



## **Medicare Benefits Schedule Indexation Freeze**

### **Key Issues**

Medicare Benefits Schedule (MBS) rebates for GP services will be frozen until mid-2020.

GP consultations were last indexed in July 2014. The freeze will apply to all Medicare items and will significantly reduce the value of patient rebates in real terms.

The freeze means that patients will pay more for their health care and it threatens the viability of medical practices.

### **Patient consideration**

Patients have seen Government support for Medicare erode over the years. Patient out-of-pocket payments are rising faster than any other item of health care expenditure, due to the inadequate indexation of Medicare rebates.

The freeze on the MBS indexation to 2020 will create a two-tier health system, where those who can afford to pay for their medical treatment can access care in a timely fashion and those who cannot are forced to delay their treatment or avoid it altogether, further exacerbating their condition, or worse.

The Government's decision is regressive, hitting the most needy in the community, especially those with chronic diseases who need regular access to medical services as well as the elderly and other vulnerable groups.

### **Government consideration**

In 1984-85, Medicare rebates covered 90.3 per cent of medical fees. But since 1985, the annual indexation of MBS fees has been below the market indices (the Labour Price Index and the Consumer Price Index). This has a direct impact on the cost of providing medical services.

Today, there is a glaring gap between the Medicare rebate and the cost of providing medical services. In 2014-15, Medicare rebates covered 78 per cent of medical fees.

The costs of running a medical practice – rents, staff, technology and equipment, indemnity insurance, accreditation – continue to rise year-on-year, and the freeze on indexations means that doctors have no choice now but to pass the costs on to patients.

While the ALP has committed, if elected, to lifting the freeze from 1 January 2017, the Government remains committed to this policy.

### **AMA position**

The AMA has called on all major parties to commit to:

- Immediately reverse the indexation freeze upon taking office; and
- Lift future indexation of patient rebates to levels that cover the true cost of providing quality health services.

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