CPSA COMBINED PENSIONERS & SUPERANNUANTS ASSOCIATION OF NSW INC

Submission to the Senate Committee on out-of-pocket costs in Australian healthcare

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Combined Pensioners & Superannuants Association of NSW Inc (CPSA)

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CPSA is a non-profit, non-party-political membership association founded in 1931 which serves pensioners of all ages, superannuants and low-income retirees. CPSA has 130 branches and affiliated organisations with a combined membership of over 31,000 people living throughout NSW. CPSA's aim is to improve the standard of living and well-being of its members and constituents. CPSA depends for the majority of its funding for core activities as a peak body on a $450,000 grant from NSW Family and Community Services' Office for Ageing. CPSA engages in systemic advocacy on behalf of its constituency. CPSA acknowledges the potential for conflict of interest arising for CPSA and the NSW Government as a result of this funding arrangement. CPSA is committed to managing any conflict of interest issues in an ethical manner.

CPSA is a strong supporter of universal healthcare. Medicare ensures that all Australians, regardless of their income, are able to access quality medical treatment. Expanding Medicare to include other essential medical services such as dental is vital if we are to aim towards equity in health outcomes irrespective of socio-economic status, age, location, cultural background and disability.

CPSA is most concerned about any dismantling of Medicare and any move towards a user pays system. CPSA strongly opposes the privatisation of health services and a two-tier system of health care in which those using the public system receive an inferior service and wait unacceptably long periods of time to access health services, whilst people with the ability to pay for private health services receive a higher standard of health care. CPSA members clearly recall how difficult it was for those on low incomes to access adequate health care prior to the introduction of Medibank in 1975.

Bulk billing is crucial to ensuring that everyone is able to access a doctor when they need it. Any suggestion that there should be a co-contribution payment for visiting a GP is strongly opposed by CPSA.

Many people who live on a full rate pension of allowance – whether that be the Age Pension, the Disability Support Pension, the Carer Payment, Sole Parent Payment or Newstart survive from one fortnight's pay to the next. They simply do not have any additional money to spend on a visit to the doctor. A fee of any amount will prevent many from seeking medical advice when required.

Bulk billing doctors are already difficult to find in many areas, particularly in some rural locations. In many practices only patients with Centrelink Health Care Cards are eligible. As a result any introduction of a GP co-contribution payment will directly impact people on low incomes, those with the least ability to pay. The suggestion of a co-contribution payment is being heralded as a way of discouraging people from making what's being deemed as unnecessary visits to their GP. GPs are the gateway to other health services; people visit to ask questions, to seek advice and to get treatment. In CPSA's view it is not good policy to make assumptions that people visit the doctor too much. We do not want a situation in Australia where people postpone seeking medical attention until they or their children are very sick, due to its unaffordability.

For this reason, CPSA is also against any suggestion of a move towards private health insurers moving into the GP space. To do so would increase the cost of GP visits substantially and result in low income people, those for whom private health insurance is out of reach, being further disadvantaged. Such a move would be to the benefit of insurance companies over consumers.

There is evidence that low income households already avoid seeking medical treatment for financial reasons: even if the consultation is bulk billed, it invariably includes a prescription or referrals for scans or other treatment that may not be entirely covered by Medicare. These are extra costs which people often cannot afford. According to the latest ABS data, 5.4 per cent of

Australians delayed seeing or did not see a GP at least once because of the cost.[1] That figure increases to 18 per cent when it involves dentistry. Almost one in five Australians delayed or avoided visiting a dentist when they needed to due to cost.[2]

According to a 2013 study done by the Commonwealth Fund, which compared 11 OECD countries on their health costs, 25 per cent of Australians are paying over $1000 in out-of-pocket health costs each year[3]. Australia ranked second only after the US in out-of-pocket spending. 8 per cent of the survey respondents from Australia said that they 'had serious problems paying or were unable to pay for medical bills in the last year'.[4]

