

Healthcare costs a growing barrier to treatment for Australians

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Recent statistics on “out of pocket” expenses incurred by patients under Australia’s publicly-funded Medicare insurance scheme show that a “two-tier” healthcare system exists, with almost half those suffering some chronic health conditions skipping treatment because of the costs.

Those who have the financial means to purchase expensive private health insurance can generally ensure their healthcare needs and those of their families are adequately met. But those unable to afford private cover are left stranded on public health waiting lists, suffering unnecessary pain and delay in treatments, or cannot obtain appropriate healthcare at all.

Medicare is meant to ensure universal access to “essential” healthcare services. Introduced in 1984, it was a re-branding of the previous Medibank scheme introduced in 1975 under the Whitlam Labor government. It was supposed to provide the “most equitable and efficient means of providing health insurance coverage for all Australians.”

In reality, Medicare has never provided “equitable” healthcare, with the public health system chronically under-funded and under-resourced for decades by successive state and federal governments, Labor and Liberal-National alike.

What is deemed “essential” can be seen by examining which services are provided, and which are not, under the Medicare system.

Public hospitals, including emergency departments, are funded. However, lack of resources results in excessive waiting times, including for outpatient and specialist appointments. Across the country, hundreds of thousands of people sit on waiting lists of 12 to 18 months for dental care and “elective” surgeries such as hip and knee replacements.

Despite the myth that healthcare in Australia is free,

many services, tests, treatments or consultations are not fully funded by Medicare. The fees charged may be higher than the rebates paid by Medicare and some services have a “capped” number of uses in a given time period.

This results in patients being forced to make co-payments, referred to as “out-of-pocket expenses.” Other services are not covered by Medicare, so that patients must pay full fees.

Annual Medicare statistics show that the national average out-of-pocket expenses for Medicare services increased from \$3.95 in 1984–85 to \$54.60 in 2014–15. There were sharp increases in the average co-payments for key services:

- General practitioner (GP) visits from zero to \$31.36
- Specialist attendances from \$5.67 to \$65.73
- Obstetrics from \$11.42 to \$233.10
- Anaesthetics from \$8.62 to \$126.20
- Pathology services from \$2.39 to \$24.35
- Diagnostic imaging from \$7.40 to \$94.19

This year the Liberal-National government extended a freeze on the General Practitioner (GP) Medicare rebate until 2020. Instigated by the previous Labor government in 2013, this freeze functions as a “back door” GP co-payment. It is forcing doctors to gradually charge patients upfront at a higher rate, rather than “bulk-bill” the government just for the standard Medicare rebate. Freezing the rebate has been estimated to cost GPs approximately \$15,000 a year each as they face the rising costs of running a medical practice.

A study titled *Out-of-pocket healthcare expenditure and chronic disease—do Australians forgo care because of the cost?* published in the Australian Journal of Primary Health in July, confirmed that out-of-pocket costs act as a barrier to treatment for people with chronic health conditions.

Over 40 percent of people with depression, anxiety and other mental health conditions, and over one-third of people with asthma, emphysema and chronic obstructive pulmonary disease (COPD) reported they skipped healthcare treatment because of the cost.

The researchers, from James Cook University, the Bureau of Health Information and the University of New South Wales, found that Australians with chronic health conditions were more likely to forgo care because of cost than those in Canada, the United Kingdom, Germany, France, Norway, Sweden and Switzerland.

The study reported staggering out-of-pocket expenditure for patients with certain chronic health conditions. Stroke survivors were spending on average of \$1,110 per year on healthcare, and up to \$32,411 in the 12 months following their stroke. For an arthritis sufferer, the mean out-of-pocket spending was \$1,513 per year, with amounts ranging from \$49 to \$20,527.

In rural areas, the expenditure was higher, with cancer patients treated in northern Queensland spending an average of \$4,311 since diagnosis, while those who lived more than 100 kilometres from their hospital spent an average of \$7,752.

Those surveyed reported spending an average of \$986 per year on household out-of-pocket costs. In total, 14 percent reported expenditure over \$2,000. Out-of-pocket spending was on average 9 percent of total household expenditure for an older household and 5 percent for a younger household.

The political establishment is well aware that patients are being compelled to pay billions of dollars per year. A Senate committee report completed in 2014, *Out-of-Pocket Costs in Australian Healthcare*, stated that “out-of-pocket expenditure by individuals accounted for 57.2 percent of the estimated non-government funding of health goods and services in 2011–12. The contribution by individuals accounted for 17.3 percent of the total health expenditure (government and non-government). In 2011–12, individuals spent approximately \$24.3 billion on out-of-pocket health expenses.”

It is a well-established fact internationally that those with chronic health conditions have lower incomes, less wealth and are more likely to be in poverty.

In its 2014–15 budget, the Liberal-National planned to gut health funding by an estimated \$1.8 billion over

four years, and \$57 billion over a decade. During the recent election campaign, the Labor Party abandoned its promise to restore the \$57 billion, while attempting to portray itself as the “great protector” of Medicare.

The historic record demonstrates that the Labor Party has orchestrated and implemented major attacks on health funding. Most recently, the Rudd and Gillard Labor governments between 2007 and 2013 imposed a new Activity Based Funding system for public hospitals, whereby hospitals no longer receive basic funding. Instead, they are paid only a “national efficient price” for each procedure they deliver.

Driven by a worsening global economic crisis, the corporate and financial elites are demanding intensifying austerity measures, with public health spending always a central target. This will mean further devastating cuts to the healthcare system, with low income earners and the most vulnerable members of society affected the most severely.

Access to free, high quality healthcare is a basic social right. The only means to achieve it and build appropriately resourced services is for the entire healthcare system, along with the multi-billion dollar corporations and banks, to be placed under the democratic control of the working class, as part of the socialist transformation of society to meet the needs of all, not satisfy the profit demands of the wealthy few.



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