



ACT Legislative Assembly  
Select Committee on Cost of Living Pressures in the ACT  
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## **HCCA Submission to the ACT Legislative Assembly Select Committee on Cost of Living Pressures in the ACT**

Thank you for the opportunity to provide consumer input into ACT Legislative Assembly Select Committee on Cost of Living Pressures in the ACT.

Through our membership and the ACT community, HCCA regularly receives feedback about the impacts of cost of living pressures on health, along with the affordability and access to healthcare in the ACT. People are struggling as a result of their financial situation, with increased stress around cost of living, and paying bills and debt.

We appreciate the recognition by the ACT Legislative Assembly that Canberrans are struggling with the rising cost of living, and that these pressures disproportionately affect low and moderate income households, especially where these households are not receiving assistance through ACT or Commonwealth Government Programs. The effects of high inflation, stagnant wage growth and interest rate increases are having a significant impact, meaning that consumers are finding it more difficult to afford the essentials that support good health.

We look forward to the findings of the Select Committee on Cost of Living Pressures in the ACT and a way forward that will provide real and practical solutions for addressing the rising cost of living, and particularly the impacts on consumers' health and healthcare.

Yours sincerely

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Executive Director  
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### **Health Care Consumers' Association**

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**SUBMISSION**

**ACT Legislative Assembly  
Select Committee on  
Cost of Living Pressures in the ACT  
March 2023**

## 1. Submission Overview

Consumers have shared with us the significant impacts on their health and access to healthcare because of the rising cost of living. The effects of high inflation, stagnant wage growth and interest rate increases are having a significant impact, meaning that consumers are finding it more difficult to afford the essentials that support good health.

Cost of living pressures disproportionately affect low and moderate income households, especially where these households are not receiving assistance through ACT or Commonwealth Government Programs. Households on lower income have less money to spend at the outset. Increases in costs from food, energy, housing and petrol put additional pressure on the household budget. We know that research demonstrates that consumers with lower 'socio-economic status' (SES) tend to be more likely to have an increased risk of poor mental health, depression and poor physical health, as well as increased risk of self-harm, psychiatric hospital admissions and even death<sup>1</sup>.

Some examples of the impacts on consumers of the significant cost of living increases include:

- Being unable to afford adequate food, causing people to be malnourished.
- Being unable to afford to keep your home warm, exposing consumers to a higher risk of respiratory disease, due to cold, damp and mould<sup>2</sup>.
- Struggling to meet the costs of transport to access health care (this is also a significant issue for consumers in regional NSW who need to access the care they need at Canberra Hospital, but struggle with significant petrol and accommodation costs to do so).
- Being in debt, or meeting the obligations of debt repayments, can reduce income available for essentials, and can increase stress. The impact of such stress on health can also lead to health-harming behaviours – such as smoking, excessive alcohol consumption and gambling<sup>3</sup>.
- A focus on meeting other basic needs, like putting food on the table or paying rent, may necessitate prioritising these needs over health care. But deferring accessing health care can compound health issues.
- Being unable to afford therapy for their mental health. Consumers already under strain of financial problems are finding it increasingly difficult to access affordable services (even if you can access subsidised mental health care, the out-of-pocket costs are still significant). This overlaps with what we know of the impact of the COVID-19 pandemic on mental health, which has seen significant increases in demand for mental health related MBS and PBS prescriptions since 2019<sup>4</sup>.

We recommend that the Select Committee consider, in relation to health, healthcare and current cost of living pressures in the ACT:

- Recognising and considering how to address the close link between health, healthcare and the impact of the social determinants of health.
- Making more effective use of Walk in Centres as part of provision of primary care in the ACT.
- Increasing the role of community pharmacy in supporting primary care, through supporting increased scope of practice.
- Exempting General Practice from payroll tax for a period of time, to reduce the cost burden on consumers and allow time for implementation of national primary care reforms.
- Expanding the use of virtual care across our health care system, particularly in public health care services, to increase access, reduce travel time and costs related to attending health care appointments.
- Improving systems for public health service waiting lists for elective surgery and outpatient clinics to support efficiency, service access and availability, and health outcomes for consumers.

