



Tasmanian Council of Social Service

Senate Select Committee on Health: TasCOSS submission

29 Oct 2014

About TasCOSS

TasCOSS is the peak body for the Tasmanian community services sector. Its membership comprises individuals and organisations active in the provision of community services to low income, vulnerable and disadvantaged Tasmanians. TasCOSS represents the interests of its members and their clients to government, regulators, the media and the public. Through our advocacy and policy development, we draw attention to the causes of poverty and disadvantage and promote the adoption of effective solutions to address these issues.

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Introduction

Thank you for the opportunity to contribute to this Senate Select Committee on Health inquiry into health policy, administration and expenditure.

The health announcements contained in the Federal Budget 2014-15 are of particular concern to TasCOSS, and to our member organisations. Our concerns relate particularly to the measures that will impact most significantly on people living on low incomes.

It is well established that areas of socio-economic disadvantage have correspondingly higher health risks, higher rates of preventable hospitalisations, higher rates of chronic disease and higher avoidable mortality rates – all evidence of health inequities relative to income. Frighteningly, “the most poor are twice as likely to suffer chronic illness and will die on average three years earlier than the most affluent.”¹

Of all the states and territories, Tasmania has the highest proportion of its population in the Socio-Economic Indexes for Areas (SEIFA) most disadvantaged (lowest) quintile. Furthermore, we have the oldest demographic profile in the nation; the longest duration of unemployment of all states and territories, as well as the highest proportion of both long-term (over 52 weeks) and very long-term (over 104 weeks) unemployed;² low educational attainment rates; and the highest risk of homelessness in the nation (due mostly to our low incomes).³

Given the prevalence of disadvantage in Tasmania, and the strong links between disadvantage and poor health outcomes, we wish to offer input on the first three of the Terms of Reference:

- A. the impact of reduced Commonwealth funding for hospital and other health services provided by state and territory governments, in particular, the impact on elective surgery and emergency department waiting times, hospital bed numbers, other hospital related care and cost shifting;
- B. the impact of additional costs on access to affordable healthcare and the sustainability of Medicare; and
- C. the impact of reduced Commonwealth funding for health promotion, prevention and early intervention.

¹ Brown, I et al. *The Cost of Inaction*, pvii

² ABS 6921.0, *Labour Force: Detailed*. June 2013.

³ NATSEM, “Geographical Analysis of the Risk of Homelessness”

A. The impact of reduced Commonwealth funding for hospital and other health services provided by the Tasmanian Government.

The reduction in funding for public hospitals, mental health services, preventative health, adult public dental health services and indigenous health can only have negative impacts on the health and wellbeing of Tasmanians.

Demand for public health services in Tasmania has been increasing and will most likely continue to do so.⁴ A combination of high risk factors associated with socio-economic disadvantage and an ageing demographic will increase the demand for treatment and care of chronic conditions,⁵ and put a strain on the Tasmanian health care system.

As well as high demand, the Tasmanian Government itself admits to a “chronic underperformance of the Tasmanian health system” and a need to “deliver improved outcomes for patients”.⁶ At the same time the State Government is proposing a pay freeze for public servants, including hospital workers, to decrease expenditure in health. Modelling shows that such a move will result in increased costs which will outweigh the savings.⁷ We fear that it will also result in experienced medical and nursing staff leaving the state, and ultimately in worse treatment for patients who rely on the public system.⁸

B. The impact of additional costs on access to affordable healthcare and the sustainability of Medicare

TasCOSS strongly opposes any attempt to undermine or weaken the Australian universal healthcare system. The proposed introduction of Medicare co-payments for visits to GPs, and for pharmaceuticals and medical imaging will impact severely on the one-third of Tasmanians who live on the low income of a Government support payment. Already, on a regular basis, as many as one in 10 Tasmanians cannot afford to buy food, or pay for essential services such as power for heating and cooking, rent, transport or medications.⁹

In line with the principles of universal healthcare, access to and use of health services should not be dependent on an ability to pay. Health Minister Peter Dutton's recent comments that “Australians know that nothing comes for free”¹⁰ shows

⁴ Goddard, Martyn “A Bad Budget for Patients”

⁵ Tas Govt, *Health Indicators* p3

⁶ Tas Govt, *One State, One Health System* pp3 and 5.

