National Seniors AUSTRALIA

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Specialist Affordability: Options to Address Excessive Fees

National Seniors Australia (NSA) welcomes the opportunity to respond to the consultation on Specialist Affordability and Access paper.

NSA is the peak not-for-profit consumer peak body representing the interests of all older Australians and comprises a community of over 300,000 individuals. NSA undertakes research, policy development and advocacy across health and aged care, retirement income, cost of living and healthy ageing.

NSA supports the Government's intention to address excessive specialist fees and improve transparency for consumers. However, addressing excessive fees in isolation will not resolve the growing affordability pressures associated with accessing specialist healthcare. Older Australians are particularly exposed to these pressures because they are more likely to require ongoing specialist consultations, diagnostic services, treatment and procedures, often while living on fixed or limited retirement incomes.

NSA considers that the Government's reform agenda should be guided by three principles: affordability, transparency and equitable access to clinically necessary care. Any solutions must improve consumer protection without introducing unintended financial barriers or reducing access to specialist services.

Rather than respond to the survey, we have chosen to provide a written submission to provide a more balanced view of this problem.

Yours sincerely,



Chris Grice
Chief Executive Officer

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Concern about healthcare costs among seniors

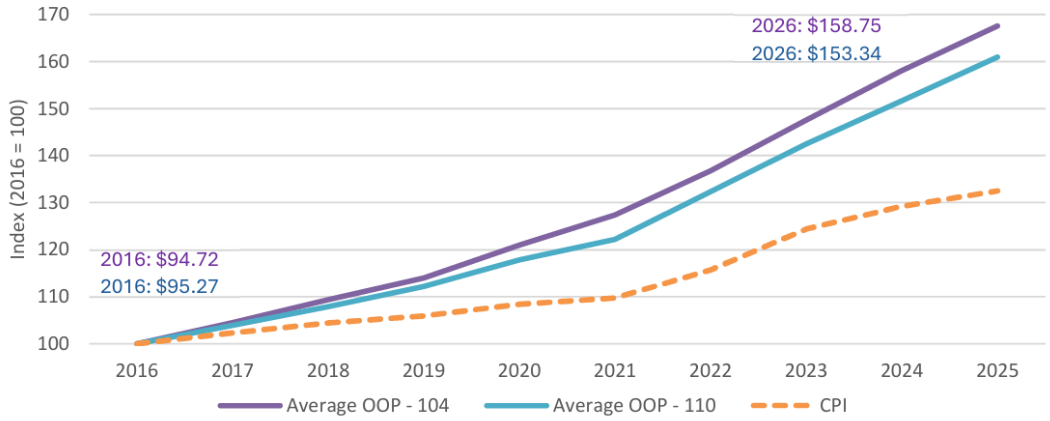
NSA research highlights the extent of healthcare affordability concerns among older Australians. Our survey found that 28% of respondents were concerned about the affordability of healthcare, increasing to 42% full Age Pension recipients, compared with 27% of part-pensioners, and 21% of self-funded retirees.[1] Private health insurance affordability was an even greater concern.

These findings reinforce the importance of considering specialist fees alongside Medicare funding, private health insurance, and the broader financial pressures older Australians face.

Medicare Benefit Schedule fee indexation contributes to out-of-pocket fees

The consultation paper acknowledges that "the increase in specialist out-of-pocket costs over recent years has significantly outpaced general price growth". Using the example of initial specialist consultations (Figure 1, below), it notes that the average out of pocket cost for an initial specialist consultation increased by 67% between 2016-2025, compared with a 32% increase in the Consumer Proce Index (CPI).

Fig 1: Growth in CPI compared to the average out-of-pocket costs for two specialist consultation items (Figure 3 from *Specialist Affordability: Options to address excessive fee charging*[2])



**MBS data shown is for item 104 (initial specialist consultation) and item 110 (initial attendance of a consultant physician), out-of-hospital, patient billed services only.*

[1] What keeps you up at night? - National Seniors Australia
[2] Consultation Paper - Options to address excessive specialist fees | Department of Health, Disability and Ageing

