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Minister for Health
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TRANSCRIPT

Press Conference – Government continues Medicare consultations

Tuesday 3 March 2015

Subjects: Medicare, GP co-payment

HEALTH MINISTER:

The Abbott Government is committed to protecting Medicare for the long-term. This includes maintaining high quality care and treatment for all Australians, as well as ensuring bulk-billing remains for concessional patients and the vulnerable. We also want to deliver policies that value general practice and other health professions and the important role they play in preventative health and primary care in this country. To achieve this, we must ensure we have a robust, efficient and sustainable Medicare system.

However, we're also a Government that listens and we recognise that we cannot introduce reforms to build a strong, sustainable Medicare without the support from the public and the parliament. That's why I promised to hit the pause button on the Government's proposed Medicare measures in order to consult further with health professionals, patients and members of parliament.

Over the past six weeks, I have been travelling the country meeting with hundreds of local doctors on the ground as well as representatives from key medical, consumer and community groups. I've taken on a broad wide range of constructive views, ideas and concerns about the Government's proposed measures and Medicare reform more broadly.

A clear message has been that Labor's policy of doing nothing is not an option. I'm therefore determined to continue consulting on short, medium and long-term policy options to ensure we can keep on supporting high quality care and treatment as efficiently as possible.

This is necessary with Government expenditure on Medicare more than doubling from about \$8 billion to \$20 billion over the past decade; despite the proportion of Medicare spending covered by the Medicare levy falling backwards from about 67 per cent to 54 per cent over that same period.

To ensure we protect Medicare for the long-term, the Government will be proceeding with its pause on indexation of Medicare rebates for GP and non-GP items, while we work with the profession to develop future policies.

However, it is clear the proposal for a co-payment and associated \$5 cut to the rebate do not have broad support and will not proceed.

I look forward to having more to say about this important policy area as my national consultations continue.

Happy to take your questions.

QUESTION:

The original plan saved \$3.9 billion. How much has been foregone, how much are you saving now?

HEALTH MINISTER:

The dollars associated with the co-pay measure are well known – about \$900 million over the forward estimates. There were other savings identified in MYEFO.

What I want to say today is we haven't arrived at a final position, but I am well and truly framed by the economic considerations and concerns of this Government and the approaching \$40 million a day in interest-only payments on the debt that Labor has left us.

So, we will never walk away from that economic responsibility and I as Health Minister remain absolutely committed to assisting delivering a balanced Budget.

QUESTION:

Do you remain committed to introducing a price signal for Medicare and do you think the continuation of the freeze serves by continuing doctors to use bulk-billing more sparingly?

HEALTH MINISTER:

What I've said about the continuation of the pause to the indexation of the rebate, is yes that will continue. But in the meantime we will consult the profession, patients, consumers, everyone with an interest in this area to make sure that together we come up with sustainable options.

Yes, I have said the pause on indexation is in place, but I look forward to some really constructive consultations around the future policies and options for us.

QUESTION:

[Inaudible] Could it resume sooner than four years' time?

HEALTH MINISTER:

The pause is in place now and part of our announced policy. It is in place and it is only a pause and it will be there while I consult further with the profession.

QUESTION:

But will it be lifted eventually?

HEALTH MINISTER:

If I knew what the final outcome of consultations would be I might be able to answer that question, but the important thing here is that the conversation I've had up-to-date is well

productive. I think it's been well received. I've been all over the country. I've been on the East Coast, I'm going to the West Coast on the weekend and where ever I go people say "We can help you find efficiencies within the system, we know where they are, we have alternative ideas for you". So there are so many areas of broad agreement between us and the medical profession that it absolutely makes sense to continue this conversation, to come up with constructive ideas and to work together.

QUESTION:

By continuing the pause aren't you holding a gun to doctors' head? Won't continuing the pause which I think over the forward estimates is over \$1 billion in revenue?

HEALTH MINISTER:

Look, doctors can have their own interpretations of what I believe is a very constructive conversation and I would be surprised if they would describe it as you just have. The overarching objective here as I've said is that we value primary care. We value general practice. We want to work with the profession. We know that together we have to build a sustainable Medicare. Doing nothing is not an option. I mean, this is Labor's year of good ideas and they haven't had a single one so far.

No-one who understands the increasing rate of spend in health compared to GDP thinks it's something that we can just step back and leave the settings as they are. We can't.

QUESTION:

The Prime Minister described the GP co-payment constantly as "good policy" what do you think of it? And the language around bulk-billing in the last 24 hours, the Prime Minister has constantly talked about making that accessible for vulnerable Australians only. How are you going to tell the rest of Australia who've become quite used to using bulk-billing and assume that it's part of using Medicare, how are you going to tell them that they can't continue to use bulk-billing?

HEALTH MINSITER:

That's certainly not what I'm going to tell them and my consultations will uncover more about things that work and things that don't.

But I must say that with more than 7 out of 10 consultations for non-concessional patients being bulk-billed we have to recognise that level of Government support for patients who can make a modest contribution of their own is not in the long-term acceptable. Behind every bulk-billed rebate there is a Government payment. Behind every Government payment there is a set of national accounts that is telling us that we have a debt crisis left to us by Labor to solve.

