# Government flags shift in fee-for-service model

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**Minister says reforms will involve every health professional 'working to their scope of practice', while RACGP stresses importance of GP stewardship.**

Health and Aged Care Minister Mark Butler has said the Strengthening Medicare Taskforce report will be released shortly. (Image: AAP Photos/ MICK TSIKAS)

Proposed Medicare reforms are likely to reduce the reliance on the fee-for-service patient rebate system, the Federal Government has indicated.

In comments published in *The Australian*, Health and Aged Care Minister Mark Butler said the current system will be 'in real trouble' without change.

'Medicare is an utterly central pillar of our healthcare system, but what is pretty clear to me is that the MBS [Medicare Benefits Schedule] rebate model, and Medicare funding more broadly, isn't working for the disease profile the country now has: an older population with much more chronic disease,' he said.

'It really is a system that was designed for much more linear episodic care that was more the state of things in the 1980s and 1990s.

'And at a time of skyrocketing patient demand and workforce shortages, it just doesn't make sense not to have every health professional working to their scope of practice.

'We need doctors working hand in glove with practice nurses, allied health professionals and pharmacists. The system is not well designed to allow them to do that.

‘Clearly an expansion of multidisciplinary care is key to managing chronic disease.’

Appearing in front of the media on Monday, Minister Butler noted that the average gap fee is now more than the Medicare rebate and said reforms will be designed to ease pressure on ‘an already very, very stressed hospital system’.

As well as greater team-based care *The Australian* article suggested voluntary patient enrolment and an overhaul of digital health communication are likely focal points in the Taskforce report, which Minister Butler indicated would be released in the next couple of weeks.

He said that changes involving less reliance on fee-for-service have been considered for some time.

‘The idea of moving from a purely fee-for-service model that has largely defined Medicare over the last 40 years to something that’s more blended, that has more wraparound funding particularly for older patients and patients with complex chronic diseases, is not a new idea,’ he said.

‘This has been discussed for many years. We had pilots when we were last in government, particularly in the area of diabetes.’

For RACGP President Dr Nicole Higgins, the emphasis on multi-disciplinary care for patients is welcome, with the caveat that it must be under the stewardship of GPs.

‘General practice is in crisis after decades of under-funding – and we need to stem the bleeding,’ Dr Higgins told *newsGP*.

‘But we need a huge shift to do it, with bulk billing incentives so everybody gets the care they need regardless of where they live, and longer consultations rewarded to reflect more complex care.

‘We know our patients best, and general practice is the most cost-efficient part of our health system.

‘We are also fighting tooth and nail to see off threats to the viability of general practice like the proposed payroll tax.

‘The biggest threat to Medicare reform is payroll tax. This is a tax on Medicare. This will kill bulk billing.’

Prime Minister Anthony Albanese also addressed healthcare in an interview on Monday, telling *Sunrise* that the Government is considering models of primary care designed to take the pressure off hospitals.

He referenced a $100 million funding commitment, announced in the October Budget for a trial ‘to co-develop and pilot innovative models with states and territories to improve care pathways and inform the urgent care program rollout’, and said he would have ‘more to say about that in coming days’.

Dr Higgins says getting that model right will be crucial.

‘It is essential we focus on the healthcare models that work,’ she said.

‘Medicare is a precious resource and we don’t want another NDIS with cost blowouts and fragmentation of care.

‘We know an NHS type model, which is trading continuity of care for access does not work, nor does the US model, which doesn’t have the patient at the centre.

‘One of the best models, with the happiest and the healthiest healthcare systems, is in Denmark, which is 70% fee for service, and 30% block funding, where the GP leads a multidisciplinary care team.’

Last month, the Grattan Institute thinktank put forward a suggested model recommending a system based on 70% on capitation and 30% on fee-for-service in an analysis Dr Higgins described at the time as a ‘disappointingly simplistic take on a very complex problem’.

The details of the new model are yet to be finalised, with the Strengthening Medicare Taskforce report likely to give broad consensus recommendations that all its participants – a broad cross-section of healthcare and advocacy groups, including the college – can agree upon.

Block funding budgets to practices to help them employ allied health workers and fund services such as diabetes prevention initiatives is one option being considered, along with direct incentive payments to clinics.

The discussion comes at a pivotal time for healthcare in Australia, with Minister Butler reiterating a commitment to Medicare reform which he described as ‘a centrepiece’ of the Government’s platform for last year’s election.

Earlier this month state government leaders also made a plea for urgent change. Victorian Premier Daniel Andrews and his NSW counterpart Dominic Perrottet both stressed the need for greater collaboration between different levels of government and identified healthcare reform as ‘a priority’.

Their calls came ahead of a National Cabinet meeting due to be held on 1 February, in which healthcare is believed to be a key item for discussion.

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