

# Economics Advisory Committee Update

**Medicare, Private Insurance and the Health Consumer**

Presented by

**Dr. Mark Sinclair**  
**EAC Chair**



# Updates

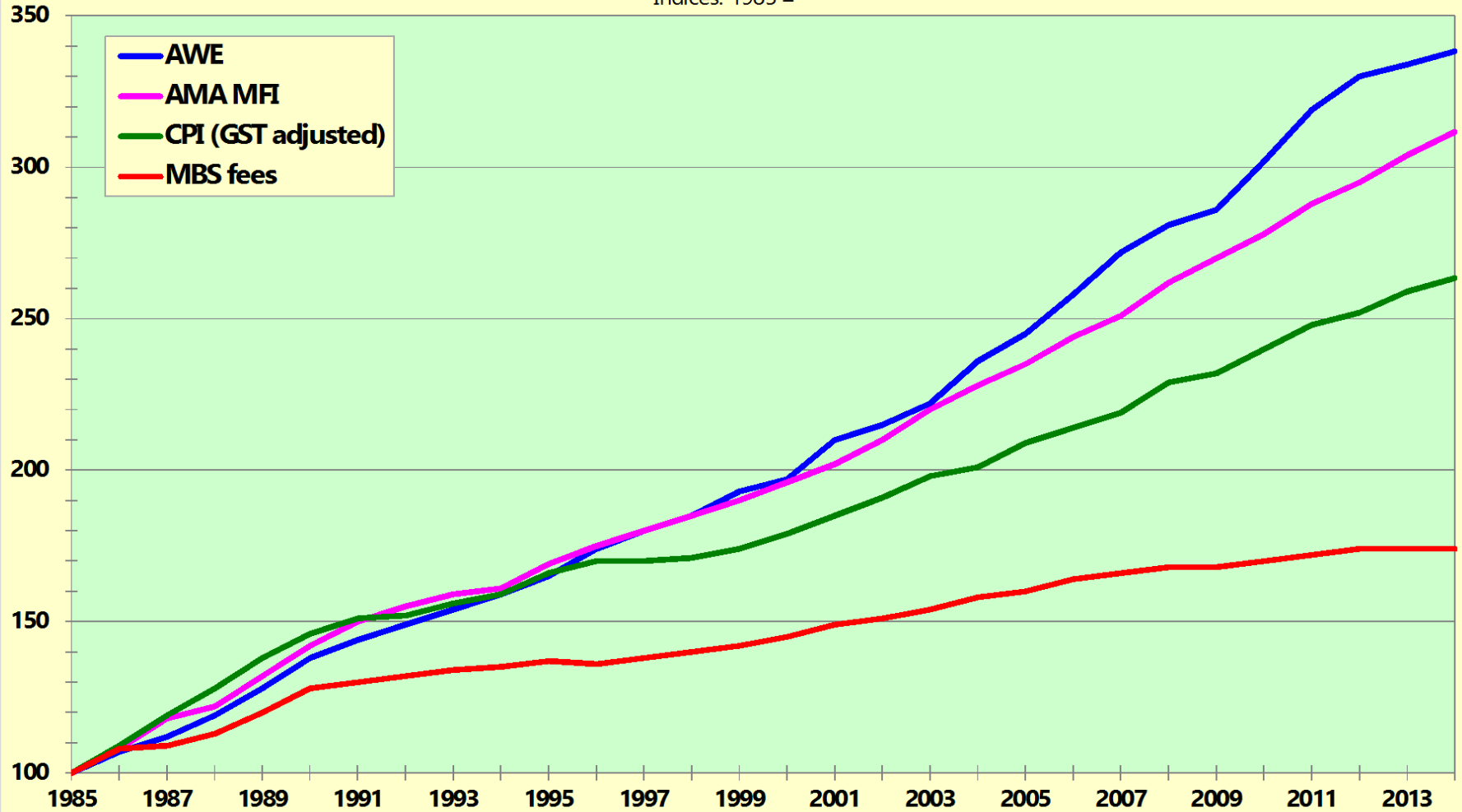
- Medicare
  - MBS Review
  - Medical Services Advisory Committee (MSAC)
- Private health insurance
  - Medibank Private
  - NIB

