**Australian Medical Association Limited**
**ABN 37 008 426 793**

42 Macquarie Street, Barton ACT 2600: PO Box 6090, Kingston ACT 2604
Telephone: (02) 6270 5400 Facsimile (02) 6270 5499
Website : http://www.ama.com.au/

**SPEECH TO THE NATIONAL PRESS CLUB**
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**AMA PRESIDENT, DR MICHAEL GANNON**

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***Check Against Delivery

**Health – the best investment that a nation can make**

I acknowledge the traditional owners of the land on which we meet, and pay my respects to their elders past and present.

Good afternoon, it is a great honour to address the National Press Club.

It is a special pleasure for someone who has always been interested in the Press and the workings of the media. I have always seen your work as an essential part of our democratic traditions.

The election is over. The Turnbull Government has been returned, albeit with a wafer-thin majority. They have a potentially difficult Senate to contend with.

While we have seen some changes, we still see the same health policies from before the election.

Many of them are bad health policies. The AMA campaigned against them. A lot of Australians voted against them.

There is no doubt that health was a game-changer in the election. It was very nearly a government-changer, too.

The big issues that concerned the AMA and other health groups – the Medicare patient rebate freeze, public hospital funding, and cuts to bulk billing incentives for pathology and diagnostic imaging – were issues that mattered to voters.

The Coalition Government went to the election oblivious to, or unprepared for, the community's concerns about health services.

There was a very strong undercurrent of fear and uncertainty because of the Government's inability across most of its first term to develop a narrative on health, and its attempt to sell two different fatally flawed co-payment plans.

Right or wrong, co-payments became code for attacks on poor and disadvantaged people in the community.

They were seen as attacks on sick people. They were seen as attacks on working families with young kids. In short, the co-payment strategy was a political disaster.

Unfortunately, the Coalition has 'dirtied the water' in this area of health financing, which needs genuine reform.

Extending the Medicare freeze introduced by Labor, and introducing its own cuts to bulk billing for pathology and diagnostic imaging, just made things worse.

This laid the fertile ground to exploit this fear and uncertainty politically.

For many Australians, the health system – doctors, nurses, allied health, hospitals – is called Medicare. They see any threat to Medicare as bad.

So it was easy for the Opposition and others to paint the Government as being anti-Medicare – and the 'Mediscare' campaign was born.

The Labor campaign – coupled with strong advocacy from the AMA and other health groups, directly to patients in waiting rooms around the country – shifted votes. A lot of votes.

The take-home message for the Government was clear – Health matters. Ignore health policy at your peril.

This has been clearly acknowledged by Prime Minister Turnbull since the election.

He has made it clear that he understands the need for his Government to revisit some of its health policies.

He has also made it clear that his Government will be more consultative on health policy, including seeking a better relationship with the AMA.

This means no surprises. No more secret deals on new Medical Schools. It means investing in our Doctors in Training and our GPs.

There is a golden opportunity for the AMA to engage positively with the new Government to achieve better health policies.

That process has commenced. I have now spoken to the Prime Minister and the Health Minister on a number of occasions, including as recently as last Friday when together they visited a GP surgery in my home suburb in Perth.

Both the AMA and the Government are committed to getting the health reform train back on track.

The AMA will approach its engagement with the Government in a constructive, pragmatic, and realistic way.

We want the Medicare freeze lifted, we want more funding for public hospitals, we want the bulk billing changes for X-rays and blood tests scrapped, and we want the Government to step up its efforts on prevention.

We also want action in other areas like Indigenous Health, the medical workforce, and rural health, among others.

The AMA is working closely with the Government on the Review of the Medicare Benefits Schedule (MBS) to make it better reflect contemporary medical practice.

We acknowledge that the Government has to address the state of the Budget and deal with the conflicting demands of a diverse group of Senators, many elected on populist platforms. It won't be easy for them.

The health budget must be responsible and sustainable.

It must serve the needs of the community now and into the future.

This will require careful planning and strategic investment.

This will require genuine consultation with clinicians.