Our submission looks at specifically at Terms of Reference 2a and 2b (outlined below).

## **2. Addressing TORs**

### **(a) Identify cost of living pressures faced by low and moderate income households that are not currently alleviated by ACT or Commonwealth Government assistance programs**

Canberrans, particularly those on low and moderate incomes, are facing significant pressures related to increases in cost of living. To reduce health inequality requires actions to be taken to reduce socio-economic and other inequalities – recognising the close link between the range of factors that impact on both consumer health and the capacity to access healthcare<sup>5</sup>. These factors include poverty, rising inequality, income and social exclusion.

ACTCOSS has strongly advocated in this area and highlighted in October 2022 that as the cost of living in Canberra has increased, many households cannot afford some of the fundamental components needed for a healthy lifestyle. These include housing, food, transport, energy and health services<sup>6</sup>.

Below, we provide further details about the:

- Impact of increasing costs on accessing primary health care,
- Impact of increasing costs on consumer health and healthcare, and
- Limitations to Commonwealth financial support programs in healthcare.

### ***Impact of increasing costs on accessing primary health care***

In healthcare, one of the significant issues for consumers is insufficient funding for primary care services, leading to high out of pocket costs. This is magnified for those with chronic conditions, particularly those consumers trying to manage multiple chronic conditions. A consumer told us:

*[As a cancer patient] I take 6 different medications [plus two additional medications at this point in my treatment]... the cost of these is expensive, as is the cost of seeing a doctor.*

HCCA has been discussing the recently released Cleanbill Report<sup>7</sup>, which found that:

- Just over 1 in 20 (5.1%) ACT GP clinics bulk bill all patients. This is way below the national average of 42.7% and is only closely matched by Tasmania (6.9%).
- Average out-of-pocket costs at the 94.9% of clinics that do not bulk bill in the ACT, sit at \$49.01 for a standard, 15-minute consultation, almost \$10 above the national average (\$40.25). This is charged to the patient on top of the \$39.75 Medicare rebate for this length of consultation.

This demonstrates the magnitude of out-of-pocket costs for ACT consumers that relate to accessing General Practice. But we know that out-of-pocket costs are not limited to General Practice. We have seen out-of-pocket costs increasing largely across the board in primary care, including allied health and dental services.

GPs have raised with HCCA the impact of payroll tax on the viability of General Practice, and the need to transfer these costs onto consumers. ACT has a high rate of payroll tax at 6.85% - the highest rate in Australia. Passing on these costs has the potential to further increase out-of-pocket costs to consumers for GP consultations in the ACT.

In addition to out-of-pocket costs to consumers for business hours GP consultations, after hours consultations generally attract an even higher out-of-pocket cost. We know that consumers find one of the main providers of GP after-hours services in Canberra, CALMS (Canberra After-hours Locum Medical Service) to **be a higher cost**, and that fees payable can vary (as the doctors staffing this service all set their fees independently)<sup>8</sup>.

### ***Impact of increasing costs on consumer health and healthcare***

In relation to healthcare costs, CPI data indicates in the last ten years<sup>9</sup>, that:

- While nationally, CPI increased by nearly 30%, with ACT CPI overall following closely, but ACT Health CPI increasing more significantly by about 45%.
- Medical, dental and hospital services in the ACT increased by more than 50%.

CPI data also shows that Canberra has seen significant increases in other areas of cost of living over the last 10 years<sup>10</sup>, including:

- Around 25% increase in cost of food and non-alcoholic beverages
- More than 32% increase in housing costs
- More than 27% increase in transport costs

We know that financial pressures around cost of living, and affordability of health care, can impact on access to healthy foods, as well as increasing the general level of stress for consumers, and potentially leading to increases in mental health issues (and including anger, frustration and violence). This has flow-on effects to children, families, relationships and our community.

Mental Health Australia has outlined that the cost of mental health treatment is a particular barrier to those who need it most<sup>11</sup>. AIHW's latest *Australia's Health* Report tells us that 'levels of psychological distress worsened for younger age groups (ages 18 to 44) at the start of the pandemic', with some improvement since but not back to the levels seen prior to the pandemic<sup>12</sup>.

