

# Out of Pocket Pain: the \$10,000 issue

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Out of pocket medical bills exceeding \$10,000 have become common place for patients with breast cancer and certain chronic conditions, a national survey conducted by the Consumers Health Forum of Australia has found.

The *Out of Pocket Pain* survey drew 1,200 responses, many from people shocked to learn that despite having health insurance they still had to pay thousands of dollars out of their own pockets for critical surgery, other treatment and diagnostic scans.

The survey report *Out of Pocket Pain* and a companion report *Hear Our Pain* containing scores of personal stories of people's experience with treatment costs is released today, Thursday 5 April.

"The responses to the survey give a disturbing insight into the high costs of medical care and challenge the notion that everyone can access the care they need in Australia," the CEO of the Consumers Health Forum, Leanne Wells, said.

"We have heard from pensioners and single mothers who have foregone recommended care because of cost, from many people exasperated to find that the insurance they have held for many years will not cover gaps of thousands of dollars, from patients who learn belatedly of unexpected extra costs for junior surgeons, anaesthetists and MRI scans, and from people who have had to call for special access to their superannuation funds to cover the bills.

"Our results affirm what we know from the OECD, ABS and Australian Institute of Health and Welfare: Australian consumers face higher than average out of pocket costs and this translates into people often avoiding visiting a GP, failing to fill scripts and not acting on a specialist referral due to cost. This shouldn't be happening in a country with the wealth of Australia.

"The expense is made the more difficult by the uncertainty and complexity of the relationship between treatment and costs with varying levels of cover, or no cover, provided by health funds and by Medicare.

Among key results of the survey are:

\* More than a quarter of respondents treated for breast cancer incurred out of pocket costs of more than \$10,000

\* More than a third of respondents with chronic conditions like multiple sclerosis reported out of pocket costs of more than \$10,000

\* One in six respondents said that out of pocket costs had a significant impact on their lives

\* A frequently-expressed view that using private health insurance would expose people to more costs

\* A third of respondents said the out of pocket costs were not explained to them before treatment.

Ms Wells is joined at today's launch of the report at Parliament in Canberra by Kathy Hayes who had not expected to face such heavy expense for breast cancer treatment she has incurred over the past two years.

Breast Cancer Network Australia CEO Kirsten Pilatti said: "BCNA has been outraged by a number of our members reporting extreme variations in out of pocket costs. Only full disclosure will ensure consumers can make the right choice for themselves.

"You ask for a second quote when looking for a tradesman so why would you not do the same for your health? We are encouraging people to ask for full costs upfront and get a second opinion before committing to any treatment that may impact the way they lead their lives."

The CEO of CHOICE, Alan Kirkland, and the CEO of the National Rural Health Alliance, Mark Diamond, also attended the launch to highlight the impact of out of pockets costs on consumers and rural communities.

Mr Kirkland said: "It can be completely perplexing and sometimes impossible for patients in need of surgery to work out how much they will be out of pocket. What's worse, this often occurs when you are at your most vulnerable and least able to bargain over costs.

"There's no evidence of any link between the cost of a medical procedure and its quality or outcome. In short, you could be thousands of dollars out-of-pocket and have a worse outcome than you would from a specialist who charges a lower fee that's fully covered by your private health insurance.

"CHOICE wants to see a more transparent private health system in which consumers are given clear information at the right time, not when it's convenient for specialists, hospitals or health insurers.

"Average prices for common procedures such as knee replacement surgery, gall bladder and colonoscopy should be publicly available. People should be able to find out as early as possible whether the specialist is likely to charge them an out-of-pocket cost so they have the opportunity to ask their GP for other options."

Mr Diamond said: We know that country people pay far more in out of pocket costs than urban Australia. Less GP visits are bulk billed in rural and remote areas. Services in the country can cost considerably more than in cities. And costs really blow out when you add travel and accommodation to the out of pocket bill to access adequate medical care."

Ms Wells said that the Consumers Health Forum conducted the survey to provide a strong consumer perspective to the Federal Government's expert committee chaired by Chief Health Officer Brendan Murphy which is examining out of pocket costs.

“The very high medical costs many Australians now pay to receive the surgery and other treatment they must have is raising profound questions.

“While the survey was largely responded to by people with private insurance, the plight for many uninsured people is likely to mean a choice between high out of pocket costs for private care or significantly longer waits for treatment in public hospitals.”

“There are no simple answers to the costs dilemma. We make a number of recommendations in our report for near term and longer-term changes.

“A key recommendation is that we need the bright light of transparency to be shone on medical costs and on the extent to which our subsidised health insurance arrangements are working in the interests of both consumers and the overall health system itself.

“Given the costs involved, consumers require clarity and certainty in ascertaining the fees they face, in total and in detail. This could be provided on an independent, authoritative website containing all doctors’ fees.

“Not all surgeons are doing the wrong thing by their patients. Some are doing better on informed consent and coming closer to providing a single quote for overall treatment costs to patients. That is one of our recommendations and the workforce wide practice we’d like to see.

“The role private health insurance plays in the cost and access to health care in Australia is also in urgent need of scrutiny. Another of our key recommendations is that the Federal government should initiate a comprehensive inquiry by the Productivity Commission.

“The current experiences with out of pocket costs highlights the extent to which the problem is eroding the value of private health insurance and creating additional barriers to necessary care.

We are encouraged that both sides of politics have recognised that Australia’s private health arrangements are an issue of major concern to the community and a complex matter that must be addressed through reform to ensure they meet their original policy objectives and in order to sustain and stabilise our health system.

Minister Hunt has embarked on a reform process designed to make private health insurance simpler and more affordable with a suite of measures announced last October, some of which were introduced into the Parliament in the last sitting. CHF has supported many elements of Minister Hunt’s package particularly those designed to make the thousands of health insurance products more easily compared, action to reduce the prices paid by insurers for prostheses and medical devices and steps to strengthen the role of the private health insurance ombudsman to deal with complaints.

The Opposition has announced its support for a Productivity Commission review – a measure on which CHF has called for bipartisan support.