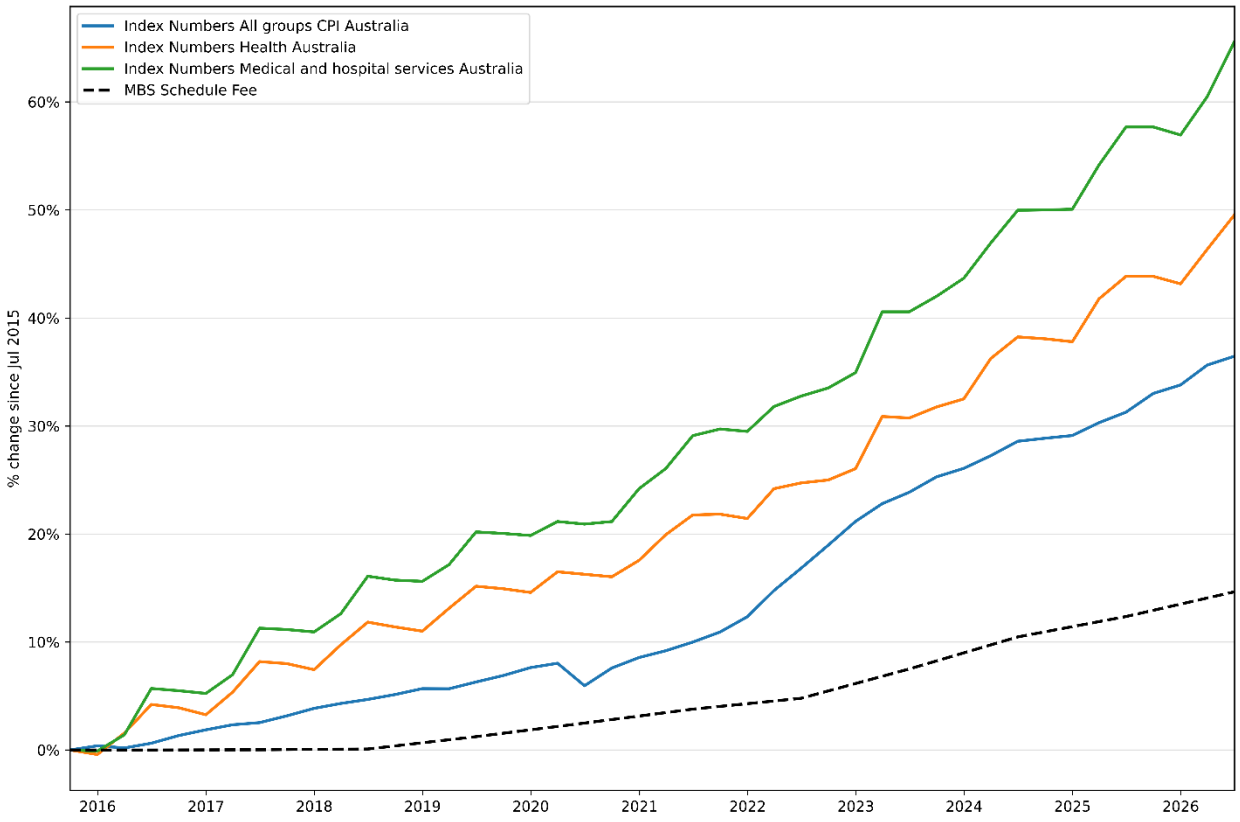
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While this comparison demonstrates the growing financial burden on patients, NSA considers that comparing specialist fees with headline CPI provides an incomplete picture. It neglects the impact of MBS fee indexation has on out-of-pocket costs.

Overall CPI measures price movements across a broad range of household goods and services. However, healthcare is subject to distinct cost pressures, including clinical workforce costs, medical equipment, technology, practice operating expenses and changes in the complexity of care.

As it is shown in Figure 2 (below), health inflation and medical and hospital services are growing faster than overall CPI. Yet MBS Schedule fees aren't keeping pace with overall CPI, let alone health inflation.

Fig 2: Health CPI Components vs MBS Schedule Fee



Data source: ABS Consumer Price Index, Australia[3], MBS Online[4]

[3] Consumer Price Index, Australia, August 2026 | Australian Bureau of Statistics
[4] MBS Online - Downloads | Department of Health, Disability and Ageing

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When Medicare benefits fail to keep pace with the increasing fees charged for specialist services, patients will be required to contribute an increasing proportion of the cost of treatment.

This does not mean that any increase in specialist fees are justified, nor should higher fees be accepted automatically as justification for higher MBS Schedule fees. However, it highlights the importance of distinguishing between:

- Changes in cost of delivering health care.
- The impact of inadequate Medicare funding
- Excessive or unjustified specialist fees.

