

**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/>



## **AMA MODEL PROTECTS VULNERABLE PATIENTS FROM CO-PAYMENT PAIN**

AMA President, A/Prof Brian Owler, today called on the Government to dump its seriously flawed GP co-payments proposal and adopt the AMA model, which exempts the most vulnerable patients from extra cost burdens for their health care.

A/Prof Owler said the AMA has vigorously opposed the Government’s proposal since Budget night and has worked to produce an alternative model that is fairer and more equitable.

“The AMA has produced a health policy, not an economic policy,” A/Prof Owler said.

“Our model is based on the realities of day-to-day medical practice, and our objective is to provide higher quality primary care for all Australians.

“The AMA co-payment model protects vulnerable patients in the community, values general practice to encourage quality care and support prevention and chronic disease management, and it also sends a price signal for non-concession patients.

“We propose a minimum \$6.15 co-payment (which aligns with the current bulk billing incentive) that applies to all patients, but the Government will pay the co-payment for concession card holders and patients under 16 years of age.

“Under our model, there will be no cut to the Medicare patient rebate, and there is an incentive for general practices to collect the co-payment.

“The AMA has long supported well-designed and well-intentioned co-payments, and that is what we are releasing today.

“Co-payments already exist. About 20 per cent of GP visits currently attract a co-payment.

“The AMA co-payment model allows GPs the opportunity to spend more time with their patients, provide preventive health care and chronic disease management, and place a value on the essential service they provide.

“It maximises the benefits of high quality primary care in general practice, keeping people well, and keeping people out of more expensive hospital care.

“We are confident that our co-payment model will stimulate robust debate in the community, in the political arena, and in the health sector, and remind the Government of the unfairness, inequity, and electoral unpopularity of its Budget co-payment proposals,” A/Prof Owler said.

A guide to the AMA model is attached.

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CONTACT: John Flannery 02 6270 5477 / 0419 494 761  
 Sanja Novakovic 02 6270 5478 / 0427 209 753



## **MEDICARE CO-PAYMENTS THE AMA'S ALTERNATIVE MODEL**

### **Background**

The 2014/15 Budget proposed the introduction of a \$7 co-payment that would apply to the vast majority of Medicare funded general practice, pathology and diagnostic imaging (DI) services, effective from 1 July 2015.

At the same time as it seeks to introduce a Medicare co-payment, the Government is also reducing Medicare rebates patients receive for these services by \$5.00.

General patients who need pathology and DI tests will also be hit by the removal of bulk billing incentives for these services.

### **Key issues with the Government's co-payment model**

The AMA has opposed the Government's model for several key reasons:

- Medicare rebates for patients are cut by over \$3.5 billion;
- International evidence shows that co-payments hit disadvantaged patient groups disproportionately, unless they are protected by an adequate safety net;
- Patients will face multiple co-payments across an episode of care, which creates barriers to accessing care;
- A poorly designed system of co-payments will make it harder to tackle the growing burden of chronic disease and discourage important preventative health initiatives like immunisation;
- The changes to Medicare rebates for pathology and DI services are far reaching. In relation to DI, for the more expensive tests, general patients will be paying very high upfront costs - well beyond the proposed \$7;
- Practices will face significant additional compliance costs to administer the Government's co-payment model, including additional staff time, banking, new infrastructure, EFTPOS costs, late payments and bad debts;
- There are significant practical issues in collecting co-payments, including in pathology, aged care and out of rooms consultations.

A poorly designed system of co-payments has the potential to intensify the pressure on our emergency departments and discourage patients from accessing care from their GP.

General practice is a low cost and efficient part of the health system, and if people delay seeing their GP they may end up needing more expensive interventions, including hospital care. This makes our health system less, not more, sustainable – contrary to the Government's intent.

## **The AMA and Medicare co-payments**

The AMA is not opposed to the principle that people with the means should contribute to the cost of their health care, but it has to be done in a way that is practical, values general practice, and protects disadvantaged patients.

We are ready to support a Medicare co-payment, and have offered to the Government an alternative model that seeks to address the significant issues outlined above.

