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What do specialists charge their poorest patients?

Hugo Wilcken and Paul Smith | 3 March, 2016 | 29 comments Read Later

Specialists are charging low-income patients \$26 less for an initial consult compared with their wealthiest patients, Australian economists say.

The discounts vary substantially between specialties, with neurosurgeons charging their higher-income patients \$53 more.

Dermatologists and ENT specialists also discriminate highly according to income (see table below).

The researchers from the University of Technology Sydney (UTS) called their paper *Bleeding Hearts, Profiteers or Both?* and concluded their findings were "consistent with profit maximisation behaviour by specialists".

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Their study only looked at specialists who saw both low- and high-income patients and therefore had the opportunity to discriminate between the two patient groups.

Average initial consult fee (MBS item 104) for high- and low-income patients by speciality			
Specialty	High-income patients	Low-income patients	Average fee gap
Neurosurgery	\$206	\$153	\$53
Dermatology	\$145	\$108	\$37
General surgery	\$136	\$106	\$30
Urology	\$153	\$125	\$28
Ophthalmology	\$134	\$107	\$27
Obstetrics & Gynaecology	\$149	\$125	\$24
Plastic surgery	\$143	\$126	\$17
Cardio-thoracic surgery	\$140	\$118	\$22
Orthopaedic surgery	\$150	\$132	\$18

About 80% of specialists charge their high-income patients more, and around 20% of specialists charge them an average \$50 more.

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Specialists also tend to congregate in high-income areas, with only 10% located in areas of economic disadvantage.

The UTS researchers say specialists are using patients' age, private health insurance status and employment status to work out how much they think they can charge them.

However, the study defined high-income patients as those with a household income in the top 25% (ie, more than \$70,000 a year).

Low-income patients — the bottom 25% — had a household income of less than \$20,000.

The researchers concluded: "Our findings are consistent with profit maximisation behaviour among specialists, given that low-income patients are more price sensitive than their wealthier counterparts.

"That said, the results are also consistent with notions of fairness where specialists charge lower fees to those on low incomes.

"However, despite the presence of discounted specialists' fees to low-income patients, out of pocket costs remain substantial when compared with other healthcare providers such as GPs."

More information:

Health Economics 2016; online.

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I think this is an ethical minefield that is likely to blow up into our face at some stage if we don't actively put some fairness into it.

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