These are distinct, yet interconnected, policy problems that require different policy / budgetary responses. While the consultation paper focuses solely on excessive and unjustified fees charged by health care providers, the broader evidence suggests that rising out-of-pocket costs cannot be attributed solely to provider fees.

NSA therefore considers that reform must also include an assessment of whether current MBS schedule fees adequately reflect the reasonable cost of delivering specialist services.

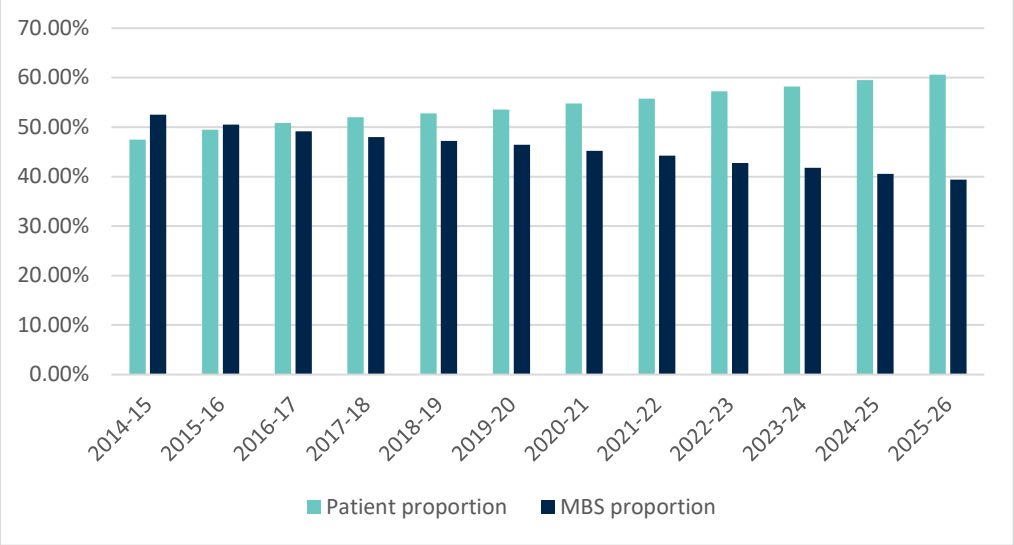
Recommendation 1: undertake an independent review of the adequacy of MBS specialist fee indexation, including the relationship to healthcare inflation, service delivery costs and patient out-of-pocket expenditure.

To illustrate this further, Figure 3 (below), using publicly available data on 'specialist attendances', shows that because MBS rates have increased at below-inflation levels it represents a declining proportion of the total cost, with this extra cost borne by patients.

Figure 4 (below) shows if the MBS rebate had instead been indexed by an ABS measure of health inflation (the 'medical and hospital services' expenditure class of CPI), the proportional split between the MBS and patients would have remained steady.

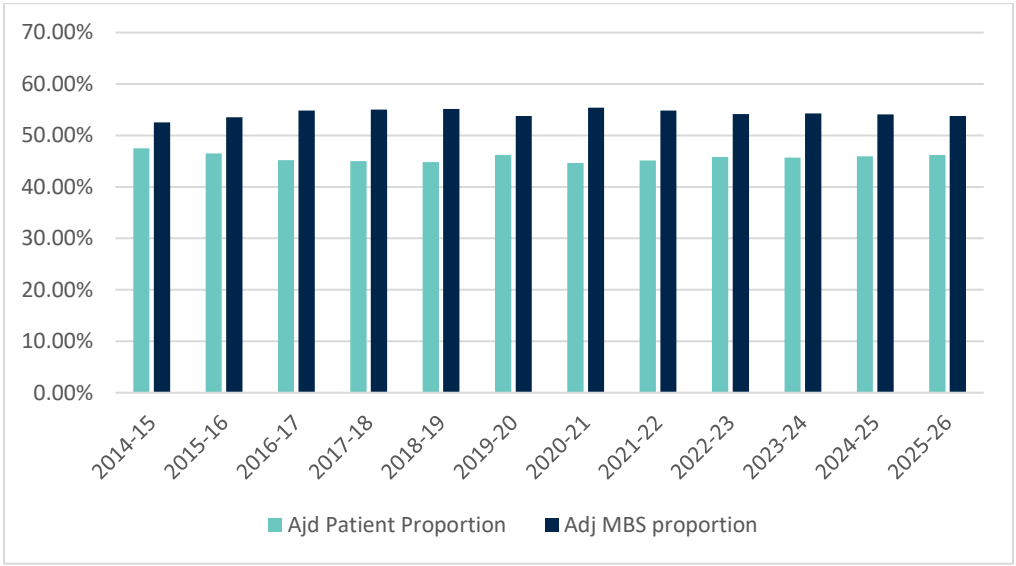
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Fig 3: MBS/patient fee proportions for specialist attendances, historical



