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Professor Bruce Robinson
Chair, MBS Review Taskforce
Medicare Reviews Unit
Department of Health
Email: MBSReviews@health.gov.au

Dear Professor Robinson

Medicare Benefits Schedule Review Taskforce Consultation Paper

National Seniors is pleased to provide a submission to the *Medicare Benefits Schedule Review Taskforce Consultation Paper.*

With around 200,000 individual fee-paying members, National Seniors is by far the country's largest organisation for the over-50s. For 40 years it has had a strong record in representing older Australians in a broad range of community, business and government environments.

We agree that the Medicare Benefits Schedule (MBS) is in need of review to ensure it aligns with latest evidence based standards for medical services and provides high quality, cost-effective and patient-focused care. Our interest is ensuring there is no reduction to the overall level of MBS funding and that the review gives appropriate consideration to the medical needs of older Australians.

Scope of review

There is an inconsistency regarding new MBS items, with the Consultation Paper indicating new items are out of scope whereas information on the review website suggesting new items would be considered. National Seniors believes the review should consider new MBS items that offer benefit to patients. Given advances in care standards and technologies that have occurred since the MBS was introduced in 1984, it is imperative that this review consider ways of modernising the MBS with new items. We request confirmation that the Review Taskforce will recommend new MBS items as well adjustments to existing items.

We support the intent of the review to identify priority areas where there may be safety concerns or clinically unnecessary service provision. We also support the review considering ways to improve data collection that would inform health service planning and establishing a process for ongoing review of the MBS so it remains current.

Identifying and prioritising items for review

The review of all MBS items (5,769 as at 1 April 2015) ahead of a Final Report by December 2016 is an enormous task and National Seniors accepts that a prioritisation process is required. However, we are concerned about how the conflicted interests of provider groups represented in the Clinical Committees will be managed during this process.

Any changes to MBS items should be based on quality medical research. National Seniors supports the involvement of clinicians to identify the priority items in need of restriction, replacement or removal. The review process must equally incorporate consumer perspectives.

National Seniors urges the Taskforce to seek meaningful input from consumers throughout the prioritisation process. The initial set of prioritised MBS items should be subject to broad consultation prior to the Taskforce commencing its "rapid review process" of those items.

The following areas are particularly important for older Australians and should guide the prioritisation process:

- enhancing those MBS items that support preventative health care, including greater frequency of access to comprehensive health assessments;
- increasing the accessibility and affordability of MBS services for patients in residential aged care facilities;
- improving access for dental examinations and treatments, recognising the link between dental health and general health;
- including home nursing, medical aids and appliances as eligible services in the MBS to support patient self-management and ageing in place; and
- improving access to allied health visits under the MBS Chronic Disease Management Plans (currently limited to five annual referrals each year).

We understand that the Primary Health Care Advisory Group will be providing advice to government by the end of 2015 on reform options for primary health care to support patients with complex and chronic illness. The Review Taskforce should give consideration to these reform options before commencing the prioritisation of MBS items for assessment.

Assess adequacy of MBS rebates and reinvest potential savings

National Seniors does not support a process that will lead to an overall reduction in MBS funding. While there is no savings target attached to this MBS review, it is inevitable that potential savings will be identified as the Review Taskforce assesses MBS items for restriction, replacement and removal.

We believe the Review Taskforce should establish a transparent process for determining the funding implications arising from the assessment of MBS items and explicitly discuss these cost impacts as part of the consultation processes.

Improving the accountability of provider charges and the adequacy of MBS rebates must be a core feature in the review process. Importantly, any savings accrued as a result of the review should be re-invested into the MBS, in order to reduce the out of pocket expenses incurred by older Australians.

Cost of living pressures remain an ongoing issue for senior Australians. Australians aged 50 and over generally report financial stress in meeting the cost of their health care. There is a strong relationship between financial stress and failure to purchase medical services and medicines, with 28 per cent of those under financial stress skipping medical tests or treatment compared to 16 per cent of those with no financial stress.[1]

Out-of-pocket expenditure increases steadily as the number of chronic conditions increased. Those with five of more chronic conditions spend $882 per quarter which is almost 6 times as much as those with no chronic conditions. For those with many chronic conditions this burden is magnified as they tend to have lower incomes, and those with five or more chronic conditions are estimated to spend 16.3 per cent of their incomes on health care costs, while those with no chronic conditions spend only 1.9 per cent of their incomes.[2]

In Australia, out-of-pocket expenses (excluding the cost of private health insurance premiums) comprise approximately 18 per cent of health spending. This is higher than the OECD median of 15.8 per cent.[3] Across 14 OECD countries, only residents of Switzerland and the USA pay more out-of-pocket for their health care.[4]

The Medicare Safety Net does not effectively protect older Australians from high out-of-pocket medical costs. This is because not all of the provider charges in excess of the schedule fee is counted towards the Medicare Safety Net threshold and many services such as dental services, home nursing and medical aids and appliances are not covered under Medicare. The Federal Government's decision to freeze MBS rebates until July 2018 will further exacerbate the health care cost pressures on older Australian's.