### ***Limitations to Commonwealth financial support programs in healthcare***

Some of the existing national financial supports in healthcare include:

- Medicare Safety Net
- Pharmaceutical Benefits Scheme (PBS) Safety Net

The NDIS (National Disability Insurance Scheme) is another form of financial support but we will leave other stakeholders more expert in these arrangements to provide further details about the operation of the NDIS and impacts of rising costs of living.

#### ***Medicare Safety Net***

The Medicare Safety Net can help to lower out of pocket medical costs for out of hospital services<sup>13</sup>. The threshold for this continues to increase, alongside significant increases in out-of-pocket costs for consumers. It is getting more difficult to reach the

safety net. Medicare automatically keeps track of expenditure towards the safety net and will provide notification to consumers when they are getting close to reaching the threshold.

For consumers with one or more chronic illnesses, who know they will likely meet the threshold at some point in the calendar year in which it is assessed, significant out-of-pocket costs still need to be paid before eligibility for the Medicare Safety Net can provide some financial relief. Additionally, many important and significant health care costs do not count towards the Medicare Safety Net, including dental and most allied health services. So consumers can potentially spend significant amounts on healthcare services without reaching the Medicare Safety Net to assist.

### ***PBS Safety Net***

The PBS Safety Net operates similarly to the Medicare Safety Net, with a required threshold for out-of-pocket costs. However, unlike the Medicare Safety Net, the PBS Safety Net is not automatically calculated and relies on either consumers consistently using the same pharmacy, so that the pharmacy can track progress towards the safety net, or consumers painstakingly keeping a manual record of all PBS expenses across a calendar year, towards meeting the threshold. Add to this the fact that many consumers are unaware of the PBS Safety Net and its eligibility requirements, and we suspect it is probably underutilised as a means of support for those with higher out-of-pocket costs for PBS medicines.

At the same time, we know that increases in co-payments for PBS medicines primarily affect populations more likely to suffer poor health outcomes, such as those on low incomes and or those with chronic conditions who require multiple medications. A way in which consumers sometimes cope with increased costs is by reducing dose or frequency of their medicines, or by stopping taking one or more of their medicines. This can potentially have serious health consequences and may result in increased need for healthcare, including doctors' visits, trips to the Emergency Department or even hospitalisation<sup>14</sup>.

Like the Medicare Safety Net, for consumers with one or more chronic illnesses, who know they will likely meet the threshold at some point in the calendar year in which it is assessed, significant out-of-pocket costs still need to be paid before reaching eligibility requirements of the PBS Safety Net to provide some relief. It is also important to recognise that not all medicines are subsidised on the PBS, so out-of-pocket costs for prescription or over-the-counter medicines do not count towards the PBS Safety Net. So consumers can still potentially spend significant amounts on pharmaceutical products we have been prescribed, while not meeting the threshold for financial relief in this area.

**(b) Consider advice and ideas from the consultation process on how the ACT Government can further help address cost of living pressures**

We suggest that the ACT Government could consider the following as part of helping address these pressures for consumers, specifically relating to health and health care:

- Recognising and considering how to address the close link between health, healthcare and the impact of the social determinants of health. The COVID-19 pandemic has disproportionately affected some population groups, including people with disability, those with pre-existing health conditions, and First Nations people. Australian Institute of Health and Welfare's *Australia's Health Report 2022*<sup>15</sup> outlines that the indirect impacts have extended to the social determinants of health, including adverse effects on income, education, employment, and social connections. Effects in any of these areas can affect health many years into the future – current cost of living pressures can unfortunately accentuate these effects.
- Walk in Centres – how could we make more effective use of these services to better meet health care needs in the ACT, particularly given the lack of funding to primary care services, the shortage of GPs and lack of access to bulk-billing in the ACT?
- Community Pharmacy – could pharmacists play a greater role in the provision of healthcare in the ACT, particularly after-hours? We know that access to healthcare afterhours in the ACT can be challenging, and can come with significant out-of-pocket costs.
- Payroll tax in General Practice – could the ACT Government consider an exemption from payroll tax for 3 years, to allow time for primary care reforms at the Federal level to be implemented? This could be a way of reducing costs at the practice level and not adding to the cost-burden for consumers.
- Virtual Care – this connects health consumers with healthcare providers, through the use of technology. Virtual care, including telehealth, has been accelerated in its uptake with changing needs in the pandemic. It can improve patient care and promote better health outcomes. Other benefits of virtual care include improving access to care, as well as reducing both travel time and costs related to attending health care appointments?
- Elective Surgery and Outpatient Clinics – what can we do to improve waiting list systems, efficiency and service access/availability to ensure that waiting for services doesn't add to individual or community burden of poorer health and increased health care costs?