It must not involve funding cuts, especially not cuts to services that work.

It must not involve taking money from one part of the health system to fund another part of the health system.

The Government must look at health as an investment, not a cost.

In close consultation with the medical profession, the Government can make wise and sustainable investments in health.

This will create tension within the Government. But the Prime Minister and the Health Minister must stare down Treasury and Finance to maintain health as a priority issue – and a political survival issue – for the Coalition.

One of the key messages the AMA has been sending is that Australia does not currently have a 'health spending crisis'.

It is not out of control, by any measure. The Government's own expenditure data shows there is no cause for alarm or panic.

Total health expenditure in 2013-14 was a little over $150 billion.

The Australian Government's share of total health spending fell from 44 per cent in 2008-09 to 41 per cent in 2013-14.

State and Territory and local governments' share has remained stable since 2009-10, at 26 per cent.

According to the Australian Institute of Health and Welfare, health expenditure represented 9.8 per cent of Australia's GDP.

This places Australia below the OECD average, lower than 18 other countries.

Health expenditure is actually reducing as a percentage of the total Commonwealth Budget.

In the 2016-17 Budget, health was 15.85 per cent of the total, down from 18 per cent in 2006-07.

Nonetheless, the AMA agrees that discussion about the sustainability of health expenditure over the longer term is needed, with an ageing population the major driver of increasing health costs.

We need responsible and informed stewardship of health resources.

There is a need for careful examination of health expenditure across the system, and the need to focus on areas where savings may be associated with treatments that are providing low or no value.

This work does not require a panicked or knee-jerk approach.

Rather, it should be part of a careful and well-considered approach undertaken in full consultation with patients and providers, with clinical input and guidance.

Some of this work has already commenced, and the AMA is at the centre of it.

We recognise that careful stewardship of finite health resources is not only smart - it is ethical medical practice.

The AMA has identified some key areas for attention and investment, and I would like to talk about those now. The first is General Practice.

When people are sick, injured, or want health advice, they want to see their GP.

A key strength of the Australian health system, when compared to other countries, is our reliance on primary care, and the pivotal role of GPs - highly trained medical specialists.

GPs are the first point of contact when most Australians feel unwell, and they manage 90 per cent of the problems they encounter.

General Practice has been under sustained pressure for years. GPs have been treated poorly by both Coalition and Labor Governments.

Because of an ageing population and the growing burden of chronic and complex disease, GPs are seeing more patients than ever before.

There were 140 million Medicare funded services delivered in 2014-15.
This compares to around 98 million services in 2004-05.

In 2014-15, GPs managed 155 problems per 100 encounters, significantly more than a decade earlier when it was 146 per 100.

Over the last decade, GPs have delivered 35 million extra GP-patient visits – up 67 per cent, and delivered another 10 million minor procedures – up 66 per cent.

If GP services were performed in other areas of the health system, they would cost considerably more than when provided in general practice.

For example, GP services provided in a hospital emergency department would cost between $400 and $600 each, compared to the average cost of a GP visit of around $50.

General practice is keeping the nation healthy and represents very, very good value for money.

Medicare spending on GP services only represents 6 per cent of total government health expenditure.

Successive Governments have praised GPs and the role they play in the health care system - but at the same time they have cut funding for GP services to the bone.

We have seen both major parties implement a freeze on Medicare patient rebates.

GPs have also been hit by cuts to Practice Incentive Payments and mental health funding.

GPs are caught in a diabolical squeeze.

They are caring for increasingly sick patients while the Government tightens the financial screws in the name of budget repair. For too long, they have been the easy target in health.

GPs are now at breaking point.

Unless there is substantial investment in general practice, there is no doubt that the quality of care will start to suffer - and patients will face growing out of pocket costs.

Many patients who are currently bulk billed will face out of pocket costs well over $20.

Those GPs who walk away from bulk billing will need to cover the loss of years of non-indexation, the loss of bulk billing incentives for eligible patients, and the administration costs of collecting money from patients.

Without a big re-think on the range of policies that affect general practice, the Government could have another major Medicare headache at the next election.

