PARLIAMENT OF AUSTRALIA
DEPARTMENT OF THE PARLIAMENTARY LIBRARY

NATIONAL HEALTH AMENDMENT BILL 1978

Date Introduced: 6 June 1978
House: House of Representatives
Presented by: Hon. R.J.D. Hunt, M.P., Minister for Health

Short Digest of Bill

Purpose

The Bill proposes to amend the National Health Act 1953 to provide for

(a) a scheme of financial assistance for approved patients from specified rural areas who are referred to medical specialists in centres more than 200 kilometres from the patient's home;

(b) the introduction of optional deductibles in the health insurance scheme;

(c) the prohibition of bulk billing for medical services except for those services provided to eligible pensioners and their dependants;

(d) an increase from $2.00 to $2.50 per item in the maximum charge for pharmaceutical benefits.

Provisions & Discussion

(a) Financial assistance for patients in isolated areas who require specialist medical attention:

Clause 4 of the Bill inserts a new Part III in the Act to enable the Permanent Head of the Department of Health to approve (proposed s13 and s14) an application by a resident in an isolated area for the payment of allowances (proposed s17 and s18) in respect of travel to a medical specialist at a place more than 200 kilometres distant from the patient's residence. Approval must be sought before the travel is undertaken, although there is an exception for cases of emergency (proposed s20). Provision is made (s14) for approved attendants travelling with patients to be eligible for allowances.
The patient's contribution towards the cost of travel expenses is set at $20 (sl7) and the daily accommodation allowance is set at $15 maximum per night (sl8). In all cases no payment is to be made if the patient is entitled to claim these expenses from a third party. Provision is made in proposed s105AAA for a review to be made of decisions made by the Permanent Head by an appeal to the Administrative Appeals Tribunal.

The need for these travelling allowances arises out of the inevitable concentration of medical services in major population centres where there is a sufficient demand for them to be utilised with reasonable economy. The Report of the Committee on Medical Schools to the Australian Universities Commission (July 1973, Chairman: Professor Peter Karmel) noted that Australia's doctor/population of 1/729 was comparable to that of similar countries, but that the metropolitan and rural rations were very different:

<table>
<thead>
<tr>
<th></th>
<th>1971</th>
</tr>
</thead>
<tbody>
<tr>
<td>Metropolitan</td>
<td>1</td>
</tr>
<tr>
<td>doctor / population</td>
<td>628</td>
</tr>
<tr>
<td>Country</td>
<td>1</td>
</tr>
<tr>
<td>doctor / population</td>
<td>1308</td>
</tr>
</tbody>
</table>

There is a wide variety of economic, social & professional reasons which reduce the attractiveness and viability of rural medical practice, and Commonwealth Governments have for some years studied the possibility of a travel allowance scheme for getting rural people to medical care. The Hospitals & Health Services Commission referred to this in its May 1976 Report, Rural Health in Australia, and suggested this as a measure worthy of evaluation. In 1977 the Prime Minister, Hon. J.M. Fraser, M.P. announced that a travel cost scheme was to be introduced, and in December 1977 the Minister for Health, Hon. R.J.D. Hunt, M.P. announced details of the scheme which this legislation now seeks to introduce.

(b) Optional deductibles within the scheme of medical and hospital insurance:

Proposed s73E of the Act permits regulations to be made which prescribe guidelines for medical and hospital benefits plans, while proposed s78 of the Act provides for the Minister to approve such plans if they comply with these guidelines. Proposed s73(2c) makes it a condition of registration as a medical or hospital benefits organisation that a fund's benefit plans comply with the appropriate guidelines.

The Government intends to consult with the health insurance industry and other interested organisations before establishing guidelines under these provisions.

78/109
There are two basic kinds of optional deductibles:

- "Front end deductible schemes" in which a lower health insurance contribution is paid by contributors who pay the first (say) $100 or $200 of their annual health costs.

- exclusive policies in which certain items, such as some cosmetic surgery or abortions are excluded from normal benefits and so a lower contribution rate can be charged.

There is very little evidence at this point to show what impact these experimental proposals will have on health costs and utilisation rates.

(c) Bulk Billing:

Proposed s73 BA(ia) prohibits bulk billing (the assignment of benefit from the eligible contributor to the providing medical practitioner) arrangements in the medical benefits funds' operation, except in the case of eligible pensioners and their dependants.

Bulk billing arrangements were introduced in the original Medibank of July 1975, and have always been opposed by the Australian Medical Association, the Voluntary Health Insurance Association of Australia and - most vehemently of all - by the General Practitioners Society in Australia. Nevertheless a significant minority of doctors have continued to bulk bill. In the first full year of the original Medibank (1975/76) 32% of all medical service benefits were assigned benefits, and the proportion has probably remained around that level subsequently. The continuation of bulk billing for eligible pensioners & dependants will at least assist this poorer group to receive medical services at no direct cost. If the Government succeeds in getting the medical profession to accept the lower level (proposed 75% VS. current 85%) of bulk billed benefit, then it will have reintroduced the practice of having pensioner medical services provided at discount fees, a practice which the original Medibank eliminated.

(d) Expenditure by the Commonwealth on the Pharmaceutical Benefits Scheme is a substantial item of expenditure:

<table>
<thead>
<tr>
<th>Pharmaceutical Services &amp; Benefits ($ million)</th>
</tr>
</thead>
<tbody>
<tr>
<td>1975-76:</td>
</tr>
<tr>
<td>1976-77:</td>
</tr>
<tr>
<td>1977-78 (estimate):</td>
</tr>
</tbody>
</table>
The scheme was introduced in 1950 with a restricted list of important drugs being provided free of charge. The list has been extended greatly over the years as more and more drug discoveries & innovations have been made. In 1960, the first prescription charge was introduced: 50¢ per item. The 1971-72 Budget increased this to $1.00, and a further rise to $1.50 was made in the 1975-76 Budget. In 1976, it was increased to $2.00, and this legislation proposes an increase to $2.50, effective 1 July 1978. In addition, some items have been removed from the list in recent years adding to the cost savings seen in the table above. Eligible pensioners and repatriation beneficiaries continue to receive pharmaceutical benefits free and because of their high average utilisation rates incur well over half the total cost of the scheme: $160 million of the total $302 million estimated for 1977-78. This is a recent trend, brought about by the rapid rise in patient contribution since 1975-76 (from $1.00 to $2.00) when general pharmaceutical benefits cost more ($177 million) than they did for eligible pensioners and repatriation beneficiaries, (137 million).

21 July 1978

Education and Welfare Group

LEGISLATIVE RESEARCH GROUP