Australian government to ration diabetes care

Mike Head
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Prime Minister Kevin Rudd this week announced a plan to pay doctors performance bonuses to keep diabetes patients out of hospital, combined with annual lump sums to manage their conditions. The scheme underscores the central thrust of the government's health restructuring program—to ration access to medical care and drive down costs.

Diabetes sufferers—one of the fastest growing and most vulnerable groups in society—will become an initial testing ground for a new "managed care" system designed to replace the existing Medicare insurance system that provides uncapped access to treatment by General Practitioners (GPs). In return for signing up to "personalised care plans," patients will forego their access to Medicare rebates.

In effect, the Labor government is dismantling Medicare by stealth. Rudd declared: "These reforms mark the beginning of a new way of treating Australians with long term illness". Other chronic disease patients, such as asthma and heart disease victims, are likely to be among the next targets.

The plan reveals the content of the second main plank of the government's health agenda, first outlined by Rudd on March 3. Alongside a 60 percent takeover of the funding of public hospitals from the states and territories, Labor is proposing a 100 percent takeover of providing primary care by GPs, nurses and other health workers.

Under the diabetes scheme, GPs will be paid $1,200 annually for each patient who enrols with them. That amount must cover all day-to-day consultation costs, plus additional services, such as dietary advice and podiatry, and the expenses of arranging and coordinating those ancillary services. Performance bonuses of up to $10,800 a year will be paid to GP clinics, largely based on reducing hospitalisations for these patients.

As with all Rudd's health announcements, he was addressing two audiences. One was the corporate elite and the financial markets, which are demanding drastic cuts to health care costs. Rudd said the government would "invest" $436 million to start to "transform the way Australians with long term illnesses are treated". Moreover, the plan would stop about 237,000 "avoidable" hospital admissions per year.

To his other audience, the great majority of ordinary people who are hostile to the chronic under-funding of the public health and hospital system, and opposed to any erosion of Medicare, Rudd said the scheme was about "improving health outcomes for the nearly one million Australians living with diabetes—too many of whom end up being treated in hospital".

In reality, the scheme will produce two sets of financial incentives, both inimical to good health outcomes. One is designed to limit patients' primary care to less $1,200 a year. The other will reward GPs for preventing patients from going into hospital.

Dr Chris Mitchell, president of the Royal College of GPs, told the media that GP clinics would have a "perverse" incentive to "minimise care" for patients, and also to sign on patients whose diabetes was well-controlled and would need less care, while turning away others with advanced kidney disease or other complications.

Many GP practices simply lack the time, resources and equipment to properly treat diabetes and its many associated conditions. In critical cases of low blood sugar, emergency treatment in a fully-equipped hospital is essential.

Diabetes is a complex and dangerous disease. Type 1, which mostly begins in childhood, results from the body's failure to produce insulin, and presently there is no cure except to inject insulin. More than 80 percent of cases are type 2, which results from the body failing to use insulin properly, sometimes combined with an absolute insulin deficiency.

If not properly detected, diagnosed and treated, the disease can cause acute complications, including loss of consciousness and comas. Serious long-term complications include cardiovascular disease (diabetes sufferers are more than twice as likely to have a heart attack or stroke), chronic kidney failure, eyesight loss and feet damage. Other effects include lack of mobility, pain and discomfort, and significantly higher levels of anxiety and depression. On average, people with type 2 diabetes will die five to ten years before people without diabetes.

Partly because of worsening obesity problems, diabetes is the world's fastest growing disease. According to Diabetes

Australia, it currently affects 246 million people worldwide, with the toll expected to rise to 380 million by 2025. The number of type 2 sufferers in Australia is predicted to treble to 3.3 million by 2031. Type 2 diabetes is preventable, but many studies have shown that the greatest causes are socio-economic, bound up with low-income, poor nutrition, lack of exercise and poor education.

As social inequality grows, this epidemic will worsen. Type 2 diabetes is already twice as prevalent in low socio-economic groups compared with the highest, and four times as common among Aboriginal and Torres Strait Islander communities. In remote indigenous settlements the rate is believed to be as high as 30 percent. Inequality also determines the likelihood of effective treatment. A recent Canadian study found a widening mortality rate gap between the lowest and highest income groups. Labor's scheme will tackle none of these underlying issues.

As with other aspects of its health blueprint, the Rudd government has provided few details of how its diabetes plan will operate in practice. Of the $1,200 annual payments, GPs will receive $950 to handle all their consultations with a diabetic patient, with the remaining $250 to be spent on care by allied health workers, such as physiotherapists and dieticians. Other specialist services would be billed separately.

The government claims that the $1,200 payment exceeds the current Medicare cost of treating the condition, because complex cases cost an average of $761, and less complex cases $490. But these amounts are far too small to provide adequate care. On a rough calculation, based on the Medicare schedule fee of $65.20 for a 20-minute consultation, it would take less than 15 visits to a doctor per year to exceed $950. Initial diagnostic consultations with physiotherapists and other health professionals cost upwards of $100.

If costs exceed $1,200, there is a real threat that patients will be denied treatment—as happened with a similar funding scheme implemented by the Thatcher government in Britain during the 1980s. Asked by Sky TV's David Speers what would happen if a diabetic patient decided they wanted a consultation every week, Health Minister Nicola Roxon replied: "Yeah look, this is not about creating some sort of regular drop-in at the doctor's if you don't have a particular need."

Roxon insisted that the program was voluntary. "It's not taking away any person's entitlement unless they choose to be part of a much more flexible package of care," she said. However, the government expects more than 4,300 General Practices, covering around 60 percent of all GPs, to sign-on to the program by 2012–13, its first year of operation, leaving little "choice" for many diabetes patients.

Many sufferers, especially in working class and rural areas, already confront severe difficulties in accessing GPs. There is an acute lack of doctors across the country—Rudd himself has admitted that 60 percent of people live in areas with a shortage. Poor pay and conditions for GPs are major causes of this crisis, which means that over-worked doctors have little time to address complex medical conditions. The government's promised expansion of doctor training places, announced last month, will produce only an annual average increase of 500 GPs over the next decade, less than half the number required to meet unmet needs.

Despite Roxon's denials, the diabetes model is a trial run for scrapping the Medicare system of free or subsidised access to GP services. The government's draft National Primary Care Strategy, released last year with little publicity, calls for a "mix of financial incentives and funding arrangements" to overcome the "uncapped nature of the MBS [Medicare Benefits Schedule]" and ensure "long term system sustainability".

Numbers of doctors' groups have opposed the diabetes plan as the thin end of the wedge. Australian Medical Association president Dr Andrew Pesce told journalists the scheme would encourage patients to "forego their Medicare entitlements".

Successive governments have attempted to wind back Medicare, whose origins lie in the Medibank scheme introduced by the Whitlam government in 1974. Every time, deep public opposition forced them to back away. Now the Rudd Labor government is launching what amounts to a systemic assault on Medicare. At the same time, it is planning to slash public hospital costs by imposing a national funding system based on paying hospitals only pre-determined "efficiency prices" for surgical procedures.

Like the Obama administration in the US—which also claims to be dedicated to improving public health—the Rudd government is intent on carrying through an historic restructuring to cut spending, ration access to treatment and push people into paying privately for health coverage. Around the world, governments are now implementing the dictates of the financial elite to gut health, education and other essential social services in order to impose the burden of the global financial crisis and lower taxes for big business.