6 Australia's health system

6.1 Overview

Key knowledge

- Australia's health system, including Medicare, private health insurance, the Pharmaceutical Benefits Scheme and the National Disability Insurance Scheme, and its role in promoting health in relation to funding, sustainability, access and equity

Key skills

- Analyse the role of Medicare, private health insurance, the Pharmaceutical Benefits Scheme and the National Disability Insurance Scheme in promoting Australia's health

FIGURE 6.1 Doctors and hospitals form an important part of Australia's health system, but there are many other aspects that make it a comprehensive system.

KEY TERMS

Allied health services health services provided by trained health professionals who are not doctors, dentists or nurses. Examples include services provided by physiotherapists, psychologists and occupational therapists.
Assistive technology a device, system or design, that allows an individual to perform a task that they would otherwise be unable to do, or increase the ease and safety with which a task can be performed
Bulk-billing when the doctor or specialist charges only the schedule fee. The payment is claimed directly from Medicare so there are no out-of-pocket expenses for the patient.
Income test a determination of whether an individual or family is eligible for government assistance based on their level of income
Patient co-payments the payment made by the consumer for health products or services in addition to the amount paid by the government
Premium the amount paid for insurance
Protected Special Category visa these visas are held by some people who arrived in Australia on a New Zealand passport and meet other specific criteria
Schedule fee the amount that Medicare contributes towards certain consultations and treatments. The government decides what each item is worth and that's what Medicare pays. Doctors and private hospitals may choose to charge more than the schedule fee.

on Resources

studyON

To access key concept summaries and past VCAA exam questions, download and print the **studyON: Revision and past VCAA exam question booklet** (sonr-0007).

6.2 Medicare

KEY CONCEPT Understanding Australia's health system: Medicare

According to the World Health Organization, a health system is 'all the activities whose primary purpose is to promote, restore and/or maintain health'.

Common elements of health systems include funding models, a professional and well-trained workforce, reliable information on which to base decisions and policies, up-to-date facilities, and logistics to deliver quality medicines and technologies.

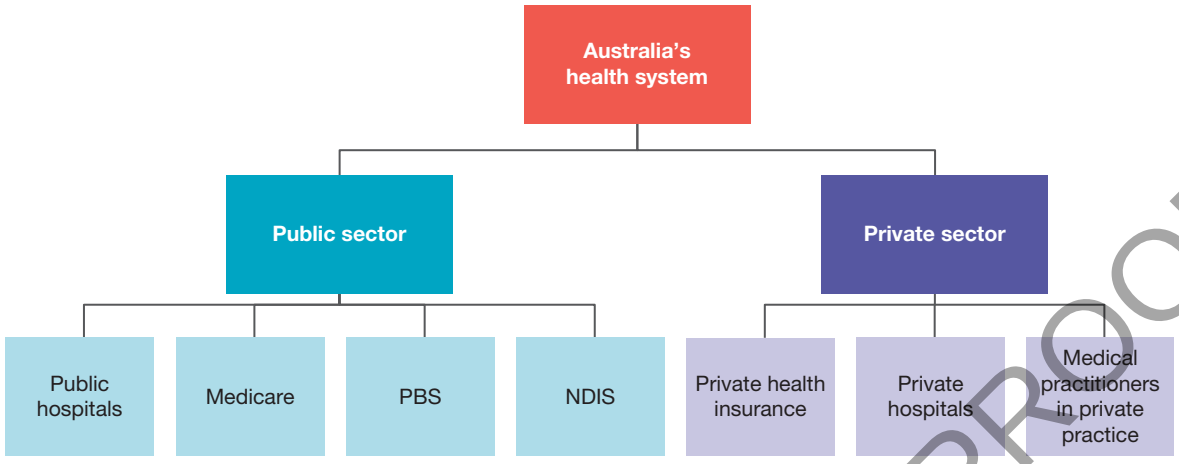
Australia's health system is made up of two main components — public and private healthcare. The public component includes public-sector health services and schemes that are provided by the Australian, state/territory and local governments, and include public hospitals, Medicare, the Pharmaceutical Benefits Scheme and the National Disability Insurance Scheme. The private sector includes private health insurance, private hospitals and medical practitioners in private practices (figure 6.2).

The Australian government and state/territory governments also fund and deliver a range of other services, including population health programs, health and medical research, and Aboriginal and Torres Strait Islander health services.

6.2.1 Medicare

Medicare is Australia's universal health insurance scheme. Established in 1984 and administered by the Federal Government, Medicare gives all Australians, permanent residents and people from countries with a reciprocal agreement (New Zealand, the United Kingdom, the Republic of Ireland, Belgium, Sweden, the Netherlands, Finland, Italy, Malta, Slovenia and Norway) access to subsidised healthcare.

FIGURE 6.2 Australia's health system is made up of the public and private sectors and the respective components.



