COMMENT

REFORM OF HEALTH SERVICES

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The impact of the Fraser government on health policy between 1975-1983 was to see repeated and confusing changes to the health insurance system, approximately 1.5 million Australians without any form of health insurance cover, primacy of the user pays mentality and other forms of victim blaming, and government acclamation for the supposed equity principle behind a multi-tiered health care system.[1]

The "free market" advocates conveniently ignored such market aberrations as physician-induced demand in the context of physician oversupply, less than perfect consumer knowledge and lack of homogeneity of the services offered. Despite a wealth of evidence to the contrary, it was also argued that privatisation of health care would contain cost escalation in the health care sector.[2,3]

On the other hand, the A.L.P. Health Policy (probably the most radical aspect of its 1983 electoral platform) embodies some of the principles supported by health care reformist groups in Australia.[4] It supports expansion of public sector health delivery and broadening of the base of control and administration of both hospital and primary care facilities to incorporate community as well as staff representation. There is a commitment to safeguard the civil liberties and dignity of patients, all too often neglected in health care systems dominated by doctors.[5]

The introduction of Medicare on February 1 1984 was the third attempt by a Federal Labor administration to initiate structural reform of the health care sector. In 1943, with the support of the National Health and Medical Research Council, the Curtin Government had planned to introduce a full-time salaried health service to be administered by the Commonwealth Department of Health.[6] As was the case with the Whitlam Government Medibank, reform was stifled by opposition (which stopped short of industrial action) from conservative doctors' associations.

Given the historical context and the financial interest and professional kudos vested in the fee-for-service system, it is not surprising that the latest attempt (albeit an unambitious one) to diminish the hegemony of the medical profession has met with a ruthless campaign of opposition. This despite the fact that Medicare underwrites fee-for-service practice, and given public statements by the Health Minister and the Prime Minister declaring the value of the private sector.

The conservative medico-political organisations have predicted the imminent nationalisation of health care delivery in Australia, with the supposed attendant problems of mediocrity, long waiting lists and disruption of the doctor/patient relationship. Doctors, concerned about the possibility of diminished professional autonomy, have solicited public sympathy for the ruinous financial plight which has allegedly befallen them since the

introduction of Medicare.[7] The medical profession responded with similar arguments in Australia in 1943 and in 1975, and in England in 1948 prior to the introduction of the National Health Service. However, their contemporary paranoid war-mongering, with all its intransigence and public deception, marks a new chapter in the marketing of public relations even for the conservative forces in Australia.

It is difficult to gauge whether the public perception of Medicare has been adversely affected by the medical profession's campaign against it. The media have certainly reacted favourably to Medicare and have been moderately sympathetic to the Federal Government whenever disputes have arisen. Moreover, a recent Morgan Gallup Poll indicated that 57% of the survey sample of the electorate preferred Medicare to previous systems of health insurance cover.[8] Such a result indicates that Medicare is one of the most popular initiatives ever introduced by an Australian government.

In an environment which seems receptive to change, the Federal Government has been reluctant to act positively against the extreme demands of the medical profession. The most acrimonious dispute between doctors and the Federal Government has been the so-called "Section 17 Dispute", which centred around the Federal Health Minister's powers under the Health Insurance Act 1983 to unilaterally determine the conditions under which specialists contracted their services to puclic hospitals.

The Penington Inquiry was commissioned by the Federal Health Minister in order to provide a resolution to that dispute and to make recommendations regarding rights of private practice for specialists attending public hospitals. The Federal A.M.A. and the Federal Government entered a joint submission to the Inquiry. Its interim findings were published in late July.

Unfortunately, too many of the underlying assumptions in the Penington Report are manifest integrally in the conservative attack on Medicare. Thus, the Report's major obsession is with income maintenance. It is steeped in flagrant elitism and it remonstrates against any attempts to diminish the medical profession's dominance over the health care sector.

There are a number of other developments in health care policy which do not auger well for further reform, or in the longer term for health policy when Labor's electoral fortunes change.

Firstly, it is expected that the Federal Labor Caucus Committee on Community Health will recommend that community health centres should offer paramedical and not medical services.[9] Thus, a valuable opportunity to effect a significant alteration in medical remuneration towards salaries seems likely to be lost. Secondly, there have been suggestions that fee-for-service charges may be introduced to replace sessional payments in New South Wales.[10] While it would seem a remote possibility that this rather retrograde measure will be implemented, the suggestion is significant in that it indicates the sort of conservative policy options that are under consideration.

One of the principal features of Medicare, direct billing, has yet to become a significant component of doctor payment in Australia. While 48% of medical services are direct billed, this reflects the disproportionate

number of services provided to pensioners rather than a more generalised trend.[11] Clearly, widespread bulk billing would create difficulties for a future Liberal Government attempting to dismantle Medicare. Tactically, it seems likely that increasing the Medicare rebate to 95%, or perhaps 100%, of the schedule fee (costing $100M - $150M as a "one off" measure) would be a potent stimulus to increase direct billing due to enhanced financial incentives for the medical profession and increased consumer pressure. Aneurin Bevin successfully used the strategy of "choking their (the medical profession's) mouths with gold" in introducing the British National Health Service. The Federal Labor Government seems to lack any palpable appreciation of the advantages of adopting a similar strategic position in this regard.

In summary, unless a major change of direction occurs in government policy, there is an uncertain outlook for continuing reform beyond the changes introduced with Medicare.

The implications for structural change in other sectors of the economy need to be assessed in terms of the Governments's performance in health care reform. Presumably, if the Government is reluctant to move against conservatism when there are indications of media and public support for reform, it is difficult to foresee other government policies changing the economic power relationships which obtain in Australia.

FOOTNOTES

1. Health Care cards issues to unemployed workers were valid for only two weeks. Lapsley, H.M. Grant, C. The Australian Healthcare System, 1983. Aust. Studies Health Serv. Admin. No. 51.
2. Weller, G.R. & Manga, P. "The Push for Reprivatisation of Healthcare in Canada, Britain and United States", J.Health Politics, Policy & Law,8,3,1983.
3. Barer, M.L., Evans, R.G. & Stoddart, G.L. "Controlling Healthcare Costs by Direct Charges to Patients: Snare or Delusion" Toronto Ontario Economic Council, 1982.
4. For example, The Australian Community Health Association and the Doctors' Reform Society. These organisations are opposed to the fee-for-service system and support community control of the healthcare sector.
5. 1984 Federal Australian Labor Party Health Platform.
6. Dwyer, T. "Medibank vs the Alternatives: A Recent History of Australian Healthcare Financing." Paper presented at DRS National Conference in S.A. September, 1980.
7. 1984/85 medical benefits payments are expected to be $2.5 billion, 65% increase on previous year. The medical benefits component of total health expenditure is expected to rise from 37% to 40.8% for the 1984/85 financial year. (Department of Health Budget, A.G.P.S. 1984).
8. Results of Morgan Gallup Poll, July 1984.
9. Address by Federal Minister for Health, Dr N. Blewett, to Federal Labor Caucus Committee on Community Health, February 1984.
10. Sydney Morning Herald, August 31, 1984.
11. Sydney Morning Herald, May 2, 1984, quoting Commonwealth Department of Health data.