National Seniors urges the Review Taskforce to:

- assess the adequacy of the rebate provided for MBS items, with a particular focus on the reasonableness of provider fees that are significantly higher than the scheduled fee;
- establish a transparent methodology for determining the potential savings from changes to MBS items; and
- identify an implementation strategy to reinvest any savings to those MBS items where the level of rebate is inadequate.

Better targeted funding

National Seniors believes the Review must take a coordinated view of MBS items, recognising there are equity considerations across categories of MBS spending and that this spending does not affect everyone equally.

The Consultation Paper notes that the number of Medicare services per capita for older people is increasing at a higher rate than in other age groups. National Seniors highlights that this is largely due to the chronic health conditions of many older Australians that are more complex and require a greater intensity of care. Any change to the eligibility of a service for an MBS benefit as an outcome of this review is likely to have a disproportionate impact on older Australians.

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[1] National Seniors Productive Ageing Centre. 2012. The Health of Senior Australians and the Out-of-Pocket Healthcare Costs They Face.
[2] Ibid.
[3] Australian Institute of Health and Welfare (AIHW). Australia's Health 2012. Australia's health series no.13. Cat. no. AUS 156. Canberra: AIHW; 2012.
[4] S. Thomson, Osborn R, Squires D, Jun, M. International profiles of health care systems, 2013. New York: The Commonwealth Fund; 2013.

National Seniors urges the Review Taskforce to consider best practice options for MBS funding that incorporate the following aspects:

- support for early diagnosis and management of chronic conditions as part of quality health care for older Australians;
- greater integration of primary health care and aged care services, with coordination across multiple providers including GPs, specialists, allied health professionals and community and residential care;
- reduced out-of-pocket expenses for older Australians through improved safety nets and innovative approaches to sustain provider fees; and
- improved patient choices, with medical services eligible for MBS subsidies that align with community expectations.

National Seniors would support the Review Taskforce exploring options for restructuring MBS items, including potentially bundling items, in an effort to shift away from a fee-for-service approach to a greater reliance on multidisciplinary models of care. We see benefit in targeted funding arrangements for vulnerable categories of patients, similar to the Coordinated Veteran's Care Program that provides high quality care in a more holistic and and efficient manner.

Implementing any changes to MBS items must consider patient impacts and their capacity to pay for continued care. National Seniors is concerned that sudden changes to eligibility and/or levels of MBS benefit could adversely affect elderly patients who may have limited resources and compromised health literacy to access suitable alterantives.

We note that there will be additional opportunities to provide input and look forward to participating further as the MBS review progresses. Attached to this letter are some initial responses from our members on their experiences with the MBS.

Should you require further information about this submission, please contact Ms Suzanne Lawless, Policy Manager, on 07 3233 9108 or policy@nationalseniors.com.au

Yours faithfully

Michael O'Neill
Chief Executive

ATTACHMENT 1: Member Responses

Member A:
Last year when I had two bone fusions and graft in my right foot the preparation entailed an expensive process that yielded a 3D image of my foot bones. Initially I thought this is belt and braces but when I saw the result, wow, it demonstrated exactly what the problem was that did not show up from X-ray. I have had other doctors in other cases say they will order a procedure just because it's better and it's free. Not in this case though. The foot surgeon was more than prepared for this surgery minimizing my time in theatre as a consequence. Better for me and the system. And it has all worked out extremely well with no visible after effects like limping. My surgeon knew what he was doing and should not be constrained by Medicare in his decision making.

Member B:
I have no problems with the Medicare Benefits Schedule review, as long as it is based on medical needs not budget constraints. Tests proposed as being unnecessary appear to be those where use has increased markedly. Colonoscopies are one test listed as a target of the review. This is folly, because this is a 100% effective tool against colon cancer. Without the benefits, tests become prohibitively expensive and will deter some at-risk patients. Deaths will result due to delayed diagnosis. I acknowledge there is a problem with the increasing costs of Medicare Benefits. If the current 1.5 % levy is insufficient, increase it so we get a working health system, not a partial one that causes death. I would rather the government fund colonoscopies than boob jobs and other cosmetic surgery.