## About HCCA

The **Health Care Consumers' Association (HCCA)** is a health promotion agency and the peak consumer advocacy organisation in the Canberra region. HCCA provides a voice for consumers on local health issues and provides opportunities for health care consumers to participate in all levels of health service planning, policy development and decision making.

HCCA involves consumers through:

- consumer representation and consumer and community consultations;
- training in health rights and navigating the health system;
- community forums and information sessions about health services; and
- research into consumer experience of human services.

HCCA is a Health Promotion Charity registered with the Australian Charities and Not-for-profits Commission.

## References

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- <sup>2</sup> We know that the implementation of minimum ceiling insulation standard for rental homes in the ACT will go some way towards addressing these issues, but older people with poorer health, in particular, are at high risk of health problems or death. [https://www.betterrenting.org.au/ceiling\\_insulation\\_standards\\_in\\_the\\_act](https://www.betterrenting.org.au/ceiling_insulation_standards_in_the_act)
- <sup>3</sup> The Heath Foundation, UK. Debt and Health (2022) <https://www.health.org.uk/publications/long-reads/debt-and-health>
- <sup>4</sup> AIHW Mental Health Monitoring <https://www.aihw.gov.au/mental-health/monitoring/mental-health-impact-of-covid>
- <sup>5</sup> Marmot M, Allen JJ. Social determinants of health equity. *Am J Public Health.* 2014 Sep;104 Suppl 4(Suppl 4):S517-9.
- <sup>6</sup> ACTCOSS Fact Sheet: Poverty and Inequality in the ACT <https://www.actcoss.org.au/publications/advocacy-publications/factsheet-poverty-and-inequality-act>
- <sup>7</sup> Cleanbill Blue Report, January 2023 <https://cleanbill.com.au/wp-content/uploads/2023/01/Cleanbill-Blue-Report-January-2023.pdf>
- <sup>8</sup> CALMS service FAQs <https://calms.net.au/faq/>
- <sup>9</sup> Consumer Price Index Australia, December 2022 release. <https://www.abs.gov.au/statistics/economy/price-indexes-and-inflation/consumer-price-index-australia/latest-release#data-downloads>
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- <sup>11</sup> Cost of Living and Mental Health – Issue Paper 2022 [https://mhaustralia.org/sites/default/files/docs/issue\\_paper\\_-\\_cost\\_of\\_living.pdf](https://mhaustralia.org/sites/default/files/docs/issue_paper_-_cost_of_living.pdf)
- <sup>12</sup> AIHW Australia's Health 2022 (Chapter 2: Changes in the health of Australians during the COVID-19 period) [https://www.aihw.gov.au/getmedia/cb5f5bbb-df0b-4a1c-9796-25ea2e94e447/aihw-aus-240\\_Chapter\\_2.pdf.aspx](https://www.aihw.gov.au/getmedia/cb5f5bbb-df0b-4a1c-9796-25ea2e94e447/aihw-aus-240_Chapter_2.pdf.aspx)
- <sup>13</sup> Medicare Safety Net <https://www.servicesaustralia.gov.au/medicare-safety-nets>
- <sup>14</sup> Ortiz M. Are prescription co-payments compromising patient care?. *Aust Prescr* 2013;36:2-3. <https://doi.org/10.18773/austprescr.2013.001>
- <sup>15</sup> Australia's Health 2022 (Australian Institute of Health and Welfare – AIHW) <https://www.aihw.gov.au/reports-data/australias-health>