



Australian Society of Ophthalmologists

# MEDIA RELEASE

---

Australian Society of Ophthalmologists Incorporated ABN 29 454 001 424

*Saturday 19 March 2011*

## **NEW STUDY LIFTS THE LID ON COSTS OF MEDICAL PRACTICE AGAINST GOVERNMENT REBATES TO PATIENTS**

Medicare rebates to patients fall well short (approximately 30 per cent) of the cost of providing ophthalmology services, and this is forcing big out-of-pocket expenses on Australians, a new study has found.

The study is the Australian Society of Ophthalmology (ASO)/Access Economics (AE) Practice Costs Study, conducted in 2010.

It follows the same methodology as the well documented Relative Value Study of the late 1990s, a review commissioned by the Federal Government and undertaken in consultation with the AMA to review the value of services and fees under Medicare Benefits Schedule.

The ASO/AE Practice Costs Study has utilised data from 200 practising ophthalmologists, approximately four times the number involved in the Relative Value Study.

Performed by leading economic consulting firm Access Economics (now Deloitte Access Economics) the survey holds irrefutable real-world credibility and boasts confidence intervals greater than 95 per cent.

The results, which demonstrate there is a significant gulf between the Government's rebate to patients and the cost to doctors of providing specialty medical services, offer a powerful case for Medicare rebates to be increased across the board.

"The Government may not like what we have to say, but they cannot argue with our results," ASO President Dr Brad Horsburgh said of the ASO/AE Practice Costs Study.

"In the past decade there has been a dramatic decline in the ability of Medicare to fulfill its role of protecting patients from out-of-pocket expenses," Dr Horsburgh said.

"The costs of staff, premises, specialised medical equipment (including depreciation) and a range of other professional costs have risen steadily in this time while Medicare rebates have all but remained stagnant," he said.

The survey shows the average ophthalmology rebate in 1999 was \$82 while the overhead costs for treating an average patient was \$53. This meant bulk billed patients were at least covered for direct and indirect practice overheads.



Australian Society of Ophthalmologists

# MEDIA RELEASE

---

Australian Society of Ophthalmologists Incorporated ABN 29 454 001 424

Currently the average ophthalmology rebate is \$103 while the overhead costs for treating an average patient is \$136. This clearly shows practice overhead costs are far outweighing the Medicare rebate received.

"This data shows that in the nine years between the Relative Value Study and the ASO/Access Economics study, practice overheads have increased by 9% per annum, whilst rebates have only increased by approximately 2% per annum. Practice overheads are what they are, and like any private practice professional, ophthalmologists must cover essential costs, in order to remain in business," Dr Horsburgh said.

If this trend continues, without realistic Government assistance, patients will pay increasingly higher gap fees.

"With State health departments failing to provide public health services sufficient to meet demand, patients have no option but to rely upon the Medicare system to seek treatment privately. Patient private practice out-of-pocket costs are increasing, by far more than the CPI," Dr Horsburgh said.

These costs have further implications, particularly in relation to the medical workforce in Australia.

"It was once possible for senior ophthalmologists to continue non-operative practice long after they had hung up their scalpel. However, because of escalating practice costs, this is now becoming a thing of the past. This situation will see patients facing not only higher out-of-pocket costs, but also uncertain availability of ophthalmic services," Dr Horsburgh said.

Patients need to see quality improvements to the rebate system.

In the last month the Federal Government, Department of Health and Ageing has completed a review of all ophthalmology Medicare items numbers to determine their effectiveness. The ASO, along with the Royal Australian and New Zealand College of Ophthalmologists, provided recommendations to this review process and on a majority of items, called for patient rebates to be increased to reflect real costs of providing these vital healthcare services and to improve access for ophthalmic services for all Australians.

In particular, the ASO made a strong case for increases to paediatric ophthalmology item numbers. This was to protect and guarantee eye health services to Australian children because currently there is a critical shortage of ophthalmologists specialising in paediatrics across the country.

The ASO urges the Federal Government to apply the results of the ASO/AE Practice Costs Study to its costing process and increase rebates accordingly.

**Contact: ASO President Dr Brad Horsburgh 0417 790 313**

**ASO Media Advisor Sarah Todman on 0425 883 304**

**All correspondence:** PO Box 1300 Spring Hill Qld 4004

**President:** Dr Brad Horsburgh Ph: 07 3831 3004 / Fax: 07 3831 3005

Page 2 of 2