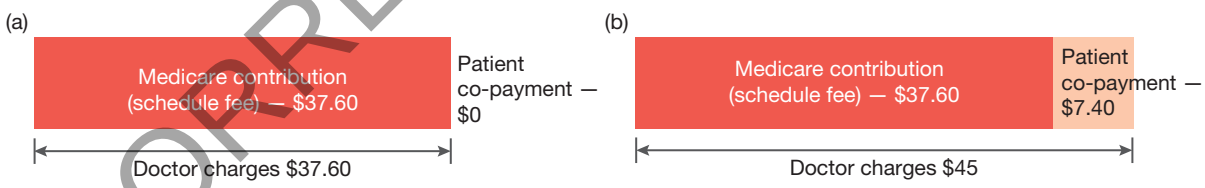
6.2.2 What does Medicare cover?

Out-of-hospital expenses

Medicare will pay all or some of the fees relating to many essential healthcare services. This includes consultation fees for doctors (general practitioners or GPs) and specialists, tests and examinations needed to treat illnesses, such as x-rays (see figure 6.5) and pathology, for example blood tests, and eye tests performed by optometrists. Most surgical and other therapeutic procedures performed by general practitioners are also covered.

FIGURE 6.3 Medicare is administered by the federal government and is available to all Australians.

FIGURE 6.4 (a) A bulk-billed GP consultation and (b) a GP consultation requiring patient co-payment



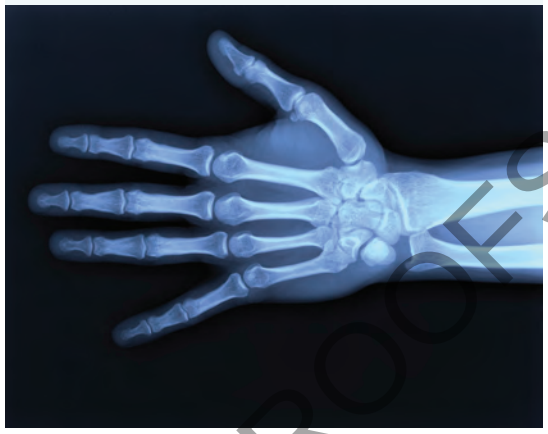
Source: www.health.gov.au.

The Medicare Benefits Schedule is a document that lists the range of services covered and the amount that Medicare will contribute to each known as the **schedule fee**. The schedule fees are based on the amount that is thought to be 'reasonable' on average, for that particular service. For example, the schedule fee for a GP's visit in January 2019 was $37.60. Based on this contribution, every time an individual goes to the doctor for a standard consultation, Medicare will contribute $37.60. This does not necessarily mean that the doctor will only charge that amount. Depending on the individual doctor's policy, the fee may be more than the schedule. If this is the case, the patient is responsible for paying the difference (known as the **patient co-payment**). If the doctor charges only the schedule fee, the patient does not have any out of pocket expenses and is said to have been **bulk-billed**. Examples of the contributions of both Medicare and the individual are outlined in the hypothetical situations in figure 6.4.

Although most basic dental services are usually not covered by Medicare, some dental procedures can be covered, including:

- some surgical procedures performed by approved dentists
- services for some children aged 2–17. Under the Child Dental Benefits Scheme, some children are eligible for Medicare-funded dental procedures. Medicare will provide $1000 worth of dental treatment over two years for those who qualify. In order to qualify, the individual must be eligible for Medicare and receive (or their family, guardian or carer must receive) certain government benefits, such as Family Tax Benefit Part A or Youth Allowance (forms of social security), for at least part of the calendar year.

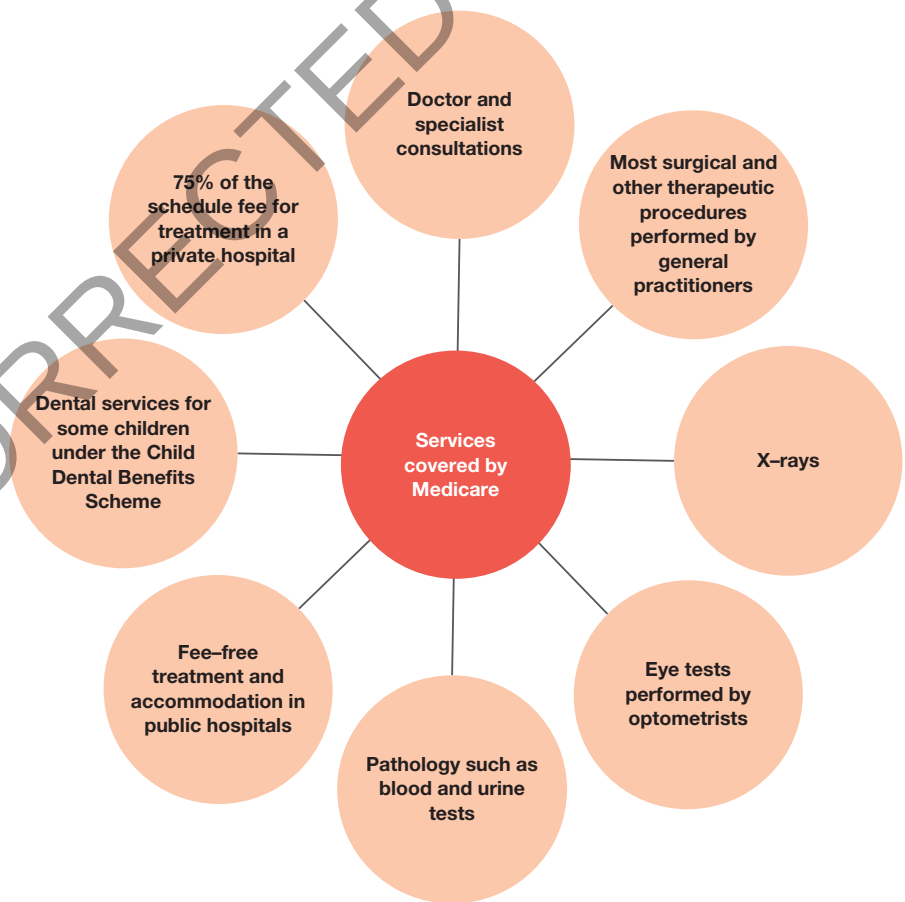
FIGURE 6.5 X-ray is one of the many services Medicare covers.



