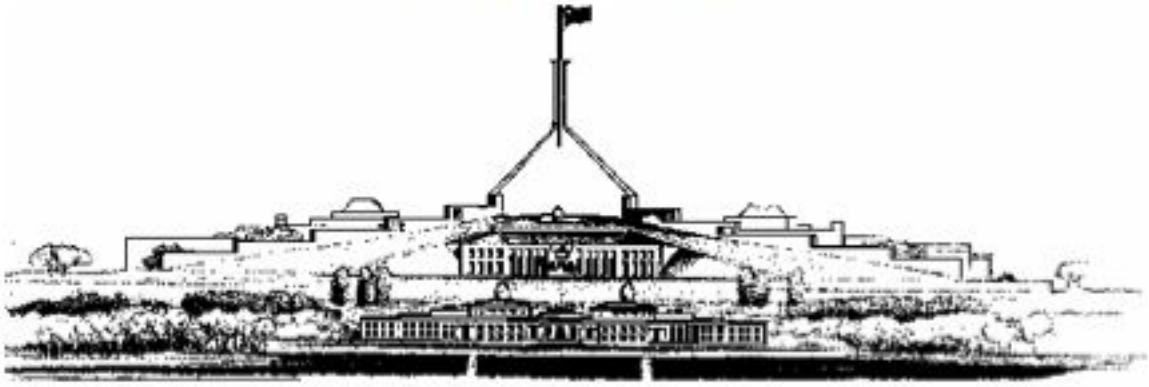
COMMONWEALTH OF AUSTRALIA

PARLIAMENTARY DEBATES



HOUSE OF REPRESENTATIVES

FAIRER PRIVATE HEALTH INSURANCE INCENTIVES BILL 2009

FAIRER PRIVATE HEALTH INSURANCE INCENTIVES (MEDICARE LEVY SURCHARGE) BILL 2009

FAIRER PRIVATE HEALTH INSURANCE INCENTIVES (MEDICARE LEVY SURCHARGE —FRINGE BENEFITS) BILL 2009

Second Reading

SPEECH

Monday, 1 June 2009

BY AUTHORITY OF THE HOUSE OF REPRESENTATIVES

SPEECH

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Questioner		**Responder**	
Speaker	Ley, Sussan, MP	**Question No.**	

Ms LEY (Farrer) (8.00 pm)—I am pleased to speak on the Fairer Private Health Insurance Incentives Bill 2009 and related bills although, like previous speakers on our side of the House, I take objection to the word 'fairer' being used in the titles. For anyone who doubts that there are two health systems in this country—a first-class and a second-class system—I invite them to attend the outpatients or emergency ward of any Sydney public hospital on a busy Friday or Saturday night or talk to anyone who has been on the waiting list to have orthopaedics or ear, nose and throat surgery in New South Wales and who has been waiting longer than 12 months, often suffering considerable pain in the process.

I represent a rural electorate in a state that has a health system that is deteriorating rapidly every day—a health system in crisis. And in viewing these bills my concern is not just for the private health insured citizens that I represent but also for the public patients—those who cannot afford private health insurance but who will wear the costs, indirectly, of these changes by the government.

Over 11 million Australians are now covered by private health insurance. More than 1.8 million Australians with private hospital cover are aged between 20 and 35 years and private health insurance funds pay for 56 per cent of surgical procedures performed in Australia, including 55 per cent of major procedures for malignant breast conditions, 55 per cent of chemotherapy treatment, 63 per cent of major joint replacements and 70 per cent of same-day mental health procedures.

In my electorate of Farrer, 48 per cent of voters have private health insurance but 70.1 per cent of all of the constituents I represent—obviously that covers family members and those who are not on the electoral roll—are covered with private health insurance, 65 per cent are covered with hospital treatment insurance and 62.5 per cent are covered with general treatment insurance. But now I believe that all Australians, including my constituents, will pay more for their health care because of the Rudd government's changes to private health insurance—because the changes will affect not just the Australians who are privately insured but all Australians.

Insured Australians who earn over $75,000 will pay more because of the cut to private health insurance rebates, and if they drop out all together they will still pay more, due to an increased Medicare levy surcharge. Insured Australians who earn under $75,000 will pay more because of increased premiums due to younger and healthier people dropping out. Uninsured Australians will be waiting longer in the public hospital queues for essential treatment because of the influx of more Australians into a public health system already under extreme pressure. According to the government's own figures these changes will affect 1.7 million Australian adults. Industry analysis shows that the changes will affect over 2.4 million Australians in total.

As we know, private health insurance helps fund the purchase of private health and medical services, allowing individuals to choose their own doctors and sometimes their own health services, and access those more quickly. While Medicare provides for free treatment in public hospitals, patients are not able to choose their own doctors and may have to go on a waiting list for their treatment. Medicare also subsidises the cost of medical services provided in a private hospital—for example, it covers 75 per cent of the scheduled fee for a private patient in a private hospital but the patient will be liable for any gap between the amount Medicare reimburses and what the doctor charges. Private health insurance can help fund this gap and can also be used to help pay for ancillary services not normally covered by Medicare, such as dental treatment and chiropractic, physiotherapy, prosthesis or optical services.

