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Transcript: AMA President, Dr Michael Gannon, ABC Radio Adelaide, Drive, 14 August 2017

Subject: Out-of-pocket medical costs

JULES SCHILLER: Let's talk to the President of the AMA now. Dr Michael Gannon has been kind enough to join me. Thanks for joining me, Doctor.

MICHAEL GANNON: Yeah, good afternoon, Jules.

JULES SCHILLER: What are your thoughts on what Stephen Duckett was just talking about?

MICHAEL GANNON: Well, Professor Duckett and I find ourselves agreeing quite a lot on public health issues but I don't agree with his contention here. What he's ultimately talking about is the private medical system in Australia, which provides, on the whole, fantastic value for money for patients. We're always interested in ways of making it even better value for money. But one of the things that I will contend is that it provides enormous value for the taxpayers of Australia and, if you compare the Australian system with its delicate balance between the public and private system, it stacks up so much better and so much cheaper than comparable systems in other parts of the world.

JULES SCHILLER: Well, in his article, he said 85 per cent of GP visits are bulk billed, but specialists are much lower at around 30 per cent. So the out of pocket expenses are too high. Do you think there should be more bulk billing with specialists?

MICHAEL GANNON: One of the things I'm looking forward to seeing the end to in the next 12 months is the extended freeze on patient rebates, because that has been a substantial driver of out-of-pocket expenses for patients. So most of your listeners will know that originally under the Labor Government and then under the following Liberal governments we've seen a zero indexation of patient rebates when they see a GP or another specialist.

I can tell you, as a private specialist, my costs go up year on year - my staff want a pay rise, I've got to pay for machines, I've got to pay for rent, I've got to pay for consumables. All your listeners know how much their power, their water et cetera has gone up in recent years and we're trying to run small businesses. So, I could not agree more with Professor Duckett when it comes to the problem with egregious fee setting. I could not agree more about out-of-pocket expenses and how they do mean that people will defer important visits to see doctors. So wherever possible we strive to reduce out-of-pocket expenses. But I'm not surprised that 70 per cent of specialist visits aren't charged at the patient rebate, because it's not adequate to provide the quality of service we try to provide them.

JULES SCHILLER: Do you think there should be a website or some kind of system that people can access pricing a little bit more when they visit a specialist so they can shop around?

MICHAEL GANNON: Well, there's been a lot of talk about this recently. And in particular it's the health insurers who have made the case that they should own this information. Now, sadly for health insurers, I suppose what they're interested in is an American-style system where they control every aspect of private medical care. They determine who you go to see, how much they'll pay, they determine the information that you'll get.

I think doctors need to do better when it comes to providing some of this information. But a lot of that comes back to the relationship with your GP; and if you've got time to spend with your GP, if you've got your own trusted GP, they're pretty clever. They get to know you. They get to know which specialists might fit with your personality. They get to know which specialists bulk bill. Which specialists work in which hospitals. Which operations can be done where. They know this information and if you really want to talk about value in the health system, it's having a good relationship with your GP. A lot of the time, a good GP will save you a visit to the specialist to start with, and a lot of the time they'll work out who the right specialist for you is.

JULES SCHILLER: I couldn't agree with you more with that sentiment there, Dr Michael Gannon.

I'm talking to Dr Michael Gannon, he's President of the AMA, about specialist fees. There's going to be a Senate Inquiry into out-of-pocket expenses and it's also an issue that's been raised in The Conversation today by Professor Stephen Duckett from the Grattan Institute. We're having a few texts coming in, Michael, about referral. They're asking why you need a referral each time or each year to see a specialist for an ongoing issue. Could that be streamlined a little better?

MICHAEL GANNON: Well, again, what we're talking about is the way our health system's structured and we talk about what the insurers might like, which is an American-style system. When we're potentially – don't want to put words in his mouth - but when we're talking perhaps a bit more like the British system where there's a few patches of private practice in Britain and the overwhelming control of the National Health Service. We look at our health system which sits on four pillars. One of those is health prevention - we need to spend more money on that. That needs to happen. But secondly, we have a public hospital system, we have a private hospital system. There's a delicate balance between the two but underpinning everything is the role of our general practitioners. And I think that they are the absolute champions of health prevention, in terms of deciding exactly who does and doesn't need to [audio skips] address the fact that the patient walks in, having already decided that they need to see a GP. GPs play a very important gatekeeper role in our health system and that's why the Australian health system provides outcomes that are amongst the world's best, and yet for costs that sit very much in the mid table of the OECD. We have a brilliant health system that provides fabulous outcomes and it actually represents pretty good value for money for taxpayers and for patients paying out-of-pockets.

JULES SCHILLER: Dr Michael Gannon, I have a quick call here from Christopher. Hi Christopher, what comment did you want to make?

CALLER CHRISTOPHER: Good afternoon. Look, I had to see a specialist last week. I'm not allowed to say where or what the specialist does. But he has two rooms and he gets a patient into one room and a patient in another and he swings between the two. Now, I got there for an appointment at 11.15 and then I didn't get out until 1.15. And I had to pay that \$120. He wouldn't have seen me more than 10 minutes, checked me over, handed me a sheet of paper to tell me what I have to do. He said I can't stay any further, I've got another patient and [whistles] out the door.

JULES SCHILLER: Okay, Christopher, thank you for that. And I guess we're always - I'll take that as a comment. Michael Gannon joins me again. Obviously not everyone's always satisfied with some of the treatment form specialists.

MICHAEL GANNON: Look I think it's a great skill for doctors who are very busy people to not make their patients feel rushed but at the same time, that doctor, I suppose, is trying to use their time as efficiently and effectively as possible and depending on what kind of specialist they are, their rooms might cost between \$300 and \$800 an hour to run. And I think that I would never stand here and try and defend egregious fee setting when I hear stories of doctors charging \$15,000 for an operation. It makes me sick to be perfectly honest, Jules, but I think

the private practitioners around Australia are trying very hard to provide an excellent service, not withstanding the significant cost of keeping their rooms running.

JULES SCHILLER: A couple of quick questions before you go, Doctor. Someone says why does one doctor use one specialist? Is there a financial incentive?

MICHAEL GANNON: No, there's not. Although I hear these stories all the time. That's illegal and that sort of thing should be called out. But the reality is the GPs do form relationships with their favourite specialists and I would expect that a GP would have their preferred specialist in most specialities. But again, the best GPs come to understand the resources available in their area, both the excellent public system we have and the different private specialists. They come to know the different sub-specialties and they will often spend some time thinking who might be a right fit either for you or for your clinical condition.

JULES SCHILLER: Alright, Dr Michael Gannon, President of the AMA, thank you so much for giving up your time.

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