In-hospital expenses

As a public patient in a public hospital, accommodation and treatment by doctors and specialists is covered by Medicare, including initial treatment and aftercare. If an individual chooses to be admitted to a private hospital or as a private patient in a public hospital, Medicare will pay 75 per cent of the schedule fee for treatment by doctors and specialists, but will not contribute to accommodation or other costs such as theatre fees and medication. A summary of the in- and out-of-hospital services covered by Medicare is shown in figure 6.6.

FIGURE 6.6 Summary of services covered by Medicare



Medicare Safety Net

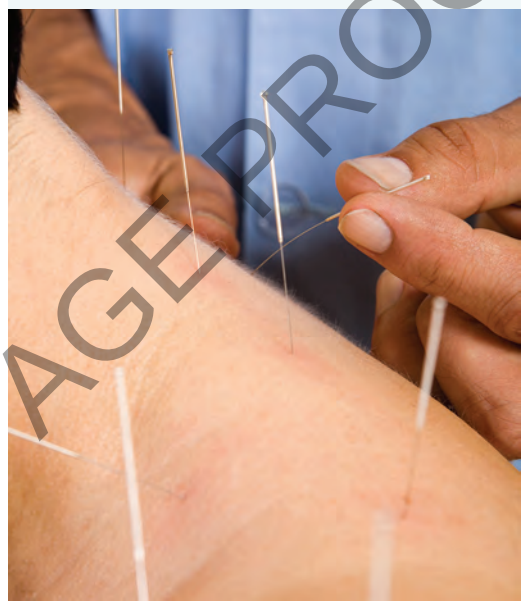
The Medicare Safety Net provides extra financial assistance for those that incur significant out of pocket costs for Medicare services. Once an individual or family has contributed a certain amount out of their own pocket to Medicare services in a calendar year ($470 in 2019), further financial support is provided by the government, making Medicare services cheaper for the remainder of that year.

6.2.3 What is not covered by Medicare?

Medicare covers most 'clinically necessary' hospital and doctors' services. Any cosmetic or unnecessary procedures are generally not covered. Other services not covered by Medicare include:

- most costs associated with private hospital care. Medicare will pay 75 per cent of the schedule fee for *treatment* in private hospitals but will not contribute to accommodation and other costs.
- most dental examinations and treatment. Although some children aged 2–17 can qualify for Medicare-funded dental care, most individuals are responsible for meeting their own costs associated with dental healthcare.
- home nursing care or treatment
- ambulance services
- most **allied health services** (unless referred by a GP or carried out in a public hospital).

FIGURE 6.7 Alternative therapies, such as acupuncture, are not usually covered by Medicare, but can be if carried out or referred by a GP.



A number of treatments that exist in addition to traditional medicine are generally not covered by Medicare. Often these are seen as 'alternative medicines' and include chiropractic services, acupuncture, remedial massage, naturopathy and aromatherapy. Medicare may contribute if these services are carried out or referred by a GP.

Health-related aids, such as glasses and contact lenses, hearing aids and the cost of artificial limbs (prostheses), are also exempt from the Medicare rebate. Pharmaceuticals are not covered under Medicare but may be subsidised under the Pharmaceutical Benefits Scheme.

Medical costs for which someone else is responsible (for example, a compensation insurer, an employer, or a government or non-government authority) do not qualify for a Medicare contribution as the person or organisation responsible is expected to pay the medical fees.

Individuals and/or families can choose to purchase private health insurance to cover many of the services not covered by Medicare if they wish.

6.2.4 The advantages and disadvantages of Medicare

The advantages and disadvantages of Medicare are summarised in table 6.1.

6.2.5 How is Medicare funded?

Medicare is funded through three sources of income:

- the Medicare levy
- the Medicare levy surcharge
- general taxation.

