

**A STRONGER ECONOMY  
A STRONGER AUSTRALIA**



**THE HOWARD  
GOVERNMENT  
ELECTION 2004 POLICY**

**100% Medicare:  
Making GP services more affordable  
than ever before**



# 100% MEDICARE: MAKING GP SERVICES MORE AFFORDABLE THAN EVER BEFORE

## TABLE OF CONTENTS

---

<b>FURTHER <i>STRENGTHENING MEDICARE</i> .....</b>	<b>2</b>
<b>EFFECTS OF THE INITIATIVE .....</b>	<b>3</b>
Commencement .....	3
Labor's Alternative.....	3
<b>COSTS OF THE INITIATIVE.....</b>	<b>4</b>
<b>FACT SHEET .....</b>	<b>5</b>

## **100% MEDICARE: MAKING GP SERVICES MORE AFFORDABLE THAN EVER BEFORE**

The Howard Government will make GP services more affordable to all Australians.

From 1 January 2005, the rebate for all GP services will be increased from 85 per cent to **100 per cent** of the Medicare Schedule Fee. For a standard 15 minute surgery consultation, this would mean an additional rebate of \$4.50 a visit for the patient.

Where the service is bulk-billed, this will be paid to the doctor as well as the bulk-billing incentives of *Strengthening Medicare* where these apply.

This will apply to services provided in GPs' surgeries, after-hours, home and aged care facility visits, and services provided by GPs to their patients in a hospital.

Fees paid by the Department of Veterans' Affairs for GP services provided to eligible Veterans and war widows will increase from 100 per cent to 115 per cent of the equivalent Medicare fee plus the Veterans Access Payment. This will maintain the relativities between Medicare and Department of Veterans' Affairs fee scales.

This initiative will cost \$1.8 billion over four years.

The Howard Government is able to deliver this benefit to all Australians because competent and focussed economic management over the past 8½ years has produced a strong economy and a strong Budget. This means that health services can be made more affordable for all Australians while keeping the Budget in surplus and keeping pressure off interest rates.

## **FURTHER STRENGTHENING MEDICARE**

The Howard Government is committed to protecting and strengthening Medicare and delivering high quality, affordable health care to all Australians.

This initiative builds on the Government's Strengthening Medicare strategy announced earlier this year. This strategy delivers:

- The new Medicare Safety Net that has brought greater peace of mind to all Australians and substantial new benefits already for thousands of Australian families;
- Targeted incentives to encourage GPs to bulk-bill children under 16 and concession cardholders; and

- Measures to ensure that the Australian health workforce remains capable of meeting community needs as our population grows and ages.

## **EFFECTS OF THE INITIATIVE**

All patients will benefit from this measure. GPs are more likely to bulk bill as a result of the higher rebate. And where GPs do not bulk bill, patients will have lower out-of-pocket costs after they receive the higher rebate.

Where doctors choose to bulk bill, the increase in the rebate represents an increase of around 15 per cent in income from Medicare consultations.

While bulk-billing remains a matter of choice for each GP, this initiative will mean that he or she will have a greater freedom to make that choice.

## **COMMENCEMENT**

The new rebate will commence on 1 January 2005, subject to passage of legislation to be introduced into the Parliament immediately after the election to make the necessary changes to the *Health Insurance Act* and related legislation.

## **LABOR'S ALTERNATIVE**

Labor has only offered higher rebates where GPs bulk bill. This means that, where GPs choose not to bulk bill, patients get no additional benefit. This undermines the fundamental Medicare principle of universal access to the Medicare rebate.

## COSTS OF THE INITIATIVE:

<b>INCREASE IN MEDICARE REBATE</b>					
<b>Policy Measure</b>	<b>2004-05</b>	<b>2005-06</b>	<b>2006-07</b>	<b>2007-08</b>	<b>Total</b>
Increase in Medicare Rebate to 100% of the MBS fee	204.3	505.2	503.6	504.5	<b>1717.6</b>
Increase in rebate paid to Veterans under the LMO schedule to 115%	10.5	22.5	24.1	25.9	<b>83.0</b>
Implementation cost for the Health Insurance Commission	0.6	0.0	0.0	0.0	<b>0.6</b>
<b>TOTAL</b>	<b>215.4</b>	<b>527.7</b>	<b>527.7</b>	<b>530.4</b>	<b>1801.2</b>

# FACT SHEET

## 100% MEDICARE: MAKING GP SERVICES MORE AFFORDABLE

### THE INITIATIVE

From 1 January 2005:

- Medicare will pay **100 per cent** of the fee as a rebate for GP visits instead of 85 per cent of the fee.
- Fees payable for general practitioner consultations and procedures provided to eligible Veterans and war widows by GPs and Local Medical Officers will increase to 115 per cent of the Medicare Fee plus the Veterans Access Payment.

### *How the initiatives will work*

- Medicare currently pays **85 per cent** of the MBS Schedule fee for out-of-hospital services. From 1 January 2005 Medicare rebates for GP services provided by GPs will be set at **100 per cent** of the MBS fees for those services.
- This will apply to all rebates for GP services provided by GPs.
- Vocationally and non-vocationally registered GPs will be eligible.
- It will include consultations in the doctor's surgery (regardless of length), home visits, and consultations in residential aged care facilities and hospitals where the patient is not admitted.
- The higher MBS payment will be **in addition** to the Howard Government's bulk-billing incentives for concession cardholders and children under 16 (\$5 in metropolitan and \$7.50 in designated outer metropolitan, rural, regional and remote areas).
- GP entitlements under other Commonwealth Government schemes – notably the Practice Incentives Programme – will **not** be affected.
- GPs providing services as Local Medical Officers to the Department of Veterans' Affairs will now be entitled to remuneration at 115 per cent of the Medicare fee plus the Veterans Access Payment.

### BENEFITS OF THE INITIATIVE

#### Patients

- By increasing the level of rebate to **100 per cent** of the Schedule fee, more services are likely to be bulk-billed, over and above the incentives already offered to GPs through *Strengthening Medicare*.

- Out-of-pocket expenses to patients who are not bulk-billed should fall, as the higher rebate would be paid to patients.
- The access of Veterans to GP services paid at a higher fee through the Department of Veterans' Affairs will not be affected, nor will related Veterans Access Payments for those services.
- This will complement the protection for patients already available through the new Medicare Safety Net.

### Doctors

- GP's base Medicare-fee incomes for GP services effectively will increase by around **15 per cent** for a vocationally-registered GP.
- GPs can increase their Medicare incomes still further if they also take up the Government's \$5 and \$7.50 bulk-billing incentives for children under 16 and concession cardholders.
- GPs' eligibility for these incentives and other payments from the Commonwealth will not be affected by this initiative.
- While bulk-billing remains the choice of individual doctors, GPs will be more able to maintain their incomes while passing on lower out-of-pocket costs to the patients.
- The relativities between the Medicare and Veterans' fees also will be maintained.

### **Cost**

These initiatives will be implemented at a cost of \$1.8 billion over four years. This includes both increased Medicare and Veterans' benefits.

They are fully funded, and will be included in the Howard Government's Pre-Election Fiscal and Economic Outlook.

### **Implementation**

A returned Howard Government will have a mandate to implement this important initiative from 1 January 2005.

Amendments to the *Health Insurance Act* and related legislation will be required to implement the new levels of GP rebate. Administration arrangements will also be made by the Health Insurance Commission to ensure that GPs receive immediate benefits from 1 January.

A returned Howard Government will introduce the necessary legislation into the Parliament as soon as it resumes after the election.