Australian public health system breaking down as funding cuts to Medicare deepen

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It is becoming increasingly difficult for Australians to access free medical care under Medicare. Growing numbers of general practitioners (GPs) are being forced to impose out-of-pocket fees due to a massive decline in real terms of payments provided by the public health insurance scheme.

The prohibitive cost of seeing a GP is forcing growing numbers of people to rely on public hospital emergency departments for basic health care. This is contributing to a deepening crisis in the hospital system, already in a dire state as a result of decades of funding cuts and chronic understaffing, and brought to breaking point by the ongoing and worsening COVID-19 pandemic.

Medicare statistics released late last year revealed that the bulk-billing rate fell from 89.6 percent in the September quarter of 2021 to 83.4 percent in the same period in 2022. However, these official statistics, which measure the percentage of GP services paid for in full by Medicare, obscure the reality of what ordinary people confront trying to access health care.

The statistics are further distorted by the fact that COVID-19 vaccinations, of which tens of millions were administered by GPs, were bulk billed.

Royal Australian College of General Practitioners (RACGP) president Dr Nicole Higgins told the *Guardian*: "There is an important distinction between the proportion of GP services that are bulk billed and the proportion of patients who had all their GP consults bulk billed."

RACGP vice president Dr Bruce Willett explained the latter figure was "only 67.6 percent nationally and as low as 64.4 percent in South Australia and 40.6 percent in the Australian Capital Territory (ACT)."

The website "Cleanbill," which monitors medical costs in different areas found that, based on information from 99 of the 100 GP clinics in the ACT and neighbouring Queanbeyan, only four bulk billed their patients. The site found that the average cost of a standard consultation with a doctor in the ACT was $48.92 and the average cost of a long consultation was $66.65.

The site carried out a similar survey in Perth, Western Australia and obtained information from 439 of the city's 463 medical clinics. Only 128 clinics bulk billed, with the average cost of a standard consultation $39.50.

The situation is worse in rural and remote areas where access to a GP is extremely difficult. Treatment is more expensive than in the city, wait times for appointments can be weeks and, in many towns, doctors are unable to take on new patients because they are already overwhelmed.

A recent article in the *Conversation* explained, "subsidised access is only useful for those who have access. If there is no doctor nearby, there is nothing to subsidise. This creates a huge inequity—most of Australia has good access to doctors, but the Northern Territory (NT) does not."

The article went on to note that while the national average Medical Benefits Scheme (MBS) expenditure per year was $959, the average for the NT's indigenous population was just $154.

Whether in remote areas or urban centres, the poorest sections of the population are the worst affected. A recent report by the Grattan Institute, found that "compared to the wealthiest Australians, the most disadvantaged are twice as likely to have multiple chronic conditions, with much higher rates of disability and psychological distress." Despite this, the report continued, "compared to those in the wealthiest areas, older Australians in the poorest areas are almost three times as likely to not see a GP at least once a year."

Medicare, introduced by the Hawke Labor government in 1984, was never a system of universal public health. Instead, from its inception, it was an amalgam of public and private healthcare under which state and federal governments have funded a public hospital system and a

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largely private general practice network though a universal tax.

Other significant sections of health have also remained in private hands and have always been excluded from Medicare funding. That includes dental care, the cost of which is beyond the reach of broad layers of workers and the poor.

Whether within hospitals or in private practice, doctors are paid a fee for health services carried out under the system. Bulk-billing grew from 45 percent of all health services in 1984–85 to more than 65 percent by 1990–91.

In the 1991 budget the Labor government attempted to introduce a co-payment but was forced to reverse the measure due to widespread opposition. To counter this, the Labor government increased the financial pressure on doctors to abandon bulk billing by reducing the value of the service fee by 10 percent compared to the consumer price index between 1991 and 1996.

The decline continued under the Howard Liberal-National government, elected in 1996. The RACGP claimed in 2001, "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 per cent drop in just six years."

In May 2013, the Gillard Labor government established a "temporary" freeze on increasing payments for doctors' services. The Liberal-National government maintained the policy when it came into office later that year, and it was continued by successive Coalition governments until 2019, when payments were increased by 1.6 percent.

A recent report by the Australian Medical Association (AMA) found that over the past thirty years, successive governments have removed $8.6 billion from the funding of the most common GP consultation fee, "Category B," through sub-inflationary indexation or outright freezes.

Since taking office in May, the federal Labor government has continued the policy of cutting Medicare payments in real terms, setting an annual rate increase for most services of just 1.6 percent in July last year, when inflation had already reached 6.1 percent.

In the same month, the Albanese government established the Strengthening Medicare Taskforce. Supposedly aimed at "improving patient access to general practice" and "making primary care more affordable," it has pledged just $750 million over three years. Six months later, there is still no concrete plan for how to spend this pittance, which will do nothing to resolve the crisis in the health care system.

This is part of a broader agenda of sweeping cuts to social spending. Labor's October budget papers reveal that payments to the states and territories for public hospitals are expected to decrease by more than $755 million this financial year and $2.4 billion over four years. The government has also imposed a cap on federal hospital funding of 6.4 percent while inflation was at 7.3 percent.

This week, state government leaders have raised the need for an urgent increase in federal funding for Medicare, with New South Wales Liberal-National premier Dominic Perrottet and Victorian Labor premier Daniel Andrews the most vocal. This is aimed at covering over the responsibility of state and territory governments for the catastrophic state of public hospitals throughout the country.

Perrottet and Andrews in particular spearheaded the "let it rip" COVID-19 policies adopted throughout the country, which have resulted in mass infection, illness and death, and crippled the hospital system. At the same time, governments in every state have slashed the real wages of health care workers and done nothing to resolve chronic understaffing.

The Albanese government has dismantled virtually all public health mitigations against the pandemic, including mask and vaccine mandates and indoor capacity limits. Since January 1, a referral from a GP is required in order to get a PCR test for COVID-19, creating the conditions for the virus to spread entirely unchecked, and making it even more difficult to get a doctor's appointment.

Free, high quality health care must be a fundamental social right. This is incompatible with the capitalist system, in which health policy is determined by the profit interests of the financial and corporate elite.

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