PRIVATE HEALTH INSURANCE, GAP COVER

Grievance

MR D'ORAZIO (Ballajura) [10.03 am]: My grievance is to the Minister for Health on private health insurance, particularly gap cover. I did not raise this matter previously in this Parliament, because I did not want to create a political football with private health insurance versus the public health system. However, I will highlight the experience of a constituent in my electorate for a number of reasons. I intend to use what happened to one of my constituents as an example to illustrate the problem. In April this year Maria Haynes, who is the deputy mayor of the City of Swan, a justice of the peace and a strong community member had an unfortunate accident in the industrial area of Malaga, when she slipped and fell and injured her shoulder. There was no great drama; it was a common enough accident. She went to her doctor who recommended x-rays. They showed that nothing was broken, so the doctor recommended physiotherapy. She had physiotherapy for three weeks, but the pain worsened. She went back to her doctor, and an ultrasound showed torn ligaments in her shoulder. Her family doctor advised her to see a specialist, and she made an appointment. This person has been a member of the Hospital Benefit Fund of WA for 31 years and has paid the top premium for private medical cover that includes the gap cover. She was advised to see a surgeon and saw a specialist on 1 June. The specialist told her that she required surgery, which is when the fun and games started. She was informed by the specialist that in May HBF had withdrawn his name from the list of approved specialists to do surgery. This was the month before her operation was scheduled. Therefore, if she wanted to proceed with the surgery she either would have to pay the gap or seek a new specialist. She had two options: go back to her doctor for another referral and incur the expense of seeing another specialist for an initial consultation and go ahead with the surgery, or go to the public hospital system. Either way there would be a charge on the public hospital system and the national health system - the Medicare system - or she would have to pay the money herself and argue with HBF. She chose to have the surgery and it was performed on 16 June. The doctor suggested it be done quickly as she was in severe pain. Two weeks later she underwent surgery, and was $400 out of pocket.

Members may ask why a member of Parliament is raising this issue of $400 in this place. It is because it involves a very important principle. When this was brought to my attention I queried HBF on why this surgeon had been taken off the list. The Medicare scheduled fee for a shoulder reconstruction is $549. The HBF benefit for a private patient is $732.95 and the gap is $400-odd. Prior to May the surgeon was charging $1 128; however, in June his fee increased to $1 142 The surgeon had increased his fee by $13 and the Hospital Benefit Fund removed this surgeon from its list of approved surgeons, thereby ridding itself of a liability for gap cover for a person who had been with HBF for 31 years. Members may say that this is a private insurance contract and that is the sort of thing one needs to consider when taking out a policy, and that may be so. However, the federal Government, through the public health system, subsidises private health insurance in the amount of $1 billion - that is, the 30 per cent rebate for private health cover. Therefore, a public interest component must be involved in this decision.

On going back to the surgeon and HBF, the fund indicated it was not willing to vary its requirements even though it involved a long-time member who had not made many claims over her 31-year membership. In the end she had to pay the difference. I bring this to the attention of the Parliament and the minister, because this area needs to be looked at urgently. If that doctor performed only eight equivalent procedures a week, at $400 for each of those procedures, the health insurance fund has got out of paying $200 000 a year. If that involved 10 doctors, and I multiply that by 10, the amount would be $2 million; if it involved 100 doctors, it would be $20 million; and for 1 000 doctors it would be $200 million a year. It is a rort and needs to be corrected.

There is no incentive for the private funds to keep doctors on the approved list. If people pay gap insurance and are subsidised by the federal Government to the tune of $1 billion, or 30 per cent, some gap payment must be paid. This patient offered to pay the $13 increase for his shoulder reconstruction, the cost of which increased from June this year, but was again refused. The doctor was removed from the list and told that he was not eligible. There must be a provision for people who pay gap insurance to have the gap payment paid even if they have a maximum cover of X, Y, or Z. The gap payment must be paid, and it is a decision to be made not only by the health fund, but also by the Government, because it contributes a heap of money. Importantly, if the gap payment were not paid, it would do two other things. First, if a patient went to the state hospital system and received free treatment, that would put more pressure on the public health system and it would increase waiting lists. Secondly, and more importantly, it would waste resources that could otherwise be put into the public health system. If we are to encourage people to use private health insurance, these things must be identified and prevented from happening. Either the patient or the State must pay.