The Medicare levy is an additional 2 per cent tax placed on the taxable income of most taxpayers. Those with low incomes or with specific circumstances may be exempt from paying the levy.

TABLE 6.1 The advantages and disadvantages associated with Medicare

Advantages	Disadvantages
• Choice of doctor for out-of-hospital services • Available to all Australian citizens • Reciprocal agreement between Australia and other countries allows Australian citizens to access free healthcare in selected countries • Covers tests and examinations, doctors' and specialists' fees (schedule fee only), and some procedures such as x-rays and eye tests • The Medicare Safety Net provides extra financial contributions for medical services once an individual's or family's co-payments reach a certain level	• No choice of doctor for in-hospital treatments • Waiting lists for many treatments • Does not cover alternative therapies • Often does not cover the full amount of a doctor's visit

People without private health insurance earning more than a certain amount ($90 000 a year for individuals and $180 000 for families in 2020–21) have to pay an extra tax called the Medicare levy surcharge. The Medicare levy surcharge increases as income increases; for example, an individual without private health insurance earning more than $90 000 will pay an extra 1 per cent of their income to Medicare, and an individual without private health insurance earning more than $140 001 will pay an extra 1.5 per cent of their income to Medicare. This is an incentive for those on higher incomes to take out private health insurance, which takes some of the financial pressure off Medicare.

The Medicare levy surcharge aims to encourage individuals to take out private hospital cover and, where possible, to use the private system to reduce the demand on the Medicare-funded public system.

The revenue collected from the Medicare levy and the Medicare levy surcharge does not meet the full operating costs of Medicare. Therefore, income collected through general taxation is also used to help fund the cost of Medicare.

TABLE 6.2 Medicare services provided and benefits paid, 2007–18

	Total services provided (million)	Average number of services per person	Total cost of services ($ million)	Average cost per person ($)
2007–08	278.7	13.4	13 006.5	624.5
2008–09	293.5	13.8	14 255.2	670.7
2009–10	308.0	14.2	15 413.7	710.6
2010–11	318.8	14.5	16 317.6	740.6
2011–12	332.2	14.9	17 639.2	789.6
2012–13	343.6	15.1	18 565.6	816.7
2013–14	356.1	15.4	19 122.6	826.8
2014–15	368.5	15.7	20 188.9	860.0
2015–16	384.0	16.1	21 107.8	866.3
2016–17	394.3	16.3	22 002.6	909.5
2017–18	414.3	16.8	23 196.3	943.0

Source: www.health.gov.au.

EXAM TIP

This study design dot point relates to Australia's health system and how it promotes 'health', which can relate to either health and wellbeing or health status. If asked how the health system (or an aspect of it) can promote health or improve health outcomes, links to either health and wellbeing or health status are acceptable.

6.2 Activity

Access the **Medicare** weblink and worksheet in the Resources tab then complete the worksheet.

6.2 Exercise 1 TEST your knowledge

To answer questions online and to receive **immediate feedback** and **sample responses** for every question, go to your learnON title at www.jacplus.com.au.

1. (a) Briefly describe Medicare.
   (b) What does Medicare cover?
   (c) What does Medicare not cover?
2. (a) What is meant by the term 'schedule fee'?
   (b) What is bulk-billing?
3. What percentage of the schedule fee does Medicare pay if individuals are treated as private patients?
4. What is the Medicare Safety Net?
5. Outline how Medicare is funded.

6.2 Exercise 2 APPLY your knowledge

1. Does Medicare represent the biomedical or social model of health? Explain. (You may need to refer to subtopics 5.4 and 5.5.)
2. Does Medicare cover dental healthcare? Discuss.
3. Explain how the Medicare Safety Net may promote health status in Australia.
4. Explain how Medicare improves health outcomes in Australia.
5. (a) According to table 6.2, how has the average number of Medicare services per person changed from 2007–08 to 2017–18?
   (b) Suggest two possible reasons for this change.

studyON

6.2 Exercise 3 studyON: Past VCAA exam questions online only

To answer past VCAA exam questions online and to receive immediate feedback and sample responses for every question, go to your learnON title at www.jacplus.com.au.

on Resources

Digital document Medicare worksheet (doc-22938)
Weblink Medicare

6.3 The Pharmaceutical Benefits Scheme and the National Disability Insurance Scheme

KEY CONCEPT Understanding Australia's health system: the Pharmaceutical Benefits Scheme and National Disability Insurance Scheme

In addition to Medicare, the federal government is responsible for the Pharmaceutical Benefits Scheme (PBS) and plays a key role in administering the National Disability Insurance Scheme (NDIS). The PBS and NDIS are two key components of Australia's health system and work to promote health and wellbeing in Australia.

6.3.1 Pharmaceutical Benefits Scheme (PBS)

The PBS is a key component of the federal government's contribution to Australia's health system.