## **The AMA's alternative Medicare co-payment model**

### **No cuts to Medicare rebates for patients**

Patients value their Medicare rebate, which provides important support when they need to access medical care. The real value of a patient's Medicare rebate has been falling for many years, with indexation failing to keep up with inflation and practice costs. The AMA is opposed to any further erosion in the value of patient rebates and will not support the Government's proposed cuts.

### **Protection of disadvantaged patient groups.**

The Government already has a system of concession cards to provide extra support for disadvantaged patients and recognises the need to remove barriers to care for children under 16. Under the AMA model, the Government would cover the cost of a co-payment for these patients in most circumstances.

The AMA model also eliminates the 10 visit threshold proposed by the Government for concession card holders and children under 16 years, which the AMA sees as inadequate.

### **Helping people with chronic disease, mental health problems and encouraging prevention**

Under the AMA model, there would be no obligation on GPs to charge a co-payment for Medicare-funded chronic disease services, health assessments and mental health treatment items. In addition, for concession card holders or children under 16 who access these services, the Government would also cover the cost of co-payments for the standard GP consultations they might need at other times.

### **Supporting patients with high out of pocket medical costs.**

Under the Government's model, the Medicare co-payment does not count towards the **Medicare safety net** thresholds, which is unfair on those with high out-of-pocket medical costs. Under the AMA's model, all co-payments would be included in determining whether or not the Medicare safety net has been reached.

### **Reducing the compliance burden on practices**

By eliminating the 10 visit threshold and using well understood and accepted systems to identify disadvantaged patient groups, the AMA's alternative model eliminates much of the red tape that would otherwise be imposed under the Government's model. The AMA model would also restrict the co-payment to standard in-room GP consultations, making it easier to administer.

## **What services would the co-payment be applied to?**

### *General practice*

For those patients that do not have a concession care or who are 16 years or older, GPs would be obliged to charge a minimum Medicare co-payment for standard GP consultations in rooms.

This obligation would not apply to:

- Residential aged care visits;
- Home visits;
- Chronic disease management services;
- Health assessments; and
- Mental health treatment items.

For those GP services that are not subject the minimum Medicare co-payment, existing bulk billing incentives would also be retained to encourage access to these services.

Like now, a GP will retain the discretion to charge a higher amount for general patients.

## **How would the co-payment work for concession card holders and children under 16?**

Medicare currently provides bulk billing incentives for GPs to treat concession card holders and children under 16 with no out of pocket costs. The AMA is determined to see that these patients continue to be supported to access GP care.

Under the AMA model, where the GP's fee matches the applicable Medicare rebate plus the minimum co-payment amount, the Government will pay the co-payment on behalf of the patient. In regional, rural and other currently eligible areas, the Government will pay an amount equivalent to the existing bulk billing incentive (currently \$9.25).

Like now, a GP will retain the discretion to charge a higher amount, but in this circumstance the Government would not pay the co-payment. Experience shows that the vast majority of patients in this group would face no out-of-pocket costs under this approach.

## **How much is the proposed co-payment for general practice services?**

The AMA has proposed that the minimum Medicare co-payment be fixed at the level of the existing bulk-billing incentive for GP services in metropolitan areas (currently \$6.15), with annual indexation applied.

GPs may continue to charge more than this amount, as is currently the case.

## **How would the co-payment be encouraged?**

The Government is determined to send a price signal to patients and it is also important that there is a level playing field for practices.

In circumstances where the Medicare co-payment should be applied and the GP does not charge it, then Medicare will only provide a rebate equivalent to the lower A2 rebate level.

### **Collecting the co-payment**

The AMA recommends the introduction of a simplified billing system that can confirm eligibility for Government payments and simply allow the practice to charge the patient a gap where one is applicable.

### **Pathology and diagnostic imaging**

AMA is open to the application of a co-payment in pathology and diagnostic imaging and has recommended that the Government work with stakeholders towards the achievement of this goal. There are very real practical issues that need to be resolved with respect to the collection of a co-payment as well as the impact on the viability of practices, before any system of co-payments can go ahead.

In this regard, the AMA has proposed to Government that the measure be deferred for at least two years.

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