Data source: ABS Consumer Price Index, Australia[5], MBS Online[6]

Fig 4: MBS/patient fee proportions for specialist attendances, health-inflation adjusted



Data source: ABS Consumer Price Index, Australia[7], MBS Online[8]

[5] Consumer Price Index, Australia, August 2026 | Australian Bureau of Statistics
[6] MBS Online - Downloads | Department of Health, Disability and Ageing
[7] Consumer Price Index, Australia, August 2026 | Australian Bureau of Statistics
[8] MBS Online - Downloads | Department of Health, Disability and Ageing

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The question is – why haven't MBS Schedule fees kept pace with inflation? Is the government limiting MBS schedule fees to ensure that the health budget is balanced, because of other pressures on the health budget?

Again, we are not suggesting that higher fees be accepted, but if MBS schedule fees do not reflect the cost of procedures it follows that patient out-of-pocket costs will increase.

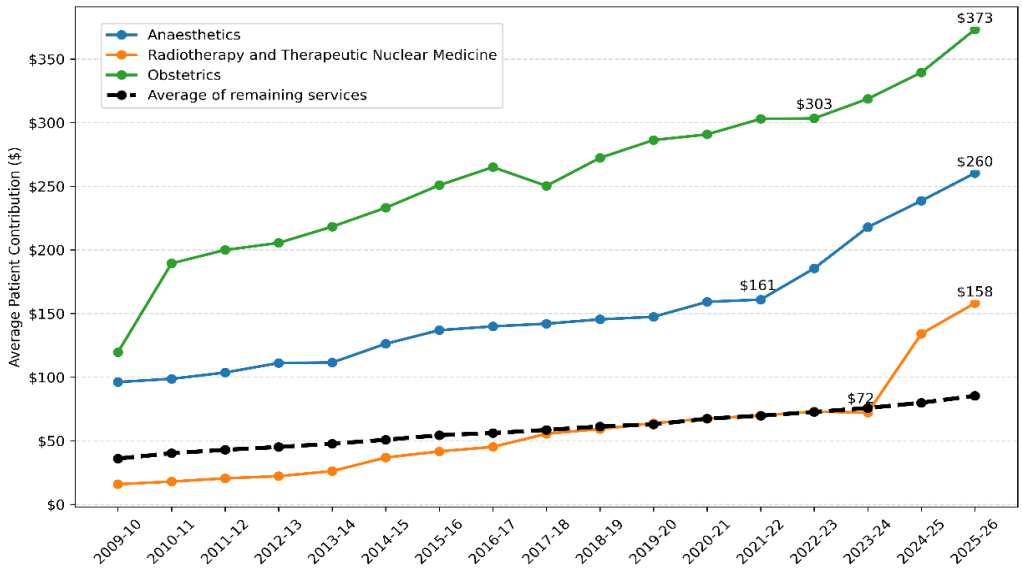
The consultation paper is right to consider some specialists charging excessive fees, though this should be distinguished from unavoidable cost changes, such as the advent of new treatments that are yet to be widely available.

Data suggests there are unexplained factors contributing to higher out-of-pocket costs.

Consider the substantial increases in the three treatment categories shown in Figure 6 (below). It shows that the cost of obstetrics, radiotherapy and therapeutic nuclear medicine and anaesthetics have increased far greater than the average of remaining services.

While these changes could be attributed to factors, such as the introduction of new treatments, without a clear understanding of the driving forces, we will not be able to consider strategies to reduce price inflation in these areas.

