

Privatising Medicare by the back door



Privacy, services and jobs at risk

The Abbott Government is stepping up its unpopular attack on Medicare. So far Mr Abbott's slashed health spending and pushed for the introduction of a \$7.00 co-payment. Now he wants to privatise Medicare's key administrative functions in a move that will undermine privacy and destroy jobs and services.

Abbott's latest attack: The Abbott Government is seeking expressions of interest from the private sector to take over Medicare's \$29+ billion payments system. Initially this would affect Medicare, Pharmaceutical Benefits Scheme and Veterans' Affairs payments. This proposal is a key recommendation of the National Commission of Audit and has many deeply worrying implications.

A sneaky sell-off: Selling off the Medicare system can largely be done without any legislative change. This means that with minimal formal parliamentary scrutiny we may see a significant outsourcing of Government work that paves the way for even more privatisation. This is privatisation by the back door.

Privacy: Medicare's database contains sensitive and detailed medical, personal and financial records of all Australians. Given community concerns around privacy, data fraud and identity theft, Government - not the private sector - should retain direct control over Medicare data. It is far too risky to outsource the sensitive personal data of millions of Australians.

Just the beginning? Selling off Medicare payments systems is another part of the Abbott Government's plan to destroy Medicare. If the Abbott Government does outsource Medicare systems, we suspect it will then move to sell off other public services such as Aged Pensions, Family Support payments and more.

Loss of jobs: Not only are the jobs of Medicare workers at risk but if this proposal proceeds, the livelihoods of thousands of other people employed in Federal Government will go as the Abbott Government pushes ahead with its privatisation agenda.

Regional and rural Australia: Medicare is a key part of the Department of Human Services network which is located in more than 600 sites around Australia, including many regional and rural areas. The loss of good public sector jobs in areas such as Queensland and Tasmania would have a significant negative impact on local economies, which are already struggling.

Pay more, get less: After a run of costly and failed outsourcing disasters like Queensland Health, most Australians are deeply wary about handing over vital public services to for-profit providers. All too often these changes mean people pay more and get less.

Productivity and effectiveness: As a public sector provider, 94 cents of every dollar in the Medicare system is spent on medical services. By comparison, Australian Private Health Insurers return only 84 cents to services in the dollar after administrative costs and corporate profits.¹ While it is true that Medicare needs to upgrade its IT systems, there is no justification for the Government to sell it off.

Public interest, not private profit: The CPSU believes the Government should invest in a better Medicare payment system. However this system should be owned and operated by government for the benefit of Australians who need it, rather than to boost the bottom line of multi-national corporations.

With your help, we can stop this. We are asking all Australians who care about Medicare, care about jobs and care about the integrity of their personal records to say no to this proposal. Tell the Abbott Government that we want Medicare services - and Medicare jobs - kept in public hands.

Join the campaign:

www.stopmedicareseloff.com.au



What does Medicare do?

Medicare, Pharmaceutical Benefits and Veteran's Affairs payment work is undertaken by staff working in the Department of Human Services. This involves a mix of phone and over the counter service, claims processing, advice to medical providers and ongoing work to improve the efficiency of the system and community access to Medicare.



Medicare is Australia's universal health care system, which gives people access to free or low cost health and hospital care, with options to also choose private health services. In 2013-14, 23.8 million Australians were enrolled in Medicare. There were 335,673 Veterans' Affairs clients in March 2014.

PBS – the Pharmaceutical Benefits Scheme – provides subsidised medications for the Australian community. The majority of government expenditure on PBS prescriptions is directed towards concessional cardholders. In 2012-13 this was \$5,560.6 million or 78.5% of the total.

Veteran's Affairs work undertaken by Medicare staff involves the assessment of claims and processing payments to medical, hospital and allied health professionals who treat eligible veterans, spouses and dependents. PBS entitlements for Veterans are also provided by Medicare staff.

Medicare, PBS and Veterans' payments is complex work involving more than \$29 billion of claims in over 600 million transactions. In 2013-14² (the most recent full year data across the health payments system);

- 358.3 million Medicare claims were processed, 93.1% lodged electronically
- 276.8 million Medicare services were bulk billed
- \$19.3 billion was paid in Medicare benefits
- \$9.6 billion was paid in pharmaceutical benefits
- 19.9 million Veterans Affairs medical services payments were processed
- \$2.2 billion was paid in health benefits for DVA

Total benefit paid per capita (i.e. benefit per person) for Medicare was \$812.60 in 2013-14.

	Australia	NSW	VIC	QLD	SA	WA	TAS	NT	ACT
2013-14	812.60	893.90	830.90	809.20	802.00	624.80	758.50	456.00	619.70

The total number of services per capita (i.e. service per person) for Medicare was 15.1 in 2013-14

	Australia	NSW	VIC	QLD	SA	WA	TAS	NT	ACT
2013-14	15.1	16.4	15.6	15.0	15.1	11.9	14.1	9.2	12

Who does this work?

There are about 5,600 staff employed under the Medicare, PBS and Veterans' Affairs program work in the Department of Human Services. The majority of staff are employed at the APS 3 level and about 70% of them are women. The average salary of a full-time Medicare worker is \$63,000 and they are mainly based in suburban and regional areas. Many staff work part-time.

It is not clear how many of these jobs will be in scope for outsourcing given the lack of transparency about this process. We do know that if this plan is implemented it will lay the foundations for thousands more jobs across Australia being cut from the public sector.

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1 Menadue, J & McAuley, I *Private Health Insurance: High in cost and low in equity*. Centre for Policy Development 2012, as cited in Doggett, J. & McAuley, I., "The case for public revenue: Submission to the Senate Select Committee into the Abbott Government's Commission of Audit" January 2014, p25.

2 <http://www.humanservices.gov.au/corporate/publications-and-resources/annual-report/resources/1314/>. All information in this paper is sourced from the 2012/13 or 2013/14 Department of Human Services Annual Reports, or Department of Health PBS statistical publications.