MR KUCERA (Yokine - Minister for Health) [10.10 am]: I thank the member for Ballajura for raising this issue. I note the concern he has not only for his constituent but also for the entire health system across Australia.

The problem with gap insurance across Australia is the difference between what the health insurance companies are prepared to pay, what doctors charge and the rebate paid for by the federal Government.

Doctors can set their fees at any level. There is no set fee for doctors, whether they are general practitioners or specialists practising in any area of medicine. Very few medical specialists now bulk-bill; indeed, very few doctors across this State bulk-bill. I will table a letter that I received recently from the Health Consumers' Council that concerns this issue. It refers to doctors in Geraldton, where the cost of a standard general practitioner consultation is $47 and no bulk-billing is available at any practice other than the Aboriginal medical service. I will take this opportunity to pay tribute to the Aboriginal medical services across this State. Despite the battering they take and despite the out-and-out prejudiced way some people talk about the way they supply their services, they are among the few services in rural areas, particularly in the Kimberley, that bulk-bill and allow the less fortunate people in rural areas to access health services. The member for Ballajura raised a good point. Generally, patients do not have the knowledge of a specialist's fees until after they have been referred by their GP to that specialist. At times, those patients are in need of urgent specialist care; therefore, they are not in a position to query or shop around for either their general practitioner's or their own choice of specialist, one who perhaps charges reasonable fees and whose fees are fully covered by their no-gap insurance cover. The person in the street is at the mercy of the current power plays between the federal Government's program, the specialists and, importantly, in many instances the hospital benefit funds in this State.

People in this State face an added problem. The $1 billion to which the member referred that has been pumped into the private health industry by the federal Government is great for people who live in Sydney or in the western suburbs of Perth. However, it is of little use to people who live in rural areas that do not have private services. Currently, Western Australia accesses only $25 of the money that is made eligible, while New South Wales and Victoria access $38. Western Australia is already behind the eight ball under this system, which prefers the private hospital system to the public health system. It is difficult for the person in the street to get a fair deal in this situation.

Private patients who receive medical services in a private hospital face these important situations. Medical fees are set at the discretion of the doctor. The fee can be more than twice that set by the commonwealth medical benefit scheme. The medical rebate is 75 per cent of the CMBS fee. The person's health fund is required to rebate the remaining 25 per cent of the CMBS fee, which is fine. However, if the doctor's fee is well above that - in most instances it is - the gap kicks in. The health fund may provide gap insurance, which is the difference between the fee charged by the doctor and the CMBS fee. However, it is up to the health fund to set its own conditions for no-gap cover. Until recently, that was illegal under the agreements with the federal Government, but at least that has changed. This means that health funds will generally place a cap on the size of the gap that they will cover. Presently, members of Western Australia's largest health fund are caught up in a dispute between significant numbers of medical specialists and the fund itself. The fund is arguing with the specialists over the level of fees they set and the amount of the gap the funds will rebate. Unfortunately, the poor patient who needs the reconstruction is caught in the middle.

Health insurance is not a state responsibility, and it never has been, but I am not about passing the buck. The only way we will get anywhere with health in this country is through a partnership. At this stage, I do not know who the next federal health minister will be. Whoever it is, I can assure the member for Ballajura's constituents and this State that I, and no doubt all the other state health ministers, will seek urgent meetings with the minister. It is hard to know the rights and wrongs of the current situation. At the end of the day, the problem for the State is that if people believe that private health insurance is a rort, they will drop out of it. If that happens, more and more pressure will be brought to bear on the city hospitals, where patients can at least have an opportunity to use the private system. In turn, that will put pressure on rural hospitals. We are already dealing with the issue of people who live in those areas not having access to those services.

I am as concerned as the member for Ballajura is about this current process. The federal Government should support the kinds of services that the disadvantaged people throughout the State do not have. There is a need for a partnership and I sincerely hope that the new federal health minister is prepared to negotiate with the States and deal logically and sensibly with this issue, which is causing problems not only for the member for Ballajura's constituent, but also for constituents around Australia.

[See paper No 912.]

The ACTING SPEAKER (Mrs Hodson-Thomas): Grievances noted.