Fix 5: Average Patient Contribution per Patient-Billed Service, selected services



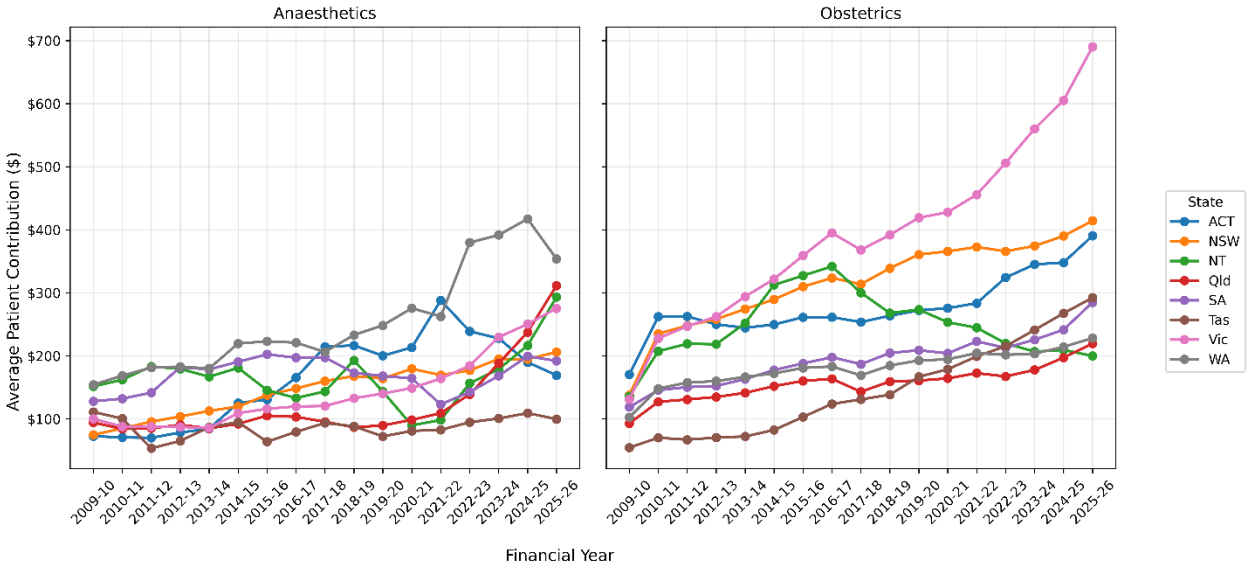
Data source: Medicare annual statistics – State and territory (2009-10 to 2025-26)[9]

[9] Medicare annual statistics – State and territory (2009-10 to 2025-26) | Australian Government Department of Health, Disability and Ageing

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It is also unclear what is driving increases in out-of-pocket costs, given the variation in average patient contribution in different states or territories over the same period, as shown in Figure 7 (below).

Fig 7: Average Patient Contribution per Patient-Billed Service



Data source: Medicare annual statistics – State and territory (2009-10 to 2025-26)[10]

Greater scrutiny required

The consultation paper identifies substantial variation in fees charged for specialist services, including differences between specialists, procedures and geographical locations.

NSA considers that these variations warrant further investigation, particularly where patients appear to face significantly different costs for comparable services.

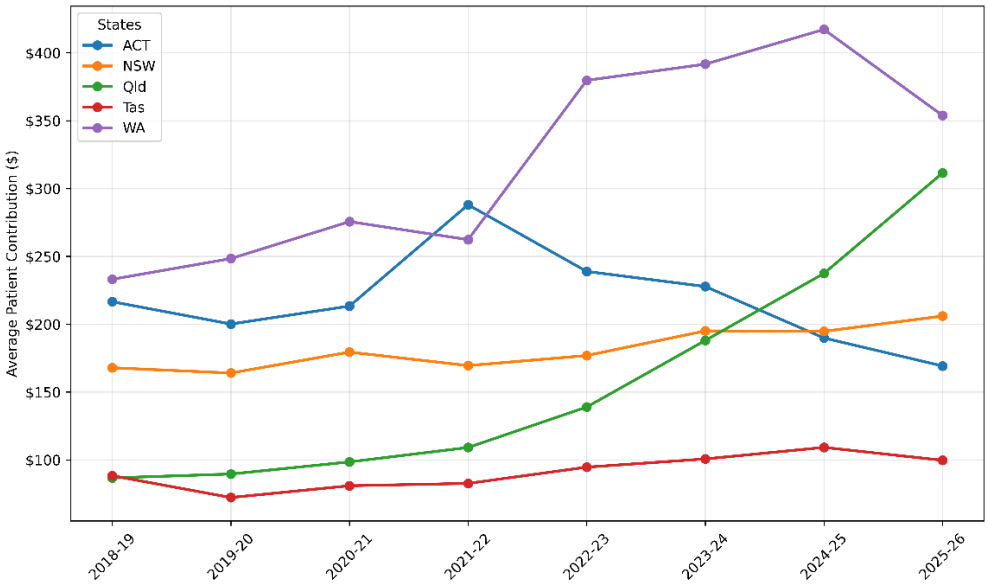
The available data indicates out of pocket costs have increased substantially across several categories of specialist treatment. These increases are likely to reflect a combination of factors including changes in technology, treatment options, service complexity, provider costs and billing practices.