# Medicare

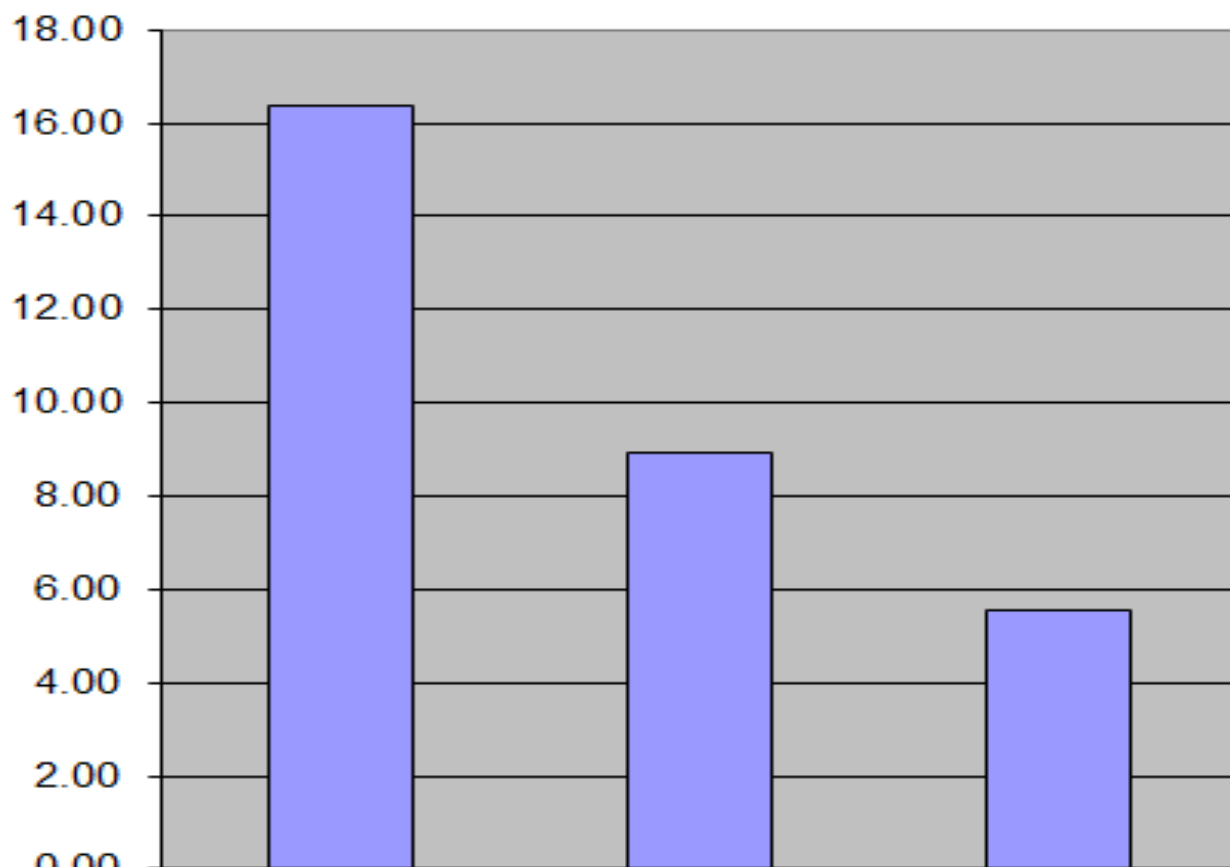
- \$21.4 billion 2015-16
- 4.5% rise 2014-15
  - “Unsustainable !!!”
- Anaesthesia \$516m
  - 2.4% of total
  - increase of 2.2% on 2014-15
  - 4.5% of registered doctors

### Indices of CPI, AWE & Medical Fees (AMA & MBS)

Indices: 1985 =



Index changes from 1973 to Nov 2014



■ Index changes from 1973 to Nov 2015

Average Weekly Earnings

Consumer Price Index

Govt "Schedule Fee" (Rebates) for Anaesthesia

16.36

8.95

5.55

# Health Insurers

- Indexation July 2016
  - NIB 0.5%
  - St Lukes 0.3%
  - AHSA January 2017
- All the rest – zero!

