

## **MBS and the rising cost of health care**

General Practices in Australia are registered as small private businesses. General Practices, therefore, have always had the ability to set fees and wages based on current Consumer and Wage Price indices.

Medicare is a government insurance scheme that was implemented in 1984 to provide patients with financial assistance when accessing healthcare provided by GPs, public hospitals, and other healthcare providers

Medicare sets the amount that the government contributes when patients see a healthcare provider through the Medicare Benefits Schedule (MBS). The MBS rebate amount is raised each year in accordance with the government's own Wage Price Index. This approach has long been criticised for failing to keep pace with inflation in the health sector.

Between 2010 and 2020, Medicare rebates have increased by an average of approximately 1% per year. The cost of running a General Practice, on the other hand, has been rising on average by around 3% each year.

Compounding this lag, the yearly increase in MBS rebates for General Practice consults were frozen for 5 years from 2013 until July 2018 as a cost-cutting measure by the government.

This means that currently the gap between the AMA-recommended fee (commensurate to the current Consumer Price Index) and the Medicare rebate for a standard GP-consult stands at around \$47. With this gap increasing year-on-year, the ability of General Practices to continue to absorb these costs has become untenable.

As such, many Practices are now making the difficult decision to shift to either a mixed or private-billing model. Very few Practices remain entirely bulk-billing.

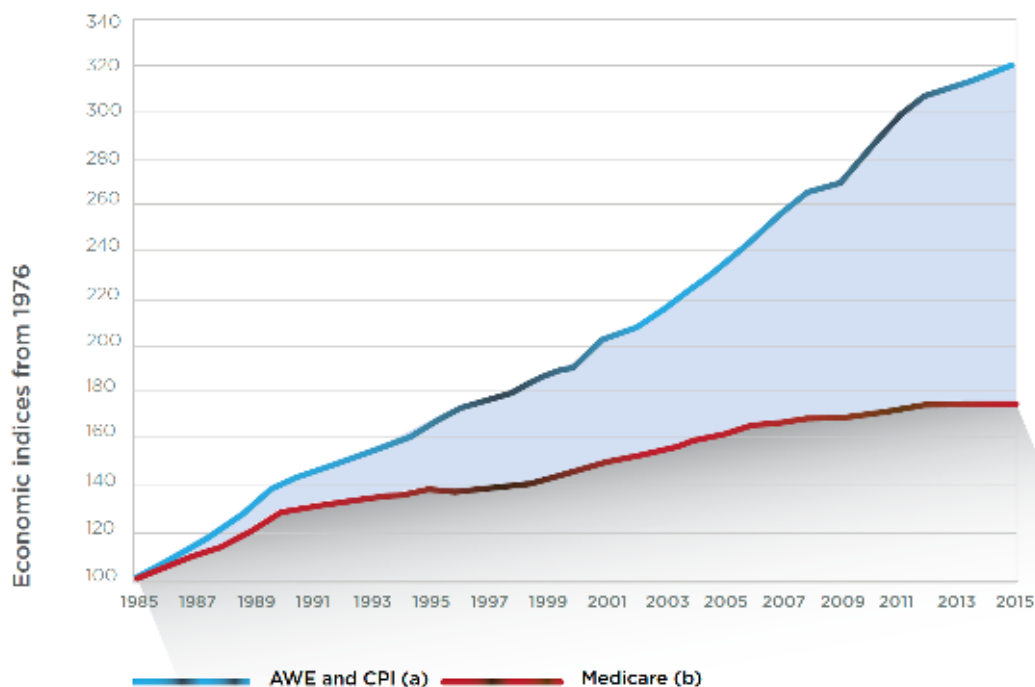
Myhealth Potts Point made the decision to transition to a full private-billing model on the 1<sup>st</sup> of July 2022 following the government's decision to increase the MBS rebate for a standard GP-consult by just 65cents. This decision was made so that the Practice can continue to provide the same standard and level of care that we have always provided for our patients.

Our health system is over-due for significant reforms, and GPs have long advocated for reforms that ensure a more robust, better-funded Medicare system

which provides equitable access for patients, and in particular for the most vulnerable.

There are unfortunately no quick-fixes, and no perfect solutions as healthcare reforms take time and “extra” ordinary political will. With the one constant that can never be compromised being standard of care, the private billing model is, for now, the “less imperfect” of all the imperfect interim solutions.

## Why is there a gap?



- (a) Index comprising of Average Weekly Earnings and Consumer Price Index (70:30) reflecting the average cost structures in medical practices.
- (b) Index of Medicare fees as determined by the Commonwealth Government.