

SAVE MEDICARE

Howard's way: Destroying Medicare Feeding Insurance Companies

The following is the text of a talk given by Dr Con Costa to the Sydney District Conference of the Communist Party held on July 6.

Cutbacks to health and Medicare are just one of the many attacks on the people by the Howard Government. But it is a very sensitive area and, in my experience, people feel very strongly about the attacks on Medicare and the public health system.

Before Howard was elected he promised that "Medicare stays". It was an unequivocal statement implying to the voters that Medicare and bulk-billing would stay. He promised this to the Australian people. In fact, the Liberal Party could not have won a Federal election unless they supported Medicare.

Well, Howard lied. He totally deceived the public. Since he has been in government the whole emphasis on health funding has switched to the *private health system* and we are talking about almost \$4 billion annually of taxpayer's money.

(I know people talk about the *private health insurance rebate (PHI Rebate)* as being \$2.3 billion but Leonie Segal from the Health Economics Unit at Monash University has recently analysed the cost of the PHI Rebate and, adding up all the on costs and the losses from the Medicare levy from people being in private health insurance, it comes to \$3.6 billion!! **Every year!!**)

So Howard and Costello are diverting almost \$4 billion of taxpayer's money *annually* from Medicare and from public hospitals and bulk-billing and it is going into the pockets of the private health insurance industry ... and sixty percent of this large amount of money goes on ancillaries - not hospital care.

Private affluence and public squalor

Their aim is to introduce a US-style health system to this country - creating what G K Gailbraith, a well known US economist, described as a system of **private affluence and public squalor**. It is a health system where, if you have money you get the best and if you are poor or without insurance, you go without and you die.

I think this is an important point we need to be making to the Australian people. It's not just Medicare that is being got rid of. It is the Australian form of health care that Howard and Costello are putting to the sword by cutting off funding.

Australia's system is built on the British model with universal public hospitals accessible to all via casualty and emergency services and GP's as the providers of primary care. They are also the gate-keepers to specialist care and hospital admission.

Tried, tested and cost effective model

This is a tried and tested model and has always worked as a cost effective model. People do not go directly to expensive specialist care. They go first to their GP who, hopefully keeps them healthy and keeps them away from expensive care unless it is necessary. Or they go to the casualty or emergency room if they need to.

This whole system is under threat because if Medicare goes we won't continue with that British model. It will be the US-model and will be run by insurance companies. It will be **managed care** and we will lose a lot of the freedoms that we now take for granted.

At the moment you are free to walk into any public casualty centre if you feel sick - you are free to do it.

If you see your doctor he or she is free to treat you in any way they feel professionally is the right way for you without asking for approval from the government or an insurance company. There is no third party in the consultation room being a part of the decisions.

These basic freedoms do not exist in the expensive US model, even if you can afford top cover private health insurance. You still need to ring your insurer if you feel sick in the middle of the night and request permission to go to casualty.

Some bureaucrat at the end of the line may say, "Do you really need to? What about waiting until Monday and seeing your GP as it will be a lot cheaper for us." They might OK you to go to an Emergency Room but direct you to one of the hospitals they own in the next town.

So we are going to lose a lot of freedoms that we have taken for granted in the Australian system even if you are one of the lucky 60 per cent that can afford the private health insurance.

If you are poor or without insurance, you go without and you die.

If you cannot afford private health insurance you just won't get health care or you will go to a relative to beg for the money or you will sell your house. You may not recall that prior to Medibank being introduced [by the Whitlam Government], the commonest cause for going to jail for non-criminal causes in South Australia was because of failure to pay your medical bills.

So what is under threat here is not just Medicare. What is under threat is the Australian way of life and Australia's form of health care. Howard's policies are all about shoe-horning in a US-style of health - because we know that Howard is a *pro-US model* person. The war on Iraq was just **one example** of his strong pro-US position.

He has an extreme position on these issues and a strong belief in the free market and that people should *individually* pay for what they need, including their health care.

But Howard's position does not make economic or public health sense. Imagine trying to stop a SARS epidemic where more than 30 percent of the people do not have private health insurance and cannot access hospital or other health care, in a fully privatised system.

Imagine trying to stop the outbreak of a communicable disease in a society where 30 per cent or more do not have access to proper health services. There will be a permanent reservoir of infection in society which will be a risk to all.

How can Australia afford a health system which will increase from just over 8 per cent GDP to around 14 per cent GDP as is the case in the US? Consider that under Medicare three per cent of the dollar is spent on administration and 97 per cent on health care. In a private system, 14 per cent goes on administrative costs - to check all those claims - and another 25 per cent goes to the shareholders - leaving only around 60 per cent for health care!