# PHIAC (APRA)

Quarter Ended	Zero Copayment
December 2015	86%
March 2016	76%
June 2016	76%
September 2016	?

# MBS Review

- Why?
- >30 years
- >5700 items
- Most items never assessed
- Quality, outcomes etc etc



# MBS Review

- Cost savings?
- Fee for service system?

# MBS Review

- Cost savings?
- Fee for service system?
- “Bundling”

Anaesthesia For	MBS Item	Cost	% of RVG
Upper GI Endoscopy	20740	\$45.8m	10.9%
Colonoscopy	20810	\$36.1m	8.6%
Cataract	20142	\$25.2m	6.0%
Dental	22900/22905	\$19.9m	4.7%
Caesarean	20850	\$10.8m	2.6%
Knee replacement	21402	\$8.9m	2.1%
Other intra-oral	20170	\$8.5m	
Arterial line/CVC	22020/22025	\$8.3m	
Knee arthroscopy	21382	\$7.5m	
Head (superficial/skin)	20100	\$7.5m	
PV procedures	20940	\$7.0m	
Epidural/intrathecal analgesic	22031/22036	\$7.0m	
Pressure monitoring	22012/22014	\$7.0m	
Nose/sinuses	20160	\$6.9m	

# MBS Review

- Cost savings?
- Fee for service system?
- “Bundling”
- Diagnostic & therapeutic items

# MBS Review

- Committee for each specialty
- Anaesthesia committee
- Rules & Principles committee
  - multiple items
  - consult + procedure
  - aftercare

# MBS Review

- Modernisation?
- New items
- MSAC
- So far though....

# MBS Review

- Pay attention!!

# Medibank Private

- Now for-profit
- Interested in outcomes
  - outliers
- Interested in fees and charges
  - outliers



# Medibank Private

- RACS
  - General surgery
  - ENT
  - Urology
  - Vascular
  - Orthopaedic surgery

# Medibank Private

- RACS
- ASA/ANZCA
  - formal MoU
  - analyse statistics (incl fees)
  - approach outliers

# Medibank Private

- Complications
- Hopefully sorted

# nib

- Terms and conditions re “Medigap”
  - audits
- Known Gap product?
- Whitecoat

# Whitecoat

- Online feedback
- Allied health
- Medical practitioners
- “Cherry picking”?
- False/vexatious statements
- Fees

# Whitecoat

- nib customers only
- all comments reviewed
- doctor shown comments
- “opt in”

# ACCC and PHI

- Annual report to the Senate
- Finally listening!!
- Canberra forum June 2016
  - consumer information
- Action against Medibank Private

# ACCC and PHI

- Insurers' response?
- Distraction !!
  - journalists
  - think tanks/policy institutes
- Private Healthcare Australia
  - AHIA



# Response?

# Complaints

- Fees!
- Informed financial consent
- Service worth it?
- Both

# Informed Financial Consent

- The ASA considers the 'gold standard' for IFC to be a written estimate of the anaesthesia fee (a range is acceptable) together with a reasonable indication of likely out-of-pocket expenses, provided to the patient prior to the day of the procedure along with written acceptance by the patient.

# Sinclair's Law

$$Ass_{(\text{Sinclair})} = [\text{member}].100\%$$

Where [member] = 0 or 1

# Sinclair's Law

- Exceptions
  - NSC
  - PMC

# Informed Financial Consent

- [asa.org.au](http://asa.org.au)
- Patient Information/Billing information
- News/Economic Update/IFC
  - Members only
  - FAQ
  - Example letters

[policy@asa.org.au](mailto:policy@asa.org.au)

