



AUSTRALIAN CENTRE FOR HEALTH RESEARCH

MEDIA RELEASE

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MEDICARE ULTIMATELY 'DOOMED' WITHOUT FUNDAMENTAL CHANGE

A discussion paper released in Canberra today has predicted the ultimate demise of Medicare unless there is fundamental change from funding health care to 'purchasing' health care. Currently, Medicare pays the same fees to competent and to less competent hospitals, doctors and other health professionals who, according to the Paper, are riding a Government-funded income stream without sufficient concern for patient welfare.

The "Making Medicare Better" paper was released by the Australian Centre for Health Research (the Centre). The author was Russell Schneider, previously head of the Australian Health Insurance Association.

The paper is wide-ranging and examines more than a dozen aspects of the current health care system, offering both a critical review of the existing system and proposals for achieving better health outcomes and reduced costs for the future.

In his paper, Mr Schneider says Medicare is so sick that thousands, perhaps hundreds of thousands of people will not get the care to which they are entitled, and some of those people will die.

"Medicare is sick partly because it has become a national icon and that has made it impossible for Governments to take action that is badly needed.

"Despite the complexity of the system, the solution is simple - change from 'funding' health care which means health care workers get paid regardless of what happens to their patients, to 'purchasing' which means buying health care from those professionals and institutions who produce a quality product and give the best possible outcomes."

Mr Schneider said change would be difficult, mainly because in the public sector the health unions, in concert with the administrators, have a vested interest in the status quo. In the private sector, getting change depends on the willingness of government to force competition between hospitals, doctors and other health workers based on the cost of their services and the outcomes they achieve.

The current system, according to the paper, has the following major faults:

- ◇ Medicare pays doctors but it won't disclose which doctors get the best results and whose practices conform with best practice
- ◇ Privacy laws prevent patients and their GPs from knowing how hospitals and doctors really perform
- ◇ 'Entrepreneurs' are encouraged in the private sector - not because their services are necessarily valuable but because Government regulations guarantee the patient's health fund will give them an income
- ◇ Too often, people with chronic illnesses end up in public hospital wards - even if privately insured - when a proper health management program would keep them out of scarce public beds
- ◇ Health funds that seek to provide members with comprehensive, out-of-hospital care face crippling financial penalties
- ◇ Health insurance premiums are higher than necessary because the funds must pay for anyone who gets a licence to practice medicine or run a hospital, regardless of how good they are.

The Paper urges a number of initiatives to make the system work better and, ultimately, to save Medicare.

1. Measure the performance of individual doctors and hospitals and let consumers know where they can go for the best treatment, not the best price.
2. Encourage GPs and other health professionals to provide comprehensive care for people with ongoing, risky conditions - reducing the likelihood they will need to be rushed to a public hospital.
3. Allow health funds to offer members plans and products that provide full cover for those performers who get good ongoing results.
4. Encourage the development of health care businesses which specialise in treating particular conditions and illnesses - such as cancer - and pay them on the basis of their results."

Mr Schneider also outlines the necessary actions to enable his suggested initiatives: changing the law so that health funds can pay for doctors' treatment outside hospitals; allowing health funds to make 'deals' with GPs to manage their high risk patients and keep them out of hospital; provide more information to patients and their GPs on which hospitals and specialists achieve good results; requiring doctors to adhere to proven 'best practice' medicine; and supporting health insurers and doctors to develop specialised medical groupings which will get best outcomes in their particular specialties.

Further information

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