The PBS has been evolving since 1948, when the government provided lifesaving and disease-preventing medication to the community free of charge. The aim was to provide essential medicines to people who needed them, regardless of their ability to pay. The purpose of the PBS remains the same today, but instead of being free, medicines are now subsidised and consumers must make a patient co-payment. As at 1 January 2019, the patient co-payment for most PBS-subsidised medication was $40.30 or $6.50 for concession cardholders. The government pays the remaining cost. These costs are adjusted each year on 1 January to stay in line with inflation.

In addition to the initial subsidy, individuals and families are further protected from large overall expenses for PBS-listed medicines through the PBS Safety Net. Once they (or their immediate family) have spent $1550.70 within a calendar year on PBS-listed medicine, the patient pays only a concessional co-payment rate of $6.50 rather than the normal $40.30.

Currently, over 5000 brands of prescription medicine are covered by the PBS. This includes different brands of the same medicine.

FIGURE 6.8 Over 5000 essential medications are subsidised under the PBS.

There are also a number of drugs not covered by the PBS. These drugs require the patient to pay the full amount. Available medications are reviewed three times a year by the Pharmaceutical Benefits Advisory Committee (PBAC). The PBAC is an independent committee made up of health professionals who review and consider new medications for inclusion in the PBS. No new medicine can be listed on the PBS unless the committee makes a positive recommendation. Before recommending a medicine for listing, the PBAC takes into account the medical conditions for which the medicine is used, its clinical effectiveness, safety and cost-effectiveness ('value for money') compared with other treatments.

In 2017–18, more than $12 billion was paid through the PBS. On average, there were around nine prescriptions subsidised for every person in Australia (Department of Health and Ageing 2018).

CASE STUDY

Big rise in number of subsidised high-priced drugs

By Dan Harrison

The number of high-priced drugs being subsidised by the federal government has dramatically increased in recent years as pharmaceutical companies produce more targeted therapies for smaller groups of patients.

The federal health department said there are 61 drugs listed on the Pharmaceutical Benefits Scheme that cost more than $5000 each time they are dispensed.

In 1991, $2800 would have had the same buying power as $5000 today. Yet the most expensive drug listed on the scheme in 1991 cost $843 — less than one-third of this amount.

In response to a question from Liberal senator Linda Reynolds, the department said while there were a similar number of drugs costing $20 or less in 1991 and 2014, 'the number of higher-cost listings has grown significantly'. More than 500 drugs are listed on the PBS at between $1001 and $5000.

The Pharmaceutical Benefits Advisory Committee, the expert body that recommends medicines for subsidy, is preparing to consider a second application for the listing of Hepatitis C drug Sovaldi.

The committee rejected the drug for listing last July on value-for-money grounds. The Health Department has since revealed the estimated cost of the drug was more than $1 billion over five years.

In the United States, the cost of a 12-week course of Sovaldi is about $US84 000 ($102 000).

Last year, the total cost of the Pharmaceutical Benefits Scheme, which includes more than 3000 drugs, was just over $9 billion.

The most expensive drug on the PBS is Soliris, a treatment for a rare kidney condition, listed on the PBS last December. The average cost of the treatment is more than $500 000 a year per patient for life.

Stephen Duckett, a former head of the federal health department who now heads the health program at the Grattan Institute, said the end of the era of new 'blockbuster' drugs — those which provide a benefit to large groups of people, such as cholesterol-lowering medications — had led to the emergence of 'highly targeted drugs for a very small segment of the population'.

'You still have quite large drug development costs, and they have to be amortised over much smaller populations which end up as much more expensive drugs per dose.'

Medicines Australia chief Tim James said all drugs listed on the PBS had been rigorously assessed by the Pharmaceutical Benefits Advisory Committee. 'No other spending in the health portfolio is subject to such stringent assessment of cost effectiveness,' he said.

Mr James said research and development costs had risen as treatments become more complex and targeted, but reforms that had driven down the price of off-patent drugs by up to 97 per cent ensured the overall cost of the PBS was sustainable. Professor Duckett said 'the very purpose of the PBS' was to make expensive drugs accessible by spreading their cost across all taxpayers.

Source: *The Age*, 14 January 2015.

Case study review

1. How many drugs on the PBS cost more than $5000 each time they are dispensed?
2. (a) What is the patient co-payment for a drug that costs $5000 to dispense if it is included in the PBS?
   (b) Explain how this could impact the health and wellbeing of individuals.
3. How many drugs that cost between $1001 and $5000 are included in the PBS?
4. (a) Why was the Hepatitis C drug Sovaldi rejected for inclusion on the PBS when it could save lives?
   (b) What was the estimated cost of including Sovaldi on the PBS?
5. What is the most expensive drug on the PBS? How much does it cost?
6. Why have research and development costs risen? What impact would that have on the cost of pharmaceuticals once they are available for sale?

6.3.2 National Disability Insurance Scheme (NDIS)

The NDIS is a national insurance scheme that provides services and support for people with permanent, significant disabilities, and their families and carers. Funded by the federal and state/territory governments, the NDIS works to assist individuals with disabilities to live an ordinary life.

To be eligible for the NDIS, a person must meet the age, residency and disability requirements.

