

# Medicare Safety Nets

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AUSTRALIAN DEMOCRATS ACTION PLAN  
MEDICARE SAFETY NETS  
HEALTH AND AGEING

*The Safety Net Policy was introduced by the Howard Government to provide help for those Australians who face high out-of-pocket costs for medical services. For a given calendar year, the Medicare safety net system covers 80% of out-of-pocket costs for the rest of that year once an individual or family reaches the threshold.*

*“The Medicare Safety net is not doing anything to close the gap between those who can afford specialist care and those that can not”*

**Senator Lyn Allison**  
Spokesperson on Health

But a safety net doesn't help people who can't find the money they need to see a doctor who doesn't bulk bill or pay the heavy initial cost of private specialist and diagnostic services before they reach the eligibility threshold. Figures show that those benefiting most from the Medicare safety net - aimed at helping battlers and the chronically ill - are living in the nation's richest electorates.

When a tax benefit to help families cope with unexpected or excessive medical bills is being dominated with claims from suburbs populated by higher income earners it is time for a rethink.

## Our Action Plan

- Lower the eligibility threshold for low and middle income earners and raise the threshold for higher income earners
- Cap payments under the safety net for certain procedures
- Fund specialist outpatient clinics
- Extend eligibility to Medicare safety net thresholds to same-sex couples and their families
- A full review of Australia's health care system, of which the Medicare safety nets are only one part. This should include the option of combined PBS and Medicare safety nets and alternative funding mechanisms and incentives for medical practitioners. Safety nets have much less importance in a system which provides equitable access for everyone to free or low cost health services at the point of care.

## The Issues

Just six months after the 2004 election, the government ditched its original commitment and the thresholds of the Medicare safety net were revised up - from \$300 to \$500 for low income families and from \$700 to \$1,000 for everyone else.



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[www.democrats.org.au](http://www.democrats.org.au)

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More than a million people a year miss out on the safety net because of this increase.

For wealthier families an extra \$200 or \$300 is not hard to find but for many individuals and families, another \$200 or \$300 means they may trade off other essentials in order to get the health care they need or go without.

In 2006 just over 1.5 million Australians qualified for the discounted medical costs under the safety net scheme which cost \$257 million last year. Most rebates are for visits to specialists such as obstetricians, IVF services and psychiatric visits.

Ten of the richest electorates account for a quarter of the taxpayers money given out last year.

The system encourages doctors and specialists to increase their fees in the knowledge that the patient will only need to cover 20% of the extra costs. This leads to higher out of pocket expenses for everyone.

Currently same-sex couples and their families with substantial out-of-pocket medical costs are disadvantaged by the way the safety net is calculated on the basis of a definition of a family unit which only includes married or de facto, heterosexual couples and their children.



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