There is some evidence of a re-think with the Government's announcement of Health Care Homes prior to the election.

Patients whose care is well managed and coordinated by their GP are likely to have a better quality of life and make a positive contribution to the economy through improved workforce participation.

More expensive downstream costs can be avoided.

Chronic conditions, if treated early and effectively managed, are less likely to result in the patient requiring hospital care for the condition or any complications.

Led by Health Minister Sussan Ley, the Government has committed to a 'Health Care Home' trial in Australia.

The model has worked overseas, with improvements in measures of quality and significant reductions in avoidable hospital admissions, emergency department use, and overall costs.

The concept of the Medical Home is not new in Australia.

For many Australians, their local general practice is already their Health Care Home, and their GP their primary carer.

This is potentially one of the biggest reforms to Medicare in decades. The AMA wants to help. Just yesterday, I met with senior officials from the Department of Health.

For the Health Care Home model to succeed, the Government needs to engage with and win the support of general practice.

But to do this, it must first overcome the significant trust and goodwill deficit attached to the co-payment saga and the Medicare freeze.

And it must invest properly in the concept.

The current funding of just $21 million is essentially just to help set up the trial, and for its evaluation.

Most of this money will go to consultants. Not a cent will go to patient care.

To date, there has been no commitment to deliver extra new funding for care under the Health Care Home.

GPs are being asked to deliver enhanced care to patients with no extra support. This simply does not stack up.

We will not support a UK-style Fundholding or Capitation model.

Unless the Government restores some goodwill by unravelling the freeze and invests the extra funding that is required for enhanced patient services, GPs will not engage with the trial, and will walk away from this essential reform.

We must not waste this opportunity.

Public hospital funding is always at the core of AMA advocacy.

We ran very hard on this issue in the last term of government, and we had some success.

The additional funding announced on 1 April at COAG of $2.9 billion over three years is welcome.

But it represents only a short term fix for the needs of public hospitals.

We need a long term plan for adequate and certain public hospital funding.

I cannot stress enough how vital public hospitals are to our health system. They are an everyday saviour for Australian families. The public hospitals, and the people who work in them, are national icons and heroes.

In 2014-15, there were 10 million hospitalisations, including 2.5 million surgical procedures.

There were 7.4 million presentations to emergency departments, with 74 per cent of patients seen within recommended times for their triage category, and about 73 per cent completed within four hours.

Future public hospital funding should be set by population growth and demographic change, and an indexation rate relevant to health care costs.

Activity Based Funding should continue to be used, complemented by measures of quality, outcome, and performance.

State and Territory governments have under-invested in the capacity of our public hospitals. They are seriously underfunded.

The 2016 AMA Public Hospital Report Card documented that, against key measures, the performance of our public hospitals is stagnant or declining.

The States and Territories are failing to meet national targets for waiting times and treatment in both Emergency Departments and in regard to elective surgery.

But this is a direct consequence of the Commonwealth's failure to fund their fair share of public hospitals.

The States and Territories have narrow tax bases, with an unhealthy reliance on old, inefficient taxes, and immoral sources of funding like that from Pokie machines.

The Commonwealth Government needs to step up.

One of the unique strengths of the Australian health care system is the balance between the public and private sectors.

The AMA supports a system where the public and private systems work side by side to provide universal health care.

The public system relies on a complementary, strong, and innovative private system. It would collapse overnight without its support.

However, there is much work to do to improve the value of Private Health Insurance for patients.

The AMA is glad to hear that the Government intends to reform the provision of private health insurance, maintaining the community rating system.

Standardising terms, and mandating minimum levels of cover, should make choosing a health insurance product easier.

We are also very pleased that the Government has announced it will be removing 'junk' policies from the market.

Policies designed solely to avoid paying the Medicare Levy Surcharge are detrimental to our health system.

Policies that limit treatment to public hospitals or contain substantial unfair exclusions do not contribute to universal health care.

The value proposition of private health is choice of doctor and choice of hospital. Without that, patients may as well be in the public system.