The issue of out-of-pocket spending is compounded by the fact that it is the sickest people who are paying more and these people are likely to be those least able to pay. This is why safety nets such as the Pharmaceutical Benefits Scheme (PBS) are so integral to the health system in Australia. Even with these safety nets in place in other aspects, people on low incomes severely lose out, spending large portions of their income on health costs, or avoid treatment altogether. This is why CPSA is so concerned about the increases to the cost of PBS medications in the 2014 Federal Budget. Increasing co-payments on medications have had an adverse impact on patients in the past. In a 2008 study on the impact of the January 2005 increase in PBS co-payments, researchers found that there was a significant decrease in dispensing volumes in 12 of the 17 medicine categories they studied including anti-epileptics, anti-Parkinson's treatments, asthma medicines, glaucoma treatments and osteoporosis treatments. The study stated that "the results suggest large increases in co-payments impact on patients' ability to afford essential medicines" and they found that PBS medicine dispensing to Centrelink recipients fell 2-9 per cent more than that of the general population.[5] In 2005 the co-payment for Centrelink beneficiaries increased by 90 cents and by $5.50 for the general public. The Federal Budget co-payment increases are similar at 80 cents for concession card holders and $5.00 for other Australians so one would assume that similar trends drops in medicine attainment will occur.

There is already evidence that the Budget announcement of the GP co-payment is already causing people to avoid doctor visits, with many practices coming forth to say that they have had a substantial drop in the number of patients they are receiving. It has also been reported that emergency departments have seen an increase in people presenting at emergency departments with non-urgent medical needs.[6]

CPSA cannot see how arguments about the sustainability of Australia's health system are being heralded as justifications for a $7 co-payment, particularly in light of the fact that the proceeds are not to be injected into the Medicare system but rather into a research fund. CPSA questions

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[1] ABS (2013) *Patient Experiences in Australia: Summary of Findings, 2012-13,* cat. 4839.0

[2] ABS (2013) *Patient Experiences in Australia: Summary of Findings, 2012-13,* cat. 4839.0.

[3] Osborn, R and Schoen, C (2013), *International Health Policy Survey in Eleven Countries*, Commonwealth Fund, p. 6.

[4] Osborn, R and Schoen, C (2013), *International Health Policy Survey in Eleven Countries*, Commonwealth Fund, p. 7.

[5] Hynd, A, Roughead, E, Preen, D, Glover, J, Bulsara, M and Semmens, J (2008) 'The impact of co-payment increases on dispensings of government-subsidised medicines in Australia', *Pharmacoepidemiology and Drug Safety,* John Wiley & Sons Ltd.

[6] Scott, S and Branley, A (2014) 'GP co-payments: Doctors warn proposal already impacting hospital medical departments, ABC News, 4 June, Available at: http://www.abc.net.au/news/2014-06-04/co-payment-impacts-emergency-wards/5500690

why the sickest in the community should fund potential cures of the future. While not against a medical research fund per se, CPSA believes that any money for research should come from other funding measures, not the unwell. CPSA is also concerned about how the most vulnerable groups will be affected by the co-payment, particularly the chronically ill and nursing home residents.

To use a recent example from a CPSA member to illustrate the impact of out-of-pocket expenses: a full rate Age Pensioner is required to have cataract surgery. She will be spending $800 on the operation for each eye and $200 for the anaesthetist. Excluding the follow up appointments and the initial consultation this woman will be spending 9 per cent of her annual income on her cataract surgery alone.[7] When you combine instances such as this with other health problems, very likely as people age, you have a situation where people living on low incomes are required to make trade-offs, often to the detriment of their health. CPSA regularly hears from people who do not always fill prescriptions due to unaffordability (particularly if it is not a PBS listed medication) and from people who forgo other essentials, including food and paying electricity bills, in order to pay health bills.

In terms of total health spending, Australia's out-of-pocket spending is at 18.2 per cent, substantially higher than the OECD median of 15.8 per cent.[8] In light of this CPSA views it as paramount that bulk billing remain and that the PBS remain intact. Any move to dismantle these programs will be to the detriment of low income people.

[7] Based on the current rate of the full rate Age Pension (including supplements) of $842.80 per fortnight.
[8] Australian Institute of Health and Welfare (2012) *Australia's Health 2012,* Canberra, p. 475.