⁷ Goddard, Martyn “Pay freeze will increase hospital costs”

⁸ *ibid*

⁹ Tasmanian Food Security Council, p4

¹⁰ Dutton, Peter “Facing up to our Challenges”

support for a user-pays system that favours Australians who can afford to pay for healthcare services, and discriminates against those who cannot.

Our concerns are heightened by the proposed introduction of fees for public emergency departments by State and Territory Governments. Moreover, community organisations report that many people using their services are regularly unable to access bulk-billing GPs. It is very difficult to find information that confirms or refutes this, but we know that in 2010 Tasmania had a slightly lower than national average rate of bulk billing (74% in Tas, 79% nationally).¹¹

Not only will additional costs for Tasmanian health services have undesirable social outcomes, the economic burden on the state will be harsh. Rather than decreasing healthcare spending and demand, co-payments will more likely result in an overall increase in healthcare costs. There is ample empirical evidence in Australia and overseas that demonstrates that cost deters people on low incomes from visiting their doctor.¹² The Commonwealth Fund International Health Policy Survey found 16% of Australians surveyed reported having difficulties accessing healthcare services due to cost.¹³ In Tasmania the figures are similar: 16% reported having difficulty accessing GPs, and cost of service currently rates in the top five barriers to access.¹⁴

Health inequities are expensive,¹⁵ and measures such as co-payments will not decrease health costs, but prevention, promotion and early intervention measures will.

Which brings us to our final comments.

C. The impact of reduced Commonwealth funding for health promotion, prevention and early intervention.

TasCOSS advocates for an increase in measures that support the principles and practices of health promotion, disease prevention and early intervention (PPEI), as a long-term, sustainable, cost-effective healthcare model—principally for the capacity of these measures to reduce health inequalities.¹⁶

Investment in PPEI measures improves health, social and economic outcomes. The Tasmanian Government Health and Wellbeing Advisory Council describes the social and economic benefits of prevention as “profound”.¹⁷ One of the original architects of Medicare, Stephen Duckett, has actively championed the economic value of preventative health and early intervention: “Making sure everyone can get primary

¹¹ *Primary Health Indicators Report* p22

¹² See, for example, Duckett (2014c); AMA President qtd in Knott and Harrison; and Costa, Con.

¹³ Schoen et al

¹⁴ Tas Govt, *Health Indicators* p174

¹⁵ Brown, I et al (2102) demonstrate the costs to the community of health inequities that are created through low income, low education levels, insecure housing and social isolation.

¹⁶ See, for example, Marmot, Michael (2010) *Fair Society*, p18; Dwyer, John p12; and Doggett (2014) p15.

¹⁷ Tasmanian Government *A Thriving Tasmania* p23.

care is an investment, not a waste, even if there are some proportion of visits that turn out to have been “unnecessary”. In the long run, it saves money”.¹⁸ We are concerned that there is diminishing government will to invest in PPEI measures. For example, the Federal Government decisions to cease funding the Australian National Preventive Health Agency and to terminate the National Partnership Agreement on Preventive Health, and the State Government omission of PPEI measures from the recent Tasmanian Health reform paper *One State, One Health System* all signal a move away from supporting this area of the health system.

In light of the proposed increases in costs of healthcare to the individual, it is even more vital that the inevitable negative impacts on low-income Australians be offset by Government support for and investment in measures that reduce health inequities. If not, the health inequities gap will widen and the burden of ill health on people living on low incomes will be all the greater.

Concluding remarks

There are various factors – tangible and intangible – that contribute to a person's health and wellbeing; including, having an adequate income, a safe and secure home, positive relationships, support when you need it and opportunities for social and economic participation. It is important that a discussion about health does not exclude these social determinants, and TasCOSS believes that in the interests of a fair and thriving society and economy the government must actively support and promote individual and community health and wellbeing.

Whilst we do not claim that our health system is currently functioning optimally, nevertheless we are highly concerned that the proposed direction of cost-cutting and user-pays will create an even more inequitable system that further worsens the health prospects for people on low incomes.

Thank you for the opportunity to make a submission to this Committee.

¹⁸ Duckett, S. (2014b)

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