So of course we need to keep bulk-billing for the vulnerable and we will and we also know that bulk-billing works in many different situations. When I visit different practices I am introduced to lots of different models of pricing and care and I've seen some exemplary quality general practices that do interesting innovative things and I want to bring more of that into the mix as we work our way forward.

QUESTION:

Do you think it's good policy?

HEALTH MINSITER:

It's definitely good policy to put the right price and value signals in health to make sure that number one people value the service they get from doctors. It is a valuable service and it is underpinned by strong support from Government, and also that they make that modest contribution according to their capacity to pay, and those who can pay a bit more are asked to pay a bit more. It's really that simple.

QUESTION:

Your objective is to find the same quantum of money, but in a different way?

HEALTH MINSITER:

I'm not starting with a dollar figure in mind. Overall the Government is very conscious of the budgetary task and I remain as a Minister committed to that task, but what I'm doing is saying let's work on policies, initiatives and ideas that build the right structure for value, for price signals for a sustainable Medicare system and everything is on the table when it comes to those policy ideas.

QUESTION:

Is the Medical Research Future Fund still part of the conversation?

HEALTH MINISTER:

Absolutely, I am 100 per cent committed to the Research Future Fund and I remind you that the sources of revenue to build up that fund come from our health savings and they will continue as we make savings to come from there. We talk about one area of health policy, which is the MBS, there are other areas of health policy, and there are other saves that are happening in the Budget context. There is the health and hospitals fund, the balance in that, which I think is about \$900 million, which is destined for the Medical Research Future Fund and we are all on board with that.

QUESTION:

The GP co-payment for the last 10 months has been defended by the Prime Minister on more than 50 occasions. I appreciate you've been in the role only a shorter period, but where did the Government go wrong on this? Was it in selling it, or was it simply a bad policy to start with?

HEALTH MINISTER:

The policy intent was and remains a good one: to make sure that the Medicare system doesn't gobble up the entire national budget by letting it sit there with the existing settings and rapidly becoming unsustainable. That was the intent behind the policy that has, yes, been taken off the table today, but that doesn't mean we aren't committed to the intent and committed to making sure that we find ways to keep the system sustainable.

QUESTION:

So it's a good policy, was it sold poorly?

HEALTH MINISTER:

I don't want to reflect on what was good or bad and I always find it useful to keep looking forward.

QUESTION:

Minister, do you anticipate this will be resolved in the Budget in May or is it running completely separate to the budget process?

HEALTH MINISTER:

Everything is relevant to the budget process, without a doubt. Michelle?

QUESTION:

Minister, this issue has been running nearly a year now. It was announced without any consultation, there've been several iterations. You today bring us a non-finalised policy. Isn't this a really bad look for the Government in terms of good policy-making?

HEALTH MINISTER:

A government that listens, that understands the landscape in which the health profession operates, that values and respects that health profession, that knows that general practice is the key to keeping people well and out of hospital, that takes a measure off the table that is disliked by so many but which so many say can be achieved in other ways, I think that's sensible, sound policy and I stand behind it.

QUESTION:

[inaudible] So there should have been consultation in the beginning?

HEALTH MINISTER:

Again, I find it useful to look forward not backwards and we are in a situation now where consultation is taking place. It's valuable and it's going to lead to even better policy outcomes and by the way, by saying today that this is no longer government policy is in itself an announcement. It's part of that overall process.

QUESTION:

Minister, is raising the Medicare levy one of the options on the table for the Government?

HEALTH MINISTER:

No, it's not and by the way I think that's a lazy option, because if a system is to be as efficient as it possibly can be and we know that every system should be, particularly in this era of scarce government dollars, why would you raise taxes to fund inefficiencies. You would be much better to find those efficiencies in the first place.

QUESTION:

Minister, could you achieve your value signal over time just by leaving the indexation frozen?

HEALTH MINISTER:

I would rather answer that question, Lenore, by saying we're pausing the indexation on the rebate while we consult with the medical profession. The medical profession has made no secret of the fact that they don't like that, but they understand that a sensible, sustainable policy needs to be arrived at. So, I look forward to their ideas and with those ideas together we can come up with some really sound future policy initiatives.

QUESTION:

If you don't, would just leaving the pause in place meet your objective over time?

HEALTH MINISTER:

That's not something I'm prepared to answer – I'm prepared to forecast – because the objective is that the profession is comfortable, indeed happy, with the direction of government policy, that it makes sense to keep Medicare sustainable in this way, which is where we will arrive at, and that we'll be all on board in the task. So, this is not about me dictating to the profession about these things will stay, and these things will go, this is about me saying to the profession "Let's work together so we can realise the objectives we both need to appreciate".

Last question before Question Time everybody.

QUESTION:

Has the Government learned out of this process?

HEALTH MINISTER:

I think honestly the Government has learned, as the Prime Minister has made clear, that consultation and listening is important. I have learnt that there are many different models of care. I have learnt that rural and regional and indigenous healthcare matter just as much as care in our metropolitan cities and in the outer suburbs and that by visiting every single model in almost as many places as I can, I will get the best picture possible. Can I say I value the input in this process of my backbench, of my health policy committees and of the good ideas that they have come forward. They are my eyes and ears on the ground when I can't be there and they are key to future developments in this space.

Thank you all.

ENDS