We look forward to working with the Government on these reforms.

Importantly, 86 per cent of privately insured medical services are charged at ‘no gap’ by the doctor. Another 6.4 per cent are charged under ‘known gap’ arrangements.

This means that less than 8 per cent of privately insured patients are charged fees that exceed that paid by their private health insurance.

Put simply, the majority of doctors and hospitals understand the impact of gaps on patients and are doing the right thing by them.

That is why the AMA and the hospitals are unimpressed by recent comments and actions from some of the private health insurers, sadly often the biggest and most profitable ones.

Increasingly, we are seeing behaviour by large private health insurers that reflects that their ultimate accountability is to their shareholders.

If the actions of the funds continue unchecked and uncontested – especially their aggressive negotiations with hospitals and their attacks on the professionalism of doctors - we will inevitably see US-style managed care arrangements in place in Australia.

Putting profits ahead of patients is not the Australian way, and the funds will lose friends very quickly.

And it won’t be just hospitals and doctors. Policy holders will not be happy customers. This is already happening, stacking more pressure on the Mutual funds.

It's a worrying trend that demands greater interest from government and from regulators.

Already this year we've seen the ACCC initiate action in the Federal Court against Medibank Private for what it states to be misleading and unconscionable conduct.

One goal we share with the private health insurance industry is keeping people well and out of hospital - reducing preventable, and costly, hospital admissions.

We can do this by greater investment upstream in public health prevention.

Investing in prevention delivers twin benefits – one is the improved health and wellbeing of the individual, and the other is the reduced costs to the health system.

The burden of health costs in Australia is largely being driven by people being hospitalised for health problems that can be prevented.

Health prevention alone cannot stave off all disease and illness.

But the OECD has estimated that about half of all premature deaths are attributable to preventable behaviours, such as tobacco smoking and excessive alcohol consumption.

Type II Diabetes and Cardiovascular diseases are largely preventable, as are many forms of Cancer.

That is why doctors and other health care providers continually push the barrow for greater investment in preventive health measures.

Preventive health is not about implementing a 'nanny state' or taking away people's 'choices'.

Sadly, we are a country where levels of health literacy are surprisingly low – Australians make bad choices about the foods they eat, the fluids they drink, and their level of physical activity every day.

And that is before we even think about the latest dietary fad, flaky herbal remedy, unproven manipulation or anti-vaccination rant on the web.

There are not enough public health campaigns and we continue to fund, at tremendous expense, the consequences of failures to prevent chronic health conditions.

According to the Australian Institute of Health and Welfare, in 2011-12 only $2.2 billion, or 1.7 per cent of total health expenditure, went to public health activities, which included prevention, protection, and promotion.

Australia spends less on prevention and public health services than most OECD countries.

We ranked in the lowest third in 2010-11. New Zealand led the way, with 7 per cent of total health expenditure, followed by Canada at 6 per cent.

Heart disease, stroke, depression, Type II Diabetes, hypertension, high cholesterol, kidney disease, and poor oral health are all examples of chronic conditions that can – and should – be dealt with through preventive health measures.

Over 63 percent of adult Australians, or just over 11 million people, are overweight or obese.

We are going backwards in addressing obesity, and the effects are felt in almost every area of the health system.

It is much more complex, difficult, and dangerous to treat morbidly obese patients.

Only half of Australian adults undertake sufficient physical activity. Almost 15 per cent of Australians do none at all.

Health prevention does not solely lie in the domain of the health budget.

How cities and suburbs are designed, the availability of public transport, and low and no cost options for participation in sport and recreation - these all contribute to the public health of society.

As an Obstetrician and Gynaecologist, I am passionate about the health of women and girls.

But more than that, we know that poor health *in utero* increases the risk of chronic disease in adulthood.

By investing in the health of young women, prior to conceiving and in the antenatal period, and looking after them expertly, carefully and compassionately in their labour and delivery, we are making an investment in two (and possibly three) generations.

So what else is needed in preventive health?

