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OPENING REMARKS
ECONOMIC AND SOCIAL OUTLOOK CONFERENCE
SESSION 8A: FUTURE OF MEDICARE
DR MICHAEL GANNON
AMA PRESIDENT
FRIDAY 21 JULY 2017

Medicare: Getting the Balance Right

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

My thanks to Professor Scott for the invitation to participate in this important discussion today.

It is a pleasure to be on a panel with Shadow Health Minister, Catherine King, and Dr Jeremy Sammut from the Centre for Independent Studies.

It is difficult to know whether or not it is a good thing to strive to be in the 'Sensible Centre' in this debate.

This session is titled 'The Future of Medicare', but I think we are better off talking about the future of the whole Australian health system, of which what the Australian people understand to be 'Medicare' is undoubtedly at the core.

Let me restate very clearly that the AMA is a strong supporter of Medicare and the foundations of our health system.

We have a system that, for the most part, works well. It is not perfect by any means, but we have the fundamentals right.

The way to make Medicare fit for purpose to meet future needs is all about getting the current settings right. Not starting again from scratch.

I note the recent proposal floated by Dr Sammut and the CIS to let the States collect income taxes to fund their own health services.

I have also noted the views of other commentators who want us to move towards the models of health care seen in Canada or Britain.

Others, God forbid, think we should look to the United States for inspiration. The tumult our American cousins are suffering should serve as a reminder that it is not just about more money. The Unites States spends a greater percentage of GDP on health than any other developed nation, yet lags behind on most metrics of successful health policy.

I was in the UK again a few weeks ago. Their NHS is a national institution. It is also something of 'a sacred cow'.

The NHS is hugely popular with the population, and supported and defended by my colleagues in the British Medical Association.

But there are huge underfunding issues there at the moment – and a political and ideological battle about its future direction.

We have those issues here, but nowhere near the magnitude of what is happening in the US and the UK.

People continue to look overseas for solutions or alternatives, but these models do not translate easily to Australia.

It is tougher for us to deliver population-based universal health care, but we do pretty well.

We have to constantly contend with our physical and political geography – the tyranny of distance; of small, sparsely populated rural and regional centres; and remote and small Indigenous communities.

Providing equity of access is a hard task.

Nevertheless, the AMA believes our system is among the very best in the world. We just need to look after it. Adapt it. Fund it. Support it.

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.

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, or ABF, is a good concept – but we need to ensure that it is a tool to improve performance and quality, not an instrument to be gamed, or to lock in chronic underfunding.

Perhaps the unique strength of the Australian healthcare system is the delicate balance we have achieved 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, while the private medical system is strong, there is much work to do to improve the value of Private Health Insurance for patients.

Policies that limit treatment to public hospitals or contain substantial unfair exclusions, caveats, carve-outs, or cop-outs do not contribute to universal health care.

The value proposition of private health is timely access to choice of doctor and choice of hospital. Without that, patients may as well be in our very good public system.

Importantly, 86.6 per cent of privately insured medical services are charged at 'no gap' by the doctor. Another 6.5 per cent are charged under 'known gap' arrangements.

This means that only 7 per cent of privately insured patients are charged fees that exceed that paid by their private health insurance.

This is a remarkable achievement when you consider the six-year freeze that consecutive Labor and Coalition Governments put on patient rebates and the schedule of fees derived from them.

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

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

It is vital that we continue to place a high priority on quality primary care, especially with support for General Practice.

GPs are the cornerstone of our health system. Of all doctors, they are the specialty that delivers the best bang for every health dollar.

We must also get back to investing heavily in prevention programs. We need greater education and promotion of healthy lifestyles to keep people fit and healthy, away from expensive healthcare treatments.

We need the community to better understand the social determinants of health. And the intergenerational benefits that accrue from investing in the health of women and girls. That's not necessarily Medicare, but it is the future of a sustainable, affordable health system.

We must improve the connectedness of the health system – from care in pregnancy, to child and youth health, to chronic disease management, to aged care and palliative services.

It sounds easy, but there are many challenges that remain. We know that, with sound policy settings, it is achievable.

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