The age requirement states that an individual must be aged under 65 when applying for the NDIS.

To meet the residency requirement, the individual must live in Australia and be an Australian citizen or hold a permanent visa or a **Protected Special Category visa**.

The disability requirements are fourfold:

- you have an impairment or condition that is likely to be permanent (i.e. it is likely to be lifelong)
- your impairment substantially reduces your ability to participate effectively in activities, or perform tasks or actions unless you have:
  - assistance from other people or
  - you have **assistive technology** or equipment (other than common items such as glasses) or
  - you can't participate effectively even with assistance or aides and equipment
- your impairment affects your capacity for social and economic participation
- you are likely to require support under the NDIS for your lifetime.

FIGURE 6.9 The NDIS provides services and support for people with disabilities.

If the age, residency and disability requirements are met, the first step in accessing the NDIS is developing an individualised plan. The plan is based on the individual's goals and aspirations, both now and in the future. This may include greater independence, community involvement, employment and improved health and wellbeing. The plan also identifies the functional support needed for daily living and participation, the support needed to pursue goals, and how the individual wants to manage their plan over time. For example, the individual may choose to manage the plan themselves, nominate someone to help manage their plan, or ask NDIS staff to manage all or part of their plan on their behalf. The NDIS provides information to help participants make these choices and design an individualised plan that is right for each person.

Through the individualised plan, the NDIS assists participants to:

- Access mainstream services and supports. These are the services available for all Australians from people like doctors or teachers through the health and education systems. It also covers areas like public housing and the justice and aged care systems. The NDIS provides information about appropriate support options and assists participants in accessing such services.
- Access community services and supports. These are activities and services available to everyone in a community, such as sports clubs, community groups, libraries or charities. Many individuals wish to be socially connected by accessing services and supports within the community.
- Maintain informal support arrangements. This is the help that people get from their family and friends. It is support people don't pay for and is generally part of most people's lives.
- Receive reasonable and necessary funded supports. The NDIS can pay for supports that are reasonable and necessary. This means they are related to a person's disability and are required for them to live an ordinary life and achieve their goals. Funding is provided for assistive technology such as a mobility cane, nonslip bathmat, talking watch, shower stool/chair, over-toilet frame, bed rails and wheelchairs. Funding is also provided to pay for carers if the individual requires assistance with daily tasks.

As an insurance scheme, the NDIS takes a lifetime approach, investing in people with disability early to improve their health and wellbeing later in life. By 2019, the NDIS was supporting about 460 000 Australians with disability.

FIGURE 6.10 The NDIS assists people with permanent disabilities to lead an ordinary life.

FIGURE 6.11 An individual plan through the NDIS provides a range of resources and support.

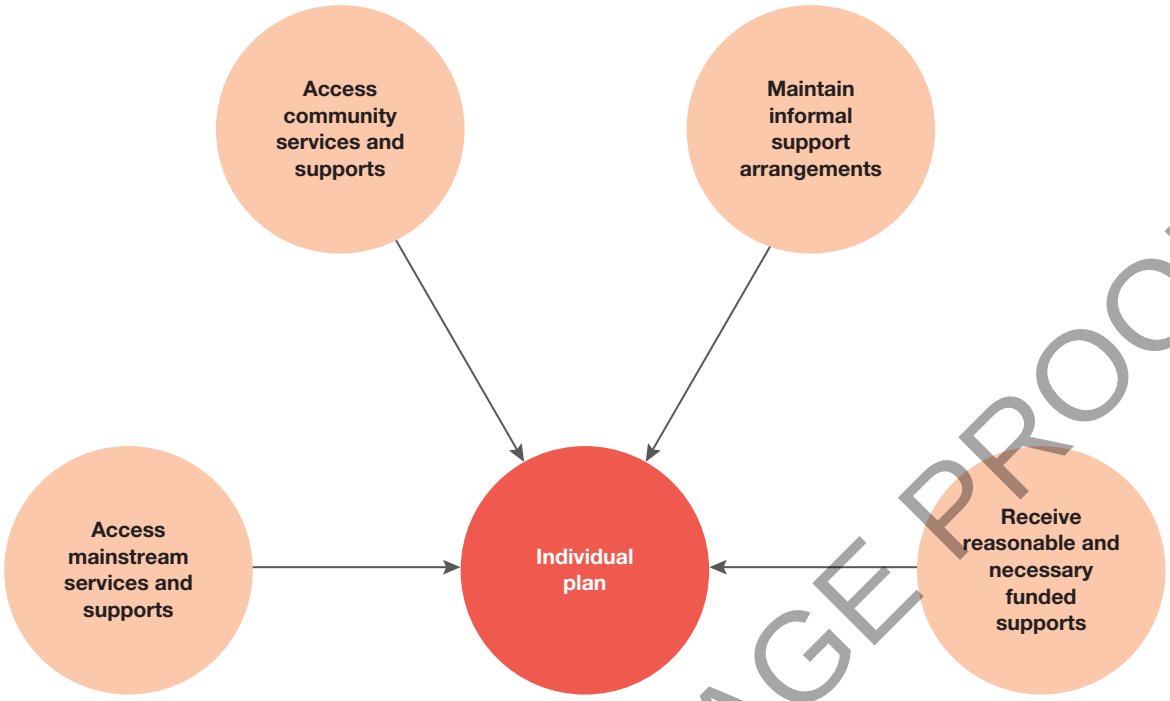


FIGURE 6.12 Assistive technology includes devices like wheelchairs that assist people in carrying out everyday tasks such as attending school.

