BRIEFING PAPER
COSTS ASSOCIATED WITH MEDICARE

Goal
Reduce the out-of-pocket costs to cancer patients by making adjustments to aspects of Medicare arrangements.

Problem
The amount of money that people pay for health care in Australia has increased substantially over recent years. Out-of-pocket health costs per person in Australia rose by 70% in real terms between 1995 and 2004. \(^1\)

Having a cancer diagnosis is particularly expensive. The estimated average lifetime out-of-pocket cost for a person with cancer, and their family, is $47,200. This includes $38,300 in productivity costs, such as lost income, $3,900 in non-health costs, such as transport and accommodation, and $5,000 for healthcare. \(^2\)

These costs can be devastating for cancer patients, particularly those on low incomes. For example, a study of the out-of-pocket costs of 30 patients of a public palliative care service in Melbourne found that 18 of the 30 households experienced economic hardship associated with end-of-life care. This resulted in an inability to pay living and medical expenses and the need to seek assistance in order to meet these expenses. The service mostly commonly resulting in out-of-pocket costs were appointments with health care professionals, especially specialists. \(^3\)

Considerably fewer specialists bulk-bill compared to general practitioners, resulting in patients paying gap fees. Only 28% of specialist attendances are bulk-billed, compared to 80% of general practitioner services. \(^4\)

Many cancer patients are likely to experience out-of-pocket costs when seeing specialists.

The average gap between the fee charged by a specialist and the Medicare benefit received by a patient who is not bulk billed is $46.12. About 10% of Australians referred to a specialist delay or do not keep the specialist appointment because of cost. \(^5\) This suggests that many patients do not have the money available to afford up-front billing \(^6\) even if there is a later rebate of part of the costs.

Solution
Unlike many other cancer control issues, Medicare costs fall under the responsibility of the Commonwealth Minister for Health. Incentives have been put in place for general practitioners to bulk-bill Commonwealth concession card-holders and their children. \(^6\) Bulk-billing incentives also exist for providers of radiology and pathology services. \(^7\) However specialists are not able to access these types of incentives except when using Telehealth. Similar types of incentives could be put in place for specialists to increase affordability for Commonwealth concession card-holders and their children.

Action
Cancer Council NSW recommends that the Commonwealth Minister for Health introduces incentives for specialists to bulk-bill Commonwealth concession-card holders and their children. If implemented, this will help to reduce the substantial financial burden on low-income cancer patients.
Reference List