When Medicare was first introduced in 1984 membership of private health insurance funds began to fall so that by 1998 only 30 per cent of the population was covered. And the former government sought to reverse this trend when it introduced a suite of measures designed to encourage private health insurance uptake. Those measures worked, because since their introduction private health insurance coverage has climbed to a high of 44.6 per cent of the population, and that figure continues to rise. The important thing about those changes—and I supported them at the time—was that by encouraging younger people to get into private health insurance when they needed hospitals and doctors less, the system was supported much more than it would otherwise have been

and the cost of health, which is enormous—the biggest cost in any budget is health—was spread more evenly across more people over a longer period of time. I think these changes will skew that coverage and result in a smaller proportion of people paying more for health services that are below par.

I would like to quote Dr Capolingua's farewell presidential address. She was, as we know, the president of the AMA and resigned just recently. She has been quite hard on the present changes and I believe that she speaks with a passion that needs to be introduced into this debate. She said in her address:

I cannot think of another example of a government deliberately misinforming the community about an entire profession.

We do devote our lives to helping patients, only to be actively attacked and cast as the black hats, the villains in the health debate, by our own elected government representatives.

These elected representatives presented a major challenge early in this Presidency—we were faced with a popular, energetic, and confident new government that was hell bent on fundamental health reform—but reform that is based on breaking the important role of the doctor in patient care in order, perhaps to appease political promises to other groups.

… … …

In the face of this major challenge; certainly the starkest faced by the Medical profession in a generation; there are some who counsel a softly-softly approach. The idea being that we shouldn't criticise Government for fear of losing our place at the negotiating table.

Some believe we should stand mute in the face of a highly aggressive Government reform agenda that contradicts all of our training—all of our instincts about what is right for our patients.

Should we stand mute as government takes over medical training, and makes health standards subject to the workforce and political vagaries of the time?

Do we say nothing as government administrative officers gain open access to the private patient records of every person in this country?

Must we turn a blind eye to policy that makes our aged, or our sickest, or our rural Australians, second class citizens who don't deserve the services of a doctor?

Certainly the AMA is on the record as being very much against these changes. It has said that changes to the 30 per cent private health insurance rebate mean many Australian singles and families will pay a lot more for health insurance. If you do not keep your private health insurance, you will be slugged with an increased Medicare levy surcharge. They get you both ways. The AMA also said:

We aren't happy about the government's broken promise on the 30% Private Health Insurance Rebate. The AMA is never happy about money being taken out of health.

In the Leader of the Opposition's reply to the budget we proposed opportunities for the Prime Minister to find real savings and to expose the real motivation behind this cut to private health, which is an ideological position the government has taken. We proposed that savings from the changes to the private health insurance rebate could be achieved with increases in the excise on tobacco instead. One of the more cheeky responses to that was, 'Well, the increase in the price of cigarettes will mean fewer people smoking and therefore the government of the day will get less excise,' and I think that would be a fantastic result. We would have less pressure on our hospital systems as a result. There is no doubt that one of the single biggest disincentives to smoking is the price of cigarettes. Although many know they need to give up for their health, when you talk to people who have given up smoking they often say, 'I just couldn't afford it.' I would like to quote Dr Lyn Roberts from the Heart Foundation, who said:

Price increases are one of the most effective best ways of encouraging smokers to quit as well as deterring young people from starting.

… … …

Evidence shows a 7.5 cents tax increase would prompt 130,000 Australian adults to quit and prevent 35,500 children from taking up smoking—

using their pocket money to buy cigarettes. So it is a measure that I believe all sides of politics must support and it is a perfect opportunity for this government to put right their changes to private health insurance and the resulting negative effect that will have on our public hospital system.

I mentioned the state of New South Wales, the state I represent, has a health service in crisis. Recently the head of the Greater Southern Area Health Service refused to be interviewed about cost-cutting measures, including voluntary redundancies and a four-day week for some of the staff. The annual report for 2007-08, which will tell it all in black and white, was due out in April but it is still not out. A spokesman says that there is a printing problem behind the delay.

Only yesterday the New South Wales government said the problem of hospitals not paying bills on time is being addressed. 'Patient safety has not been put at risk.' So they are mounting a rather desperate rearguard action, but documents obtained by the state opposition under FOI show that, at the end of March, 47,155 invoices had been underpaid for more than 45 days, totalling nearly $90 million. It is not acceptable that a state funded health service should have $90 million in outstanding payments to creditors—and it is not believable, if indeed that is the case, that patient services are not affected. We know that patient services in our regions are affected.

The New South Wales health minister cannot manage the finances of the hospital system and he should go. If these area health services administered health properly, they would actually have sufficient funds. For the health minister in New South Wales to say, 'Outstanding bills were a problem, but steps are being taken to rectify it,' and, 'The budget is coming under control in each individual area health service, although some are doing better than others,' says to me that he really is not even trying and he really is not making any genuine undertaking to the people of New South Wales that their health system is going to head back into the black.

In conclusion, the coalition does believe in the right of all Australians to take charge of their own healthcare needs and plan for their own future. We have always worked hard to deliver incentives to promote the uptake of private health insurance to take the pressure off Medicare. Eleven million Australians do choose to pay their own hard-earned money for private health insurance so that they can have a choice in their health care. It does not have to be one or the other, because we deserve a strong and well-balanced health system that looks after each and every Australian.