CASE STUDY

Sarah's story — How we might provide a personal plan and supports over a lifetime

Sarah is 24, and was born with cerebral palsy. Prior to her contact with the National Disability Insurance Agency, she had no job or friends. Sarah has limited mobility and uses an electric wheelchair. Her parents provide her with most of her support. She had outgrown her wheelchair, which she had had for over eight years.

After her initial contact, Sarah worked with us to develop an individual plan. She was asked to think about her goals and aspirations, not just her physical needs. Sarah said she wanted to socialise more, and she was really interested in film.

Sarah's plan identified that she would benefit from physiotherapy and she could have daily in-home assistance with some tasks and help improve her independence. She was provided with funding for a new wheelchair.

The biggest change in Sarah's life came when we helped her locate a film club and worked with the club to support her involvement. Sarah's plan also included transport to and from these events.

Source: www.ndis.gov.au.

Case study review

1. Explain how the NDIS assisted Sarah.
2. Discuss how the NDIS may have promoted Sarah's health and wellbeing.

6.3 Activities

1. Access the **PBS** weblink and worksheet in the Resources tab then complete the worksheet.
2. Access the **NDIS** weblink and worksheet in the Resources tab then complete the worksheet.

6.3 Exercise 1 TEST your knowledge

To answer questions online and to receive **immediate feedback** and **sample responses** for every question, go to your learnON title at www.jacplus.com.au.

1. What is the Pharmaceutical Benefits Scheme (PBS)?
2. (a) What is the Pharmaceutical Benefits Advisory Committee (PBAC)?
   (b) What role does the PBAC play in the PBS?
   (c) What factors does the PBAC take into account?
3. What does the co-payment mean in the PBS?
4. What is the National Disability Insurance Scheme (NDIS)?
5. What are the eligibility criteria for the NDIS?
6. Once the eligibility criteria are met, what is the first step in accessing the NDIS?
7. What does the NDIS assist participants in doing?
8. What is meant by 'assistive technology'?

6.3 Exercise 2 APPLY your knowledge

1. Outline one similarity and one difference between Medicare and the PBS.
2. Explain how the Pharmaceutical Benefits Scheme and the National Disability Insurance Scheme improve the health status of Australians.
3. Explain how assistive technology could promote the health and wellbeing of individuals in Australia.

studyON

6.3 Exercise 3 studyON: Past VCAA exam questions online only

To answer past VCAA exam questions online and to receive immediate feedback and sample responses for every question, go to your learnON title at www.jacplus.com.au.

on Resources

Digital documents PBS worksheet (doc-22937)
NDIS worksheet (doc-22686)

Weblinks PBS
NDIS

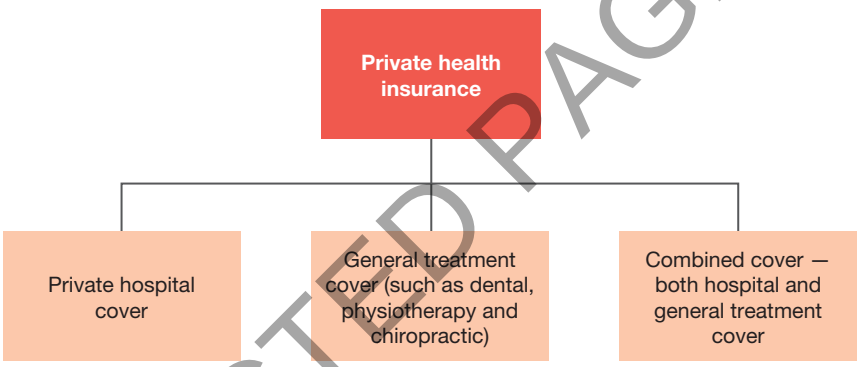
6.4 Private health insurance

KEY CONCEPT Understanding Australia's health system: private health insurance

Private health insurance is a type of insurance under which members pay a **premium** (or fee) in return for payment towards health-related costs not covered by Medicare. It is an optional form of health insurance that can be purchased in addition to Medicare.

Private health insurance is an important part of Australia's health system. As well as contributing much of the necessary healthcare funding, it gives Australians more choice in the sort of care they wish to access. Private hospitals (which are largely funded by private health insurance companies) provide about one-third of all hospital beds and 40 per cent of hospital separations. As well as private hospital cover, people can receive cover for general treatment (also known as 'extras' cover) to pay for services provided by dentists, physiotherapists and chiropractors, which are generally not covered by Medicare. The individual can choose which extras are covered, but the premium increases with each addition. The options available in private health insurance are shown in figure 6.13.