Medicare and bulk billing on the rack

As a result of the transfer of almost \$4 billion to the private health insurance every year, we are seeing the effects on the public health system and bulk billing.

People are getting turnstile medicine when they go to the GP - if they can find one that still bulk bills!

I have told the story before of a young woman who turned up at our medical practice on a Monday feeling nauseous. She said she had been to a Medical Centre the day before and had waited two hours before getting in to see a doctor. He gave her some anti-nausea pills but she didn't get better. She came to me and of course the first question I asked was, "Did he do a pregnancy test?" The answer, "No". The

pregnancy test was positive and we took a different approach to her nausea symptoms.

Doctors are maintaining their incomes by pushing patients through quicker and sicker and it is the patient that loses.

At nursing homes patients may not get visited and elderly people on multiple drugs who are really sick and have not been visited regularly either die quicker or they yo-yo back and forward to the public hospital at \$1000 a bed. The GP won't do a \$30 nursing home visit because the government won't increase the rebate by 10 per cent. So the Federal Government is saving \$3 on a nursing home visit and it is costing \$2000 to \$3000 for three days in a public hospital to the State Government – or it is costing the elderly nursing patient their life!

This is what Howard is doing. He is bleeding the system dry and the States are now starting to scream because all the cost is ending up on the State public hospitals - which are, incidentally, about \$1 billion underfunded by the Feds to begin with. So patients are sent out of hospital quicker and sicker and the whole process goes around and around.

The public system is being squeezed financially while the Government gives \$3.6 billion annually to the private health insurance industry.

It is the people who are paying with their health and with their lives and this is what Howard has done for the last four years and we should be really screaming about it because it is inhumane.

We are now almost down to the sort of health system one would expect in Africa were 200 people line up in the morning just to get a few seconds of the doctor's time.

Most doctors who still bulk-bill have a professional and conscientious attitude and are trying hard. But they are going to the wall. They are just getting fed up and are putting up a sign "we now charge \$45". They will see half the number of patients and earn the same money.

Howard has achieved all of this through his private health insurance rebate. At the last budget Costello proudly said that the Liberals are spending *more* on health than any other previous government. He justified this claim by **including the \$4 billion insurance rebate in his total of health spending.**

And Costello after budget night said on national TV that the next thing that has to go is the Pharmaceutical Benefit Scheme (PBS), “if not this year or next year, it is going”. If the PBS goes it will result in the immediate doubling in the price of a prescription - from \$23 to \$47 and eventually to \$70, \$80 or even \$120 a script per month. And a lot of my patients are on five or six scripts a month!

In the United States where there is no PBS it costs \$1000 a month for your tablets if you are a diabetic or chronic heart disease patient. Patients have to ask the doctor for tablets that are four times the normal strength. They break their tablets into halves and quarters to be able to afford their medicines – or they take their tablets in bursts - only when they can afford them!

At this very moment the free trade agreement between Australia and the US is in an advanced stage. The Pharmaceutical Benefit Scheme is one of the items that is being negotiated away and this is all happening in secret.

How are people going to afford their drugs? This is major issue we are talking about. What Howard and Costello are saying is that we can afford private health insurance but not an affordable drug scheme. No wonder Howard is having trouble selling it because he knows that Medicare is popular even with Liberal voters!

An alternative way

The Doctors’ Reform Society (DRS) and the National Medicare Alliance has come up with an alternative way to spend Howard’s annual \$4 billion GIFT to the private health insurance companies.

We have to get rid of the PHI rip-off because if we don't, Medicare cannot be properly funded. We cannot keep giving \$4 billion every year of taxpayer's money to the private health insurance funds and have enough money for Medicare.

1) If we put **\$280 million to increase the rebate to GP's** by say \$5 some will be happier to bulk-bill. (However many will only return to bulk-billing when it is properly indexed to inflation, given the bad experiences of the past).

2) And then, rather than give all the money directly to the doctors let's help them and their patients by putting **another \$180 million to pay for nurses in general practice.**

The girl who waited two hours in a medical centre because of nausea could have been seen by the nurse while she was waiting and could have had the pregnancy test done and been better prepared to see a busy doctor. Also mothers with asthmatic kids waiting for hours could be shown how to use the nebulisers or advice on asthma or diabetics and be given diet and advice on home management, or the elderly explained their medications, etc.

GPs working with practice nurses are commonplace in country areas which are declared "areas of need" and receive government subsidies.

We are saying, **"Let's make bulk-billing GPs an "area of need", because they are bulk billing."**

(Howard has also cut down on the number of doctors and reduced the number of provider numbers. You need a provider number to access Medicare payments. As a result, there are no locums, there are no assistants. These doctors are overworked and they can't get any help because the private charging doctors and the entrepreneurial medical centres quickly soak up any of the limited spare doctors.