Smoking is the template for successful public health prevention. It is cause for celebration that smoking rates continue to drop.

Australia's early investment in reducing tobacco consumption had led to savings of about $8.4 billion by the year 2000 alone.

Investing in tobacco control has saved thousands of lives and, for a relatively small investment, reaped billions in health care savings.

Reducing the rates of smoking has been a long term focus for the AMA, and we strongly supported the *Plain Tobacco Packaging* legislation.

Evidence shows plain packaging, along with taxation increases, is having the intended impact of reducing smoking and stopping young people from starting to smoke.

We are seeing other countries follow Australia's lead and introduce similar legislation.

We are a world leader in this area of health prevention.

Sadly, alcohol remains an area that is in the 'too hard' basket. It cannot, and must not, remain ignored.

The benefits of investment in preventive health can take years, even generations, to be felt.

But now is the time to act. This is an investment we all have to make.

It is my personal and professional duty to raise the issue of Indigenous Health with you today.

Achieving health equality for Aboriginal and Torres Strait Islander people is a key priority for the AMA. It is something that I am passionate about.

We came out strongly in support of the Royal Commission into juvenile detention in the Northern Territory.

It is not acceptable that Aboriginal and Torres Strait Islander people continue to have the poorest health outcomes in Australia, with life expectancy more than 10 years lower than their non-Indigenous peers.

The AMA recognises the progress that is being made to close the gap in health and life expectancy, but doctors continue to see sadness and despair every day across the country.

Once a month, I sit in a room with a number of other experts reviewing the misery of individual cases of perinatal and infant death in Western Australia.

Aboriginality is a depressingly familiar theme in these cases.

Happily, we are seeing a reduction in the rate of early childhood mortality. But progress is slow, and much more needs to be done.

We need to urge governments to make meaningful investment in Indigenous health.

Constitutional recognition will help heal some of the wounds that underlie Indigenous disadvantage.

We need to work closely with Aboriginal and Torres Strait Islander people to develop solutions to respond appropriately to their health needs.

Rheumatic Heart Disease is a classic example of a preventable chronic disease, which has all but been extinguished in other parts of the Australian community.

As President of AMA WA, I supported legislative change to improve reporting and reduce the burden of disease in Aboriginal communities in Western Australia.

I look forward to travelling to Indigenous communities as Federal AMA President, to see first-hand the health issues and problems many Aboriginal and Torres Strait Islander people experience.

The AMA has repeatedly said that it is not credible that Australia, one of the world's wealthiest countries, cannot address the health and social justice issues that affect a three per cent minority of its citizens.

The fact they are our first peoples only adds to the moral imperative to act.

In closing, let me reiterate that the AMA intends to engage constructively and productively with the new Government as it grapples with its stated intention to review its health policies.

We will look inwardly and get our own house in order.

We will call out bullying and sexual harassment in medical training.

We will support and promote Doctors Health Services.

We will develop measures to reduce our reliance on International Medical Graduates.

We will hold Doctors to the highest standards of ethical behaviour.

I want to see another gap narrowed – namely the poorer health outcomes seen in rural Australia.

Part of the solution is serious investment in undergraduate medical training. We must increase the number of training positions for the ample number of medical students now graduating.

I want to see a renewed focus on the health benefits of employment.

And I want to see measures to improve engagement, keeping people busy in areas like volunteering and community service, even if they cannot contribute to the labour market.

We will continue to push for our pre-election priorities.

We will encourage a greater commitment to prevention.

We will urge greater investment in general practice.

The AMA will continue to lead the medical profession in speaking up for those without a voice – the elderly, the disabled, the sick, the dying, the mentally ill, asylum seekers, victims of family violence, and Indigenous Australians.

We will not compromise on the proud traditions of medicine or the ethical principles espoused in the Declaration of Geneva, the oath taken by doctors on graduation.

As always, we will fearlessly protect and promote the interests of our patients.

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CONTACT: John Flannery 02 6270 5477 / 0419 494 761
Kirsty Waterford 02 6270 5464 / 0427 209 753

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