

Co-payments and their impact on consumers

30th anniversary of Medicare roundtable

30/01/2014, Old Parliament House

- Good afternoon everyone. Thank you for the opportunity to speak today. Before I begin I would like to recognise that we meet today on the traditional lands of the Ngunnawal people and pay my respects to elders past, present and future.
- As you are aware, The Consumers Health Forum of Australia (CHF) is the national peak body representing the interests of Australian healthcare consumers. We advocate for appropriate and equitable healthcare, based on consumer-based research.
- And we are concerned. We are concerned about the stories consumers are sharing with us, which speak of the growing gap in equitable access to healthcare in Australia. We are concerned about the young families, older households, and individuals with chronic illnesses that have to make the tough choice between food and medication. We are concerned about the increasing number of people delaying medical care because of cost. And against this backdrop, we are concerned that current conversations about health financing are focused on shifting costs in the healthcare system, rather than on understanding of the impact of how the system works on consumers and what we need to do to work to maintain an equitable affordable health care system for all Australians. Most importantly, we are concerned about the marginalised

consumer, the consumer who is still counting on the universal health care system to deliver better health outcomes.

Consumers are telling us that they are struggling in a failing system, and that any additional access barriers will make healthcare increasingly harder to afford.

- When we surveyed people this month on their views about co-payments, there was predictably widespread concern about any suggestion of additional co-payments. We particularly wanted to hear people's stories about the impact of co-payments and what it meant to people's everyday lives. We received an overwhelming response, with 100s of people taking the survey over a period of 10 days, any many providing feedback and commentary on social media. And the stories consumers shared are compelling.
- One story I would like to share is Charmaine's story. She shared with us the reality that illness has forced her and her husband out of employment. Her husband has suffered two strokes and she is also caring for an adult child who is severely affected by sometimes violent mental illness. She told us that even going to the family GP has become difficult because of co-payments the doctor charges. She noted the fact that the family have had to cut back on food and are considering cancelling their private cover because of difficulties meeting the cost. Jenny who has lives in a family where severe chronic illness said she would be appalled at the prospect of additional co-payments – that the cost of visiting the GP comes on top of the travel to the GP, the medication required, and often costs associated with tests to see if her illness has progressed; Bill

said he was already finding it difficult to meet health costs, said Australia must hang on to bulk billing “for dear life”. Their passionate responses convey the severe economic hardship that illness can bring to families and the impacts that co-payments are already having on vulnerable Australians. These stories are not rare, and information circulates provides some insight into the impact of cost on health consumers accessing care. However, its not a story that is often told and appears to be largely hidden from popular view.

- We all recognise that there are new challenges presented in our health care system and the issue of affordability for all needs to be addressed. The growth in incidence of long-term chronic illness, the increasingly high cost of therapies and devices and an ageing population are all reasons why there has been a growing expenditure, and greater expectations placed on the health care system. But rather than creating additional barriers to healthcare access through short term fixes such as co-payments, we feel that it is time to review how we structure health management and distribute health funding. We need to work out how we maintain the great value of Medicare as a system that delivers high quality health care to all Australians, in a way that is sustainable in the long term.
- Let us for a moment consider the reality that faces most average consumers in Australia today. They are already feeling the impact of rising health costs. The reality is that there are already a range of co-payments which are resulting in people not getting the care they need when they need it. *Through our survey Sarah shared “The prohibitive cost of specialist treatment for low income people, results in long term loss of*

productivity when appropriate treatment is not available in a timely fashion, or simply not economically viable at all. In my case, this has now made me a burden on rather than a contributing member of the tax paying community. Any increase in the cost of GPs or increase in the cost of medication would make any type of medical intervention beyond my reach financially.”

- The current structure of our healthcare system, which uses a fee for service mechanism and rewards throughput rather than performance and outcomes, is already resulting in significant out-of-pocket-costs for all Australians. *Theo said to us “As there are few bulk billing practices in our area we pay a large gap when go to the GP. Many young Aussies studying and working in low paid jobs are already neglecting their health because they cannot afford Dr and dentist fees and charges and possibly prescription medicines!”*
- Paradoxically increasing co-payments, particularly in primary healthcare may in fact lead to higher health expenditure, as treatment is delayed until consumers are able to access acute and hospital based services. Patients are telling us of instances where they have delayed getting advice on their health . Jo from Queensland shared with us a recent illness when he didn’t go to the Dr because *“...I didn't have a spare \$60 upfront. Also, knew I would be prescribed medicine I couldn't afford. “*
- We are concerned that if out of pocket costs increase further, more and more Australians will simply not be able to afford to access health care. Even an increase in a co-payment of just a few dollars might mean that a consumer with a low income

may not be able to access care. For consumers with multiple chronic conditions or requiring multiple health services, additional co-payments will be multiplied and access will become impossible. As Pete from Victoria shared with us *“One day of a fortnight of my earnings goes to my medication alone. Just so I can work and live a life. I also have to have supplement drinks so I don't starve (gastroparesis) and I don't get any assistance with cost. It is difficult to manage a chronic illness (or more) in a medical setting that is based in acute medicine. It would be great to have support to work and be a functional member of society. Rather than having to struggle on alone in a system that doesn't support non-acute illnesses. “*

- The imposition of additional co-payments is an ad-hoc response that could in fact lead to higher healthcare costs in the long run, and poorer health for those on low incomes and the chronically ill. It is a short term strategy, which does not prioritise the health of Australians. We would instead recommend a comprehensive reform aimed at ensuring the health systems core focus on universal access to quality health care is retained.
- All the stories and comments shared today are real, though the names have been changed. Consumers, as the users and the funders of the health care system recognise the fact that our universal health care system is facing increasing constraints in delivering on its core objectives. However, the future of healthcare in this country depends on how we choose to address these issues. Consumers need to be involved in these discussions, and the impact on them needs to influence the decision making process. There is already considerable

evidence surrounding the existing impact of growing out-of-pocket costs on Australians and little evidence to support a view that increasing co-payments will improve health care or reduce our total spend on healthcare.

- As we celebrate the 30th Anniversary of Medicare, CHF urges us to reflect on the core principle of fairness and equity, the ideal of accessible quality health care for all Australians and the value of universality as we work through the ways that we can make sure that we will be able celebrate Medicare's 50th and 100th anniversary.