3) Increase public hospital spending by \$710 million - because we know they are hugely under-funded.

4) We also call for \$750 million for a proper National Dental Scheme.

One of the first and meanest acts of the Howard Government was to get rid of the \$100 million (and very minimal) dental scheme where very poor and elderly people could get their teeth fixed so they could eat.

We're saying don't just bring back the mini-\$100 million scheme but build a FULL \$750 million scheme to give a proper national dental scheme for people who really need it.

5) Also the PBS needs fixing as costs are going up – new prescriptions now hit the market at around \$120 per month. The pharmaceutical companies are spending \$750 million dollars every year to directly market their products to GPs. **They spend \$30,000 per year on each and every doctor in Australia.**

In contrast the Government spends only \$5 million dollars on a government education scheme – and even this small intervention saves \$15 million dollars for the PBS. **We are calling for the Government to spend \$150 million to fund independent drug detailers to advise GPs on appropriate use of medications and to combat the drug company propaganda.** Even then we would be outspent five to one by the drug companies.

6) \$120 million dollars would give a 10 per cent increase for Aboriginal health which would be money well spent.

7) A 10 per cent increase for aged care at \$300 million.

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This all adds up to around \$2.6 billion - thus we still have \$1 billion of the \$3.6 billion PHI rebate left over. So obviously we can afford Medicare and we can afford the PBS.

Medicare fight-back needed

Medicare cannot survive without the support of the Labor Party. But their position was hardly clear until more recently. And it was not so long ago when Labor health spokesperson Steven Smith was talking about the future of Medicare as “a safety net”.

Unfortunately the Labor Party is trying to have it both ways when they say they will defend Medicare but they will *a/so* keep financing the private health insurance industry. It is an illusion to think we can fund two systems. The Government’s priority is for the public system on which we all depend, and which they promised to maintain, should go.

Other than the CPA the only party that has a clear position on getting rid of the PHI rebate is the Greens. The Democrats are talking about supporting Howard’s budget changes to bulk-billing if they can get guarantees on the capping of doctors’ costs. Pigs might fly. They also have a position of support for a means-tested PHI rebate.

The ACTU through Sharan Burrow and the National Committee has taken a good position on Medicare and bulk billing - although some individual unions may still be under the delusion that they will be OK through bargaining for PHI cover for their members.

Women often understand the importance of good health care - women are usually the main carers for children. Before Medicare it was often only the rich women who had reproductive checks. Before Medicare there were no doctors in the western suburbs of Sydney – (few could afford to pay them). So the ACTU felt keenly that Howard’s policies would impact very strongly on workers, particularly on fixed wages, and they took a great position.

There is the National Medicare Alliance which has been working well for several years. It includes ACOSS, the Pensioners, the ACA, and the National Nurses Federation and, since the ACTU came on board, state Save Medicare Committees were formed. Now we are seeing them spring up in locality areas and I spoke at Parramatta Save Medicare recently.

We need to support this nationwide and local grass-roots activity and clarify the issues. I think we have to attack principally the PHI rebate and it is important that we know where political parties stand on this.

Let's be quite clear. If the PHI rebate stays, Howard does not need to make any further attacks on Medicare. The whole system is imploding through lack of proper funding and we are going to get a user-pays and US-style health system.

We also need to get into the specifics, because many are saying they support Medicare because it is popular. We need to promote the objective of getting rid of the PHI rebate through slogans such as "a national dental scheme or private health insurance", "bulk-billing or private health insurance" etc, so people understand what their choices are and don't feel that "something is being taken away from them" if they lose their PHI rebate.

(People are being tricked by the offer of discounted private health insurance because they can "get their sunglasses for free". But when they go to the GP with their kids they all have to pay and they will soon be paying double for their prescriptions as well as co-payments for all medical services such as x-rays and mammograms.

Soon they will find that the local public hospital is means-tested and that they will no longer have a choice about whether they choose to use their PHI or not. Very quickly that free pair of sunglasses will come to be very expensive.)

Work together on Medicare

Above all the anti-Howard political forces need to start working closer together on Medicare if we are going to save Australia's health system - and not spend time on attacking each other.

This will be a challenge in itself given the Labor Party's hostility and competitiveness with the Greens and other progressive parties, the deep divisions among left parties and the divided and opportunistic policies of the Democrats, not to mention the numerous key independents in the Senate. (Remember it was Senator Harradine's single vote that gave Howard his victory on the PHI rebate in return for a "no gaps and known gaps" guarantee.)



