health tragedy have been the private hospitals, medical providers, and insurance companies, together with the pharmaceutical giants that inevitably profit by supplying increasingly expensive medicines and prescription drugs. It is impossible to even begin to reverse the assault on public health without halting this systematic looting operation.

Instead of the ever-greater subordination of health care to the capitalist market, the entire system of subsidising fee-for-service treatment must be replaced by pouring billions of dollars into the upgrading, expansion and staffing of public hospitals, medical clinics and a full range of modern health services. These must include allied health specialists, such as dentists, psychologists, psychiatrists, physiotherapists, podiatrists and dieticians, whose services Medicare has never covered.

In its election statement, the Socialist Equality Party insists: "In an age where the technology exists to prevent disease and suffering, free and prompt access to high quality health care is both a basic right and social necessity." To realise that vision requires nothing less than the complete reorganisation of economic and social life along genuinely socialist lines. Left in the hands of the capitalist parties, the health system will continue to deteriorate.