



Australian Health Care Reform Alliance

C/- PO Box 280 Deakin West ACT 2600 ABN 64 051 645 674
www.healthreform.org.au

The elephant in the room



AHCRA has been talking a lot about out-of-pocket health care costs (OOPs) lately because we believe that they are one of the biggest barriers to improving the fairness and efficiency of our health system. OOPs are a complex problem but one of the underlying factors which needs to be considered in relation to medical OOPs is the ability of doctors to set their own fees.

Peter Sivey, an associate professor of economics at RMIT University, wrote [a thought-provoking piece on medical costs](#) in The Conversation which addresses this issue. In it he argues that we need to recognise the fact that Australia is an outlier in allowing doctors “unfettered freedom” to set their own fees. He describes how in other countries where doctors receive fee-for-service payments, such as France and Canada, they don’t have the freedom to charge as they like. In fact, Australia has been identified as the only country in the OECD that allows doctors complete price freedom.

Sivey suggests introducing “schedule fee incentives” for specialists, similar to existing GP bulkbilling incentives, which pay an extra Medicare rebate if the total fee is within an acceptable range. For example, specialists could be paid an extra \$10 if their total fee is no more than 10 per cent higher than the schedule fee.

AHCRA supports a broad discussion on OOPs and the development of a comprehensive policy which addresses the equity and efficiency problems they cause within our health system. This needs to include debate on whether doctors should have the right to provide Medicare-funded services regardless of the level of their fees.

21 November 2018

www.healthreform.org.au