



# PRIME MINISTER

14/92

**JOINT STATEMENT BY THE PRIME MINISTER, THE HON P J KEATING MP, AND THE MINISTER FOR HEALTH, HOUSING AND COMMUNITY SERVICES, THE HON B HOWE MP**

## **CABINET REMOVES MEDICARE CO-PAYMENT**

Federal Cabinet today agreed to remove the Medicare co-payment of \$2.50 and restore the \$3.50 rebate reductions announced in the August 1991 Budget.

These changes will take effect from 1 March 1992.

This decision was made to remove uncertainty about the health system and to address concerns about a decline in bulk billing.

Today's decision will restore the Medicare benefits provisions for GP services to exactly how they were before the change was introduced.

The improved safety net provisions, introduced on 1 January 1992, will remain. These give families higher Medicare benefits once they exceed \$246 per annum in gap payments.

GPs are expected to pass the full benefit of the change on to patients.

In this way the decision will ensure that Medicare will remain a truly universal health insurance system for all Australians.

A viable, efficient universal health system is essential if people are to get proper care and support regardless of income.

This is particularly important now when so many people are already experiencing difficulty because of the recession.

The core of the 1991 Budget health changes involved measures designed to deal with growing health costs and the overuse of medical service, directly by making reforms to how general practitioners operate. These reforms will be retained.

In this way the Government will be dealing with the structural problem of overservicing at source.

These changes are aimed at reducing the numbers of GPs, reducing the extent to which GPs are dependent on the current open-ended fee-for-service system, and encouraging GPs to become more cost-effective in their use of services such as pathology tests and pharmaceuticals.

The Cabinet agreed that in current circumstances the co-payments and the previously announced reduction in rebates were not needed and were a burden on the health system.

Given the crucial importance of keeping inflation low, the substantial inflationary impact of the co-payment and the cut in the rebate was also a concern.

The inflationary impact would also have increased indexed Commonwealth outlays on social security and payments to the States by more than \$200 million in a full year.

Removing these health charges will remove around 0.4 percentage points from the CPI.

These changes to the health system will directly add around \$51 million to the Budget in 1991-92 and \$239 million in 1992-93.

11 February 1992