However, variations in costs between jurisdictions, including costs that increase in one state that decrease in another, raise important questions about the factors influencing specialist pricing. We are unsure what could explain out-of-pocket costs for the same procedures increasing in Queensland while decreasing in the ACT:

[10] Medicare annual statistics – State and territory (2009-10 to 2025-26) | Australian Government Department of Health, Disability and Ageing

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Fig 6: Average Patient Contribution Per Service: Out of Hospital Patient Billed ($): Anaesthetics, selected states



Data source: Medicare annual statistics – State and territory (2009-10 to 2025-26)[11]

NSA considers that greater analysis is required to understand whether these differences reflect legitimate variation in service delivery, local market conditions, specialist availability or unreasonable charging practices.

This is particularly important for older Australians living in regional and rural areas, where limited specialist availability may restrict their ability to compare providers or seek more affordable alternatives.

Consumers cannot exercise meaningful choice if few specialists are available or if accessing a lower-cost provider requires substantial travel, additional expenses, or prolonged waiting periods.

NSA supports the Government examining excessive fees through a combination of reasonable cost benchmarks, comparisons between providers and consideration of individual clinical circumstances.

[11] Medicare annual statistics – State and territory (2009-10 to 2025-26) | Australian Government Department of Health, Disability and Ageing

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However, caution is required when using broad speciality categories or statistical thresholds to identify excessive fees. A higher fee may reflect the complexity of a patient's condition or the nature of the service provider.

A fee should not automatically be considered reasonable simply because it is consistent with prices charged by other providers.

Recommendation 2: Improve the collection, publication and analysis of specialist fee data, including variations between jurisdictions, individual MBS items and geographic areas, to identify unexplained pricing differences and inform targeted reform.

Greater transparency is essential to consumer choice

NSA supports stronger measures to improve specialist fee transparency and informed financial consent.

For many older Australians, the process of obtaining specialist care involves limited information about expected costs. Patients often are referred to a specific specialist from a GP, not knowing that they could choose a different specialist.

Patients may receive a referral without fully understanding the consultation fee, the Medicare benefit available or whether other specialists provide the same service at a lower cost.

In cases involving surgical procedures or complex treatment, patients may also face separate charges from surgeons, anaesthetists, assistant surgeons, diagnostic services and hospitals.

This can make it difficult to understand the total cost of treatment before agreeing to proceed.

Furthermore, medical interventions are not a matter of choice, they may be undertaken in a situation where time is of the essence and shopping around is not practical.

The Government's Medical Costs Finder provides an important foundation for improving transparency. However, the usefulness of this resource depends on the availability, completeness and accessibility of the information presented. NSA notes that some procedures and jurisdictions have incomplete published information about typical specialist fees and out-of-pocket costs.

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For example, comparing hip and knee replacement procedures demonstrates the importance of publishing comprehensive, comparable information across jurisdictions.

Looking at the information from Medical Costs Finder (see Figure 8 and 9 below), there appears to be significant gaps in data, with the out-of-pocket costs and typical specialists' fees missing for several jurisdictions and some whole procedures.

Fig 8: Medical Costs Finder – Hip replacement:[12]

This information is for all services using this MBS item by all specialties in **2023-24**.

	NSW	Vic	Qld	WA	SA	Tas	ACT	NT
% with no out-of-pocket costs	16%	9%	6%	47%	9%	-	5%	-
Typical specialists' fees	$6,100	$6,200	$5,600	$4,600	$5,000	-	$7,600	-
Patients typically paid	$2,900	$2,100	$1,100	$600	$500	-	$4,800	-

Fig 9: Medical Costs Finder – Knee replacement:[13]

This information is for all services using this MBS item by all specialties in **2023-24**.