Member C:
I was very disappointed at the recent 4Corners program on medical cost wastage. The program was totally focused on the worst possible outcome for several commonly diagnosed problems. For example, it did not support procedures like prostate biopsies, although, in my husband's case, it saved his life. It presented prostatectomy as the only outcome to prostate cancer, yet this is only used when other methods such as radiation do not kill the cancer - and this treatment does not cause incontinence. A complete misrepresentation of the careful approach usually taken by urologists. Then it decried MRIs and scans for back pain - rather suggesting just taking medication for life instead. Once again, it gave spinal fusion as the only outcome for back pain - with limited success. Yet, I have suffered from back pain for decades (severe arthritis in my spine), yet I manage via radiofrequency ablation, an excellent, non-invasive way to totally eliminate pain for many years. But no mention of it, nor of the many other useful and fairly non-invasive treatments for back pain - ONCE AN MRI OR SCAN TELLS YOU EXACTLY WHAT IS CAUSING THE PAIN!

Member D:
The trend to medicate instead of operate and cure has been around for several years. Then the government has the hide to complain about overprescribing creating a cost blowout. There is also no government assistance for men and women taking hormone replacement therapies. It seems clear that if you have a problem related to ageing, the government is quite happy for you to suffer it out or die.

Member E:
I think a review of tests and procedures is a good idea - but only if it is aimed at removing non-beneficial or outdated tests and procedures! One thing that is clear is that one's long-term prognosis is greatly improved by detecting illnesses, like cancer, very early on. Also, some people need to keep a careful watch after a cancer scare to ensure that a previous cancer does not recur. This also makes good economic sense in that regular, or occasional health checks including some procedures, can

prevent much more expensive, let alone life-threatening, conditions may be avoided. My doctor made the comment recently that for those with concerns about bowel/colon cancer, a colonoscopy is the only way to be sure - bowel cancer faecal tests are apparently fairly unreliable. And the government needs to recognise that an ageing population will definitely require increasing medical costs. Early diagnostic tests save lives and money in the long term!

Member F:
I recently underwent two procedures, the colonoscopy and the endoscopy at the same time, the later on advice of the specialist who reviewed my medical history and recommended this course of action. Biopsies were taken from my stomach and remedial action taken to circumvent two evolving conditions. I consider myself lucky and would recommend this very simple process to all seniors.

Member G:
I'm really surprised that a review of the MBS has never been completed since the inception of Medicare. This is an essential task and should be ongoing compliance matter. The main obstacle is the vested interests. Medicare is simply unaffordable in its current form. Any policy to minimise the abuse and the cost of the system yet maintain support for those less fortunate should be considered.

Member H:
We need to carefully select just who makes the consideration. In no way should it be a bean counter; they have no medical expertise that is necessary to make informed judgements. If that is accepted then we end up back with medical professionals. Bean counters can highlight areas under suspicion for review. To do this properly needs an in depth understanding of what goes on in medical circles and who is responsible for what. GPs are the front line and our prime health advisors. Specialists stand behind them to deal with areas of their particular specialty. Invariably both are deeply involved. A question arises here, 'Can they make appropriate untainted judgements for our politicians to act upon?' I cannot answer that but I do know that such expertise is essential to the overall equation to make adjustments to Medicare. And any process so set up must be ongoing.

Member I:
There is certainly scope for review and appropriate adjustments as should occur with all long running programs. Any changes identified need to be discussed using the right expertise. An example near to me is the colonoscopy. I have one three yearly as part of ongoing management of my bowel cancer surgery back in 2004. My direct family were advised to do the same and some do so but not at the same cycle unless there is reason to so from the results achieved. My surgeon and oncologist consulted and determined this management program. Other than several polyps removed there have been no indicators for deeper involvement. Polyps do grow and can become cancerous just like my original situation. Medicare coverage for the rest of my life is warranted even though colonoscopies have been highlighted for further consideration. Each case must be considered on its merits.

Member J:
I think the government is being very tricky in relation to this issue, as many of the procedures they now claim are outdated are largely needed by people who are over 50. I was really incensed to hear a doctor say that it is normal for a 50-year-old's knees to appear like a train wreck. While some valid points have been made on the issue of over servicing, sometimes this occurs at the behest of patients who don't want to wait a donkey's age for diagnosis and treatment, which is understandable. However I believe that some public hospital and private sector doctors, along with pharmaceutical manufacturers and more recently health insurers, like to exploit the Medicare system for their own benefit.