Australian government unveils new cuts to health care

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Just before and during the Christmas-New Year break, Prime Minister Malcolm Turnbull's government brought forward two new moves to slash public health spending, potentially making it much more difficult for working class households to obtain elementary medical care.

Under the fraudulent banner of eliminating "waste" and "over-servicing," the Liberal-National Coalition government has made the cutting of basic health care one of its priority targets in the austerity agenda driven by the collapse of the mining boom and the underlying global economic slump.

In 2014, the government, then led by Tony Abbott, had to abandon a budget plan to force patients to pay upfront fees to see doctors due to widespread opposition. Conscious of this deep popular hostility, Turnbull's cabinet exploited the holiday season to begin to unveil alternative schemes to deliver equally-damaging outcomes.

The first step came on December 15 in the government's Mid-Year Economic and Fiscal Outlook (MYEFO). It set out to save $650 million over the next four years by reducing or removing access to bulk-billing (services provided without upfront patient fees) for pathology tests, diagnostic imaging and Magnetic Resonance Imaging (MRI) scans, plus another $595 million by scrapping a number of health workforce programs.

Pathology tests will be entirely removed from bulk-billing subsidies, forcing all providers to charge upfront fees for blood tests and other essential diagnoses. About 70 percent of medical decisions and 100 percent of cancer diagnoses currently rely on such tests, according to Pathology Australia, the industry body.

For diagnostic imaging, bulk-billing incentives will now only be paid to providers for concessional patients, such as pensioners and children under 16. On top of that, the MRI bulk-billing payments for concessional patients and children will be reduced from 100 percent of the Medicare fee to 95 percent.

Working class and more vulnerable patients will inevitably delay or avoid costly pathology and diagnostic testing, preventing timely diagnoses and giving rise to more serious diseases and complications.

Health Minister Sussan Ley flatly denied that the changes would impact patients, asserting, without any evidence, that high levels of competition in the private diagnostic sector would drive down prices. She also claimed that patients with high medical costs would continue to be covered by Medicare Safety Net protections, which provide an 80 percent subsidy of medical expenses once an annual threshold is met. The government, however, is also seeking to cap these subsidies.

Few details have been provided of the other MYEFO health cuts, which include "streamlining" funding across programs, "redesigning" health services, reducing public hospital spending by another $31 million over four years and axing the clinical training fund and the rural health continuing education program.

On December 28, Ley announced that 23 medical items had been recommended for removal from the Medical Benefits Schedule (MBS), which determines the services to be covered by the Medicare health insurance scheme. On the list were seven diagnostic imaging services, nine ear, nose, and throat surgery services, five gastroenterology items, and one each from obstetrics and thoracic medicine.

If stripped from the MBS, these services will cost patients thousands of dollars each. Ley insisted that the items were now redundant or unnecessary, but her own statistics demonstrated that they are still commonly used. She reported that the 23 services were used a combined total of 52,500 times in 2014-15, worth $6.8 million in Medicare benefits paid.

Ley boasted that this move was just the start of "a comprehensive review of all 5,700 items on the MBS," that had not "been undertaken since Medicare's inception in the 1980s." Her comments pointed to the historic character of the steps being taken to undermine the subsidised primary health care system, which was first introduced as Medibank in the 1970s as a partial concession to widespread public demands for free universal health care as a basic social right.

The latest measures come on top of the $80 billion already cut in the 2014 federal budget from funding to the state governments for health and education services over the next decade.

Ideologically, this offensive has been assisted by high-profile programs on the government-funded Australian Broadcasting Corporation, such as "Four Corners." Last September, "Four Corners" claimed, without any substantiation, that "nearly one third of the almost $155 billion spent on health every year is being wasted—about $46 billion." As well as dovetailing with the government's agenda, this assertion gives an indication of the scale of the assault being prepared.

Among "Four Corners'" undocumented assertions were that at least 50 percent of the 150,000 MRI knee scans performed last year were "unnecessary" and that about 20 percent of knee replacements "may be unnecessary." In addition, the costs of back pain imaging are "extraordinary," at least half of all back scans and X-rays "are of no value" and an "estimated" 50 percent of spinal fusion operations are "needless."

Alongside such proclamations are reports declaring that too much money is being spent on meeting the health needs of the elderly. Increasingly blatantly, the complaint is being made that people are living longer, but requiring more health services to do so.

The University of Sydney's Family Medicine Research Centre recently reported that people aged 65 and older used health resources—including GP visits, prescriptions and tests—at twice the national average in 2014-15. This "use of resources" by the over-65s was "significantly higher" than in 2000-01, with referrals up 33 percent, problems managed in general practice up 30 percent, medications up 27 percent and imaging and pathology tests up 24 percent.

Implicit in such claims is that medical services, particularly the most modern and effective, should be denied or rationed to older patients, effectively restricting them to the most privileged layers who can afford to pay for them.

In the first two weeks of 2016, the Turnbull government began extending its offensive into the public hospital system, with two initiatives by the so-called Independent Hospital Pricing Authority (IHPA). The IHPA was established by the previous Labor government to drive down hospital funding by setting ever-lower "efficient" prices for hospital procedures.

First, consultations have begun on shifting maternity care, stroke treatment and joint replacements onto "bundled pricing," whereby procedures would be covered by package deals rather than payment for each episode of care. The IHPA asserted that these items were clinically "relatively straightforward" and changes could deliver "impressive" financial returns to governments.

Second, the IHPA is examining how to introduce "financial disincentives"—i.e. penalties—for 40 complications allegedly caused by public hospital mistakes, such as pressure injuries, serious falls and health care-associated infections. In reality, many of these problems are related to the chronic under-funding, lack of adequate staffing and over-stretched doctors and nurses throughout the system.

The latest public hospital data reveals that patients are already having to wait longer for treatment, breaching the medically recommended guidelines promised by the Rudd and Gillard Labor governments of 2007 to 2013 when they implemented the "efficient pricing" regime. The Labor governments claimed, for example, that their measures would see 90 percent of emergency patients dealt with within four hours, but in the state of Victoria, that figure has fallen to 70 percent, in New South Wales it is 75 percent and in Queensland 77 percent.

These outcomes, which have serious consequences for patients, are only going to worsen as federal and state governments, Labor and Liberal-National alike, further slash spending as the collapse of mining-related revenues deepens their budget deficits.