	NSW	Vic	Qld	WA	SA	Tas	ACT	NT
% with no out-of-pocket costs	21%	11%	8%	46%	9%	30%	8%	-
Typical specialists' fees	$5,800	$5,700	$5,200	$4,400	$4,800	$4,400	$7,200	-
Patients typically paid	$2,500	$1,300	$1,100	$550	$500	$500	$4,500	-

[12] Hip replacement| Medical Costs Finder | Australian Government Department of Health
[13] Knee replacement| Medical Costs Finder | Australian Government Department of Health

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Without consistent information, consumers may struggle to understand whether a quoted fee is reasonable or how it compares with other providers.

NSA supports strengthening Medical Costs Finder and ensuring older Australians can access clear information about:

- The total expected fee for a consultation, procedure or course of treatment.
- The applicable Medicare benefit and estimated out of pocket cost.
- Whether the specialist participates in a private health insurer's no-gap or no-gap arrangements.
- Additional fees that may arise from other practitioners involved in treatment
- Available lower cost alternatives where clinically appropriate.

Information must be provided in accessible formats, recognising that not all older Australians can confidently navigate digital platforms.

NSA also considers that GPs have an important role in helping patients make informed decisions when referring them to specialists.

Where appropriate, patients should be informed that they can request a referral to an alternative specialist or seek information about other specialists.

However, fee transparency must not transfer the responsibility for addressing excessive pricing onto patients.

Recommendation 3: Strengthen the Medical Costs Finder, informed financial consent and referral process to ensure older Australians receive clear, comparable and accessible information about specialist fees and out-of-pocket costs before receiving treatment.

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Greater transparency alone is not enough

The consultation paper discusses a range of options to reduce excessive fees.

However, they are all problematic to implement in practice.

To understand this, we propose an alternate solution - to reduce the MBS rebate if a doctor charged an excessive fee, well above the MBS schedule fee.

For example, if an MBS schedule fee was $100 and the doctor charged $100 – the patient would have no out-of-pocket cost. But if the doctor charged more than $150 then the MBS rebate should be reduced to $80.

But why punish the patient for the sins of the specialist?

To be clear, we are not seriously suggesting this option, our intention is to draw attention to the fact that shopping around is a distant mirage as a tool to mute excessive specialist fees.

For the idea above to work:

- The MBS schedule fee or rebate would need to be adequate to ensure out-of-pocket costs and excessive fees were minimised – which is highly unlikely.
- A patient needs to be in a situation where shopping around is a practical choice (which it often isn't when faced with an urgent medical intervention).
- Referring doctors would need to be clear that a patient can choose a specialist, not just the one they have listed on the referral.
- The government would need to have a broad campaign to educate the public about choice and workings of the MBS rebate.
- Patients would need access to an easy-to-use comparison website to easily check if a specialist was charging excessive fees or was not eligible for the higher rebate and the website would need to be able to give the patient information about alternative specialists – this is still a way off.
- Ideally, we would need to understand why specialists are charging more than what is reasonable to identify ways to address the root cause of price increases.

The list above is not exhaustive, but it points to many of the challenges we face when attempting to use market theories and choice models to limit price increases. The market for specialists is not a perfect, it is full of asymmetries that make choice difficult if not impossisble.

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On the last point, National Seniors Australia continues to call for a systematic Productivity Commission review of the broader private health sector to illuminate the factors driving health inflation – otherwise specialist fees and out-of-pocket costs will increase unabated.

Conclusion

In terms of broader reform, we note that the consultation paper deems several areas "out of scope":

- Broader affordability concerns
- Non-MBS eligible health care services and technologies
- Private hospital and health insurance (PHI) reforms
- Public health systems
- Broader health system reforms

We think that such exclusions undermine this consultation. The Australian healthcare system is complex, and considering any one aspect in isolation is likely to lead to unintended consequences.

While some of the potential options raised, like fee transparency, patient empowerment, or provider education, are low risk we would be wary of capping MBS fees without a fuller understanding of the issues involved in price inflation. We note that the highest variation from the median fee by speciality in out-of-hospital settings was (in order) emergency medicine, clinical genetics, and radiation oncology; this suggests that the issue may not be fees, but the grouping of what could be widely varying treatments into the same category.

Ultimately, we believe that a comprehensive independent inquiry is required to understand the factors driving health inflation as a matter of urgency and that the findings of this inquiry should be used to systematically drive down the cost of health care in Australia.

Recommendation 4: Direct the Productivity Commission to conduct a full review of the private health system, with a focus on identifying ways to address the factors driving the cost of specialist fees.

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