Out in the cold: MBS freeze hits today

Paul Smith  |  1 July, 2015  |  8 comments  |  Read Later

The Medicare freeze hits patients on Wednesday under the Federal Government’s one surviving policy from the political wreckage of its botched co-payment plan.

Rebates for about 5000 MBS items — for GPs and the other medical specialties — were due to increase at the beginning of the new financial year.

But in line with last year’s federal budget pledge, indexation will be frozen every year until 2018.

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Based on the government’s own estimates, the move will strip about $1.3 billion from GP funding, according to last week’s interim report by the Senate Select Committee on Health.

Researchers have also calculated it will see a loss of about $30,000 in the value of Medicare revenue for each GP in 2018 alone.

There remains questions about the survival of some general practices, particularly those in Indigenous communities and deprived parts of Australia where GPs will struggle to charge co-payments to cover the losses.

Tasmanian GP Dr James Wilson told the Senate committee that the government was sending a message to young doctors to stay away from general practice.

“As to the cuts, the freeze, I am not quite sure that came from a medical think tank. [It] basically says to someone who is young and up-and-coming: ‘Either get out of or do not go into general practice.’

“I think that the Australian system — and it is not perfect — is, in general, a wonderful thing.

“But as to tearing away at the basis of … general practice, which is a recognised value-for-money proposition, these changes do not sit well with me as a GP.”

The AMA, which is fighting the freeze said, that while Medicare rebate indexation remained at zero, CPI is 1.3%, the Wage Price Index is 2.3%. It also claimed the Australian Bureau of Statistics is reporting an increase in hospital and medical costs of 6.5%.
Federal Health Minister Sussan Ley has insisted the freeze will remain no longer than necessary, telling Australian Doctor in May that “it was not in our interest to freeze those rebates, to have them falling over time”.

She suggested that doctors could continue to bulk-bill the poor by charging wealthier patients more.

“In that way, the costs patients pay are socialised in a sensible way across the practice’s population, and I think that works and that allows the continuation of bulk-billing to those that are vulnerable.”

### MBS REBATE FREEZE FACTS

- The current rebate freeze covers all MBS items and will run until July 2018.
- It applies to the entire Australian population — about 23 million patients — with no exemptions for pensioners, healthcare card holders or children under 16.
- From next month to July 2018, the real value of a GP consultation item will be reduced by an average of 6.8%.
- On average, GPs will face a $30,000 reduction in the value of their Medicare revenue in 2017/18.
- The last time all MBS rebates were increased was November 2012, however, GP attendance items were indexed by 2% in July 2014.
- The freeze began under the previous Labor Government. It ran for eight months, costing general practice more than $600 million, before being extended under the Coalition Government.
- Senior Department of Health officials have said the effects of the freeze will be permanent and the current value of rebates will not be restored when the freeze ends in 2018.

More information:

Senate Select Committee on Health interim report

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