



Caring for our health?

**A report card on the Australian Government's
performance on health care**

A report by state and territory health ministers
June 2007

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The background features a series of thin, light blue lines that converge from the top left towards the center. Interspersed among these lines are several small dollar sign symbols (\$) in both blue and brown colors. The overall aesthetic is clean and modern, suggesting a focus on data and finance.

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Caring for our health?



Foreword

The Australian Government spends nearly \$42 billion a year on health care. That's a lot of your money.

It supports, subsidises and pays for vital elements of the health system – general practitioners, specialists, medicines, public hospitals, private hospitals, aged care, the education of doctors and nurses ... it's a long list. The Australian Government also subsidises, to a large and growing extent, private health insurance.

But where does all this taxpayers' money go?

Caring for our health? A report card on the Australian Government's performance on health care presents a snapshot on major national health funding in an easy to understand format. This report details for the first time where Canberra is spending your money. It focuses on Medicare, general practitioners, specialists, medicines, public hospitals, private health insurance and explores health funding needs into the future. It examines whether recent changes in Australian Government policy are directing money where it is most needed. Most of the information is national – there may be some variations in different parts of Australia.

We, the eight state and territory health ministers, have produced this report to keep Australians fully informed. We believe all governments should be open, transparent and accountable with taxpayer's money. We stand committed to transparency and accountability about our own performance, and to working with the Australian Government to improve the system as a whole. We believe that the more governments are open and accountable the more effective they are. This also applies to your health system. We also believe the Australian Government should have released this information already. It has not. So we will.



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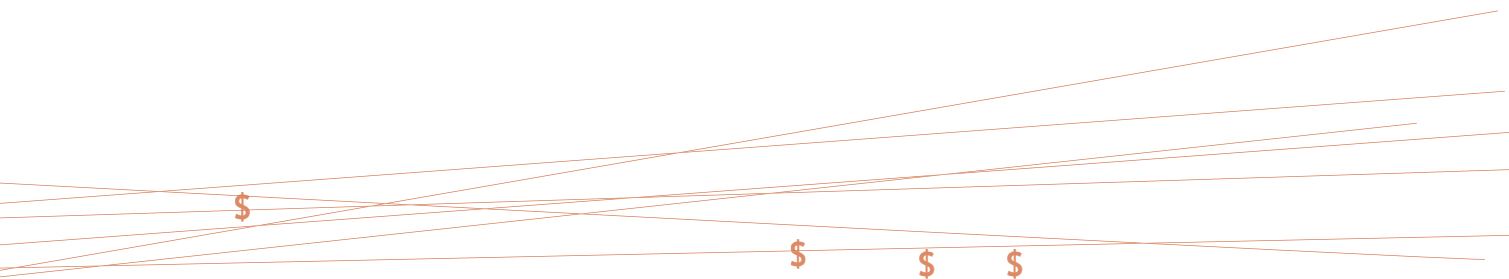
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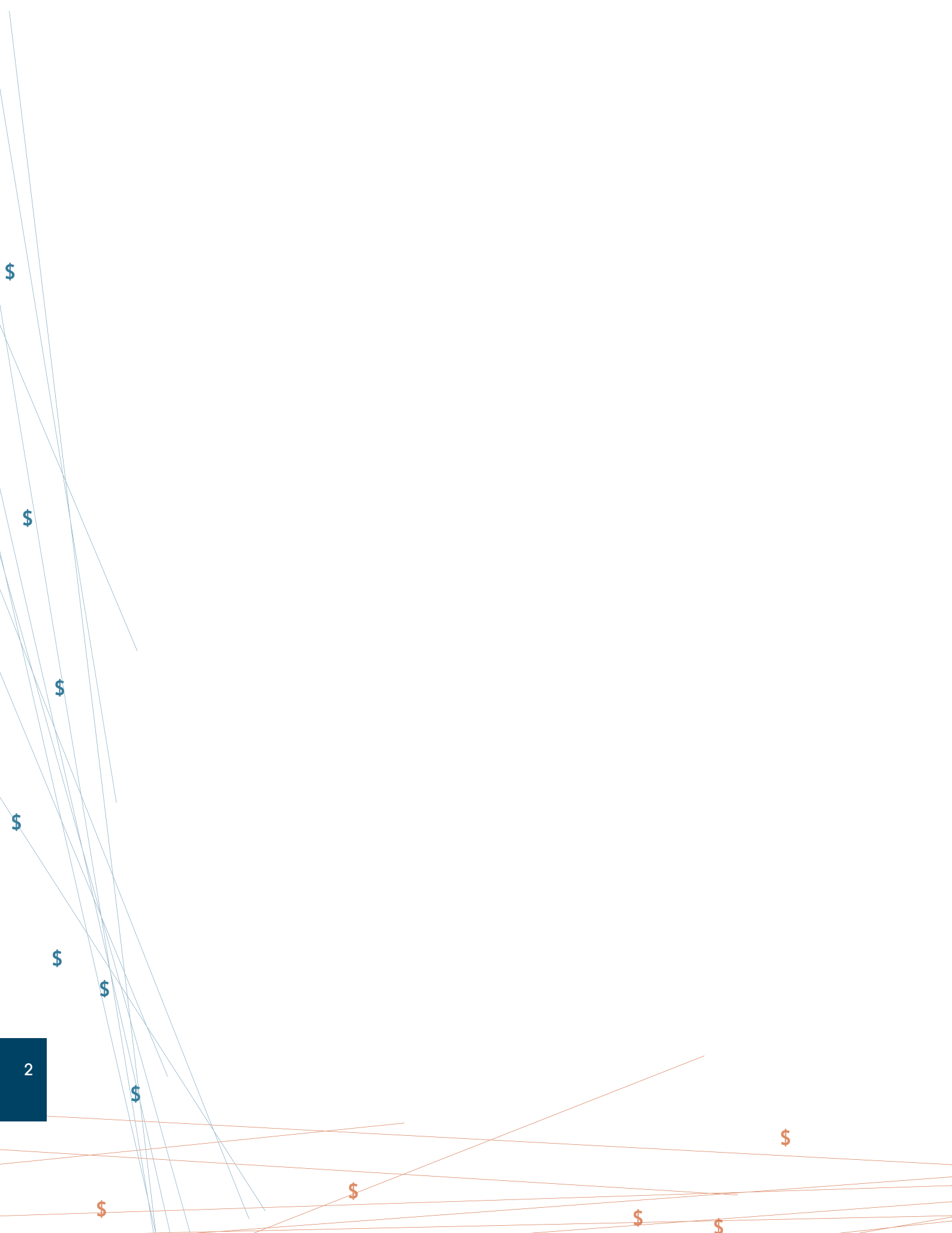
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Summary

