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**NON-PBS MEDICATIONS DRIVING PATIENT OUT-OF-POCKET HEALTH COSTS**

The Australian Institute of Health and Welfare (AIHW) today released its Health Expenditure Australia 2017-18 report, which shows that Australians spent \$30.6 billion on out-of-pocket health-related expenses in 2017-18.

The report show that individuals spent:

- \$9.4 billion (30.8 per cent) on medications that were not subsidised through the PBS;
- \$6.0 billion (19.6 per cent) was spent on dental services; and
- \$4.0 billion (13.1 per cent) on both referred and unreferred medical services.

AMA President, Dr Tony Bartone, said that the greatest contributor to patient out-of-pocket costs continues to be non-PBS medications, which includes vitamins and minerals and complementary therapies that are purchased over the counter at pharmacies.

“Medical costs make up only 13.1 per cent of out-of-pocket expenditure for individuals,” Dr Bartone said.

“The AIHW report shows clearly that there is little change overall in national health spending.

“Medical services are not the highest or even second highest area of expenditure for an individual.

“The greatest contributor to patient out-of-pocket costs is over the counter medications, vitamins, and health-related products, many of which have no proven efficacy.”

Dr Bartone said one of the most telling statistics in the AIHW report is that total spending per person was \$27 (- 0.4 per cent) less per person than in the previous year.

“This is in spite of the ageing of the population, an increased complexity of the caseload, and the advent of new and more expensive interventions,” Dr Bartone said.

“We need to increase health funding enough to keep up with an increasing and ageing population with more complex health needs.

“Maintaining funding at the same level will only see the situation get worse for our overstretched hospitals and patients waiting for their care.”

Dr Bartone said that APRA statistics show that the medical profession has shown remarkable restraint providing hospital services under private health insurance policies and minimising out-of-pockets for patients.

“The overwhelming majority of medical practitioners (95 per cent) bill their patients under a no gap or known gap billing arrangement,” Dr Bartone said.

“It is a testament to the restraint of medical practitioners that, in the last 12 months, we have only seen a 0.6 per cent decrease in the number of services provided at the no gap or know gap rates.

“APRA figures show that the out-of-pocket payments for hospital episodes have decreased from both the last quarter (by 2.56 per cent) and the last year (7.10 per cent).

“This is compelling evidence that the overwhelming majority of doctors continue to assist patients in limiting their out-of-pocket costs – in an environment of years of frozen or inadequately indexed rebates.

“Medicare Benefits Schedule fees, and therefore Private Health Insurance rebates, have fallen well behind the true cost of providing quality health services to the Australian community.

“The AMA will continue to advocate on behalf of doctors and their patients for fairer, clearer, and better value system that balances the interests of all stakeholders.

“This includes our strong opposition to the very small cohort of medical practitioners who, through inappropriate billing practices, undermine the broader profession’s intent to provide high quality medical services at fair and reasonable costs to their patients.

“The AMA opposes egregious billing, and will continue to publicly object to this practice.

“The AMA’s Informed Financial Consent Guide is part of this process.”

## **Background**

APRA data for the June 2019 quarter shows that for private in-patients:

- 86.8 per cent of services were provided with no medical gap;
- 7.9 per cent of services were provided with a known medical gap;
- 94.7 per cent of services were provided under a no gap or known gap arrangements; and
- out-of-pocket payments for medical services provided in hospital was \$151.44 where an out-of-pocket payment was payable.

The AMA Informed Financial Consent Guide is at  
<https://ama.com.au/system/tdf/documents/Informed-Financial-Consent%20resource.pdf?file=1&type=node&id=51042>

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