

Mr. Blair Comley PSM
Secretary
Department of Health and Aged Care
MSNreform@health.gov.au

Monday 28 October 2024

Dear Mr. Comley,

Re: Submission to the Medicare Safety Net Reform Consultation

The Royal Australasian College of Medical Administrators (RACMA) welcomes the opportunity to provide feedback on the Medicare Safety Net Reform. RACMA is the only specialist medical college that trains doctors to become Medical Leaders and Managers. Our education programs, including our accredited Fellowship Training Program, aim to equip doctors with the leadership and management skills required to influence and lead Australasian healthcare systems, with the ultimate aim of improving health outcomes for all peoples of Australia and Aotearoa New Zealand.

RACMA has over 1,500 Members across Australia, Aotearoa New Zealand, and Hong Kong. Our members, through their expertise in system leadership, clinical governance, and workforce management, are positioned at the forefront of healthcare leadership, ensuring the delivery of safe and quality healthcare. Our membership occupies senior medical leadership roles across public and private health sectors, primary health care, tertiary health care, medical insurance, and beyond, including Chief Executives, Chief Medical Officers, Medical Directors, and Regulatory and Quality Assurance Body Executives. These roles, spanning whole-of-system delivery, provide RACMA with a unique perspective on how the interconnectedness of healthcare systems and financial mechanisms like the Medicare Safety Nets impact patient care and health service sustainability.

1. Effectiveness in Assisting with Out-of-Pocket Costs

RACMA acknowledges that the Medicare Safety Net has been an effective tool for alleviating out-of-pocket costs for many healthcare consumers, particularly those with complex healthcare needs requiring multiple out-of-hospital services. However, given the ongoing increases in medical fees, there is a risk that the current arrangements may not sufficiently address the financial burden faced by certain patient groups, especially those with chronic illnesses requiring frequent care. RACMA suggests a more nuanced approach to safety net thresholds, particularly for frequent users of primary and specialist care, to ensure continued support for those with the highest needs.

2. Achieving More Equitable Outcomes

RACMA supports reforms that enhance the equitable distribution of healthcare costs. One possible improvement would be adjusting the safety net thresholds to better accommodate the needs of patients in rural and remote areas, who often face higher out-of-pocket costs due to travel and limited access to bulk-billing services. Additionally, reforms could focus on

ensuring that patients with chronic or complex conditions, who rely heavily on out-of-hospital care, have equitable access to financial protection, regardless of their socioeconomic status.

3. Unintended Consequences of the EMSN

RACMA notes that while the Extended Medicare Safety Net (EMSN) has provided significant financial relief for many patients, it has also resulted in some unintended consequences, such as fee inflation. Certain providers may increase their fees, knowing that a significant portion will be covered by the safety net, leading to an increased financial burden on the system overall. RACMA recommends considering more robust policies to limit excessive fee increases and exploring the possibility of adjusting caps for high-cost services to control the potential for inflationary pressures.

4. Simplifying System Complexity

The current Medicare Safety Net system is overly complex, with multiple thresholds, caps, and varying criteria for concessional and non-concessional patients. This complexity creates challenges for patients, particularly those who may be less familiar with the intricacies of healthcare funding. Many patients are unaware of their entitlements, which can lead to delayed care or reluctance to seek medical attention until conditions worsen, requiring hospital intervention. RACMA recommends streamlining the system, with clearer guidelines and simpler thresholds, to ensure both patients and healthcare providers can easily navigate the available benefits. A simpler system would likely encourage earlier care-seeking and reduce unnecessary hospital admissions.

5. Improving Awareness and Understanding

RACMA members have observed that many patients are unaware of their eligibility for safety net benefits until they have already incurred significant medical expenses. Greater efforts are needed to improve awareness and understanding of the Medicare Safety Net arrangements within the community, particularly for vulnerable populations. Additionally, patients need to be significantly administratively literate and up to date with various government apps and logins (e.g., myGov) to be aware of their potential eligibility for safety net benefits. This is a substantial barrier for many, especially older patients or those unfamiliar with digital systems. RACMA suggests targeted public information campaigns and working with healthcare providers to ensure patients are informed of their entitlements early in their care journey.

6. Suggestions for Further Improvement

In addition to simplifying the system and addressing fee inflation, RACMA recommends exploring ways to integrate technology that makes it easier for patients to track their out-of-pocket expenses and understand when they are approaching safety net thresholds. Digital tools, such as online portals or apps that allow patients to monitor their progress towards meeting safety net thresholds in real time, could enhance transparency and improve access to benefits.

Conclusion

RACMA appreciates the opportunity to contribute to the Medicare Safety Net Reform consultation. As an organisation representing Medical Leaders who operate across the full spectrum of the health system, we believe it is critical that reforms strike a balance between equity, accessibility, and system sustainability. We urge the Government to consider the broader health system impacts, particularly how changes to out-of-hospital care might affect hospital services and the availability of specialist care.

We are happy to provide further input or clarification as needed and welcome the opportunity to engage in further discussions on this important reform.

Yours sincerely,

Professor Erwin Loh
President
RACMA