- People find it harder to see a GP than 10 years ago. There are not enough GPs to deal with the growth in population and they are concentrated in major cities.
- The cost of seeing a GP has risen over the past 10 years, as the Australian Government's schedule fees have not kept pace with inflation and fewer GPs bulkbill.
- Specialists are highly concentrated in cities, and many rural people have difficulty seeing them.
- The cost of seeing a specialist is rising. Bulkbilling rates for specialists working in private practice are low and falling.
- The Australian public have almost no information on the cost of private specialist services in private hospitals.
- Australian public hospitals are seeing significant increases in patient numbers. Between 1999/00 and 2004/05 inpatient admissions increased by around 10% from 3.88 million to 4.28 million.
- The Australian Government is paying a smaller and smaller share of public hospital costs each year. In 2000 it contributed 50% of the cost of running and maintaining public hospitals. In 2005 that share had dropped to 45%.
- The Australian Government is now paying about \$1.1 billion a year less than recommended by an independent arbiter. If it paid the full amount recommended, public hospitals around the country could manage an extra 350,000 admissions a year.
- If the trend continues, then in 20 years' time the Australian Government's share of public hospital funding will have declined to about 25%, and the states' and territories' share will have risen to about 75%. This would affect the states' and territories' ability to look after other essential services such as schools, police, public transport and roads.

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- The cost of the Pharmaceutical Benefits Scheme is rising rapidly. The rising costs are being shared by the Australian Government, by state and territory governments and by individuals.
- The number of scripts being filled has fallen in the past year. This is due partly to the Australian Government's decision to increase out-of-pocket costs for prescription medicines.
- The private health system is not always complementary to the public health system – recent changes have made it more attractive to younger and healthier people in preference to older people. These changes have done little to reduce pressure on the public hospital system.
- The private health insurance premium rebates cost taxpayers more than \$3 billion last year.
- The Australian health workforce is ageing, which raises serious questions about how health services are to be provided in the future.
- The Australian health workforce is also concentrated in cities, which means people living in rural areas often have trouble getting health care.
- The costs of health care for the average person are rising rapidly. Overall, even after taking inflation into account, people are spending over 5% a year more on health care.
- Health care is becoming more expensive, and more of it will be needed as the population ages. The health system was designed for people with short-term illness, yet most of its effort is now spent looking after people with chronic, long-term illnesses. On top of this, the shortage of health professionals is likely to get worse.
- Is the Australian Government doing enough to care for our health, both now and in the future?