FIGURE 6.13 Private health insurance options



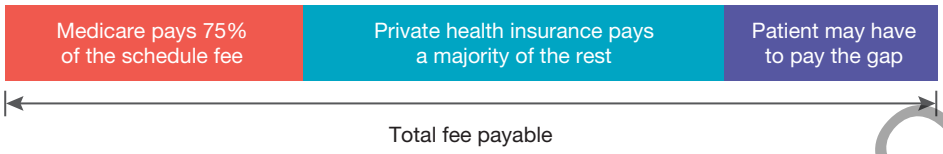
Like all insurance policies, private health insurance works by participants paying a premium, which can vary depending on how many people are covered by the policy and the options included in the policy. The basic benefit of most policies is the right to be admitted as a private patient in a public or private hospital, with many of the expenses met by the insurance company. Medicare will still pay 75 per cent of the doctor's schedule fee for treatment in private hospitals.

FIGURE 6.14 People with private health insurance often have more choice in their healthcare such as choosing their own doctor for hospital treatment and having their own room.

People with private health insurance generally have greater choice in terms of hospitals and doctors. As private hospitals charge much more than public hospitals, generally only people with insurance tend to use them. In private hospitals, patients get their choice of doctor, can have their own room and generally don't have to wait for extended periods for elective (non-emergency) surgery, which can happen in the public system.

Private hospitals usually charge more than the schedule fee for services. Generally, private health insurance companies pay the additional costs, but sometimes the total bill may exceed the amount contributed by the insurance company. In these cases, the patient has to pay the rest, known as 'the gap' (see figure 6.15). Many health insurance companies have partnership arrangements with hospitals to ensure that gap payments are kept to a minimum.

FIGURE 6.15 Breakdown of fees paid for using private hospitals

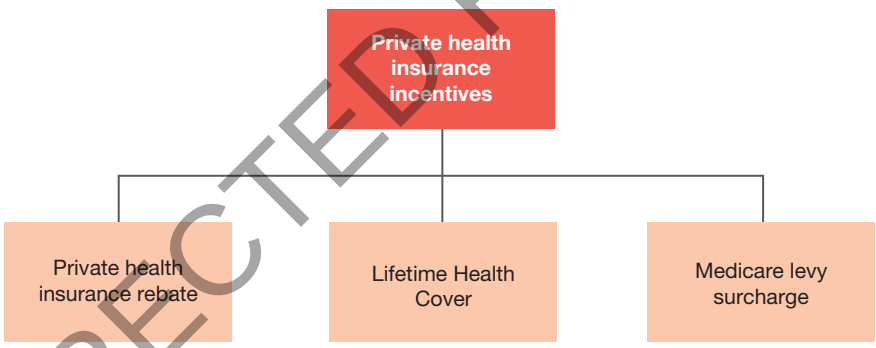


6.4.1 Private health insurance incentives

The proportion of people who have private health insurance has fluctuated over the years. When Medicare was introduced, many people opted out of private health insurance because they could access essential treatments without having to pay expensive private health insurance premiums. This put a strain on the public health system as fewer people were using private hospitals.

In order to encourage people back into private health insurance, the government introduced three main incentives (see figure 6.16).

FIGURE 6.16 The three incentives put in place to encourage people to take out private health insurance



Private health insurance rebate

In 1999, the government introduced the 30 per cent rebate incentive. Under this scheme, policyholders received a 30 per cent rebate (or refund) on their premiums for private health insurance. In 2012, this rebate became **income tested**. In 2019, under this arrangement, individual policyholders under the age of 65 received the following rebates:

- Individuals with an income under $90 000 received a 26 per cent rebate.
- Individuals with an income between $90 001 and $105 000 received a 17 per cent rebate.
- Individuals with an income between $105 001 and $140 000 received a 9 per cent rebate.
- Individuals with an income of more than $140 000 received no rebate.

The threshold amounts are higher for families to reflect the extra expenses families incur compared to individuals. In 2019:

- Families earning under $180 000 received a 26 per cent rebate.
- Families earning between $180 001 and $210 000 received a 17 per cent rebate.
- Families earning between $210 001 and $280 000 received a 9 per cent rebate.
- Families earning more than $280 000 received no rebate.

Eligible policyholders aged between 65 and 70 received approximately an extra 5 per cent rebate, and those aged over 70 received approximately an extra 10 per cent rebate.

Eligible policyholders can opt to pay a reduced premium (with the government contributing the remainder) or pay the total and reclaim the rebate in their tax return. Although the government is paying a substantial amount to fund this incentive, it increases the affordability of private health insurance and generates much-needed funds for the health system. It also increases the proportion of people using the private system which takes pressure off public hospitals, especially for elective surgery.

Lifetime Health Cover

A second incentive is referred to as 'Lifetime Health Cover'. People who take up private insurance after the age of 31 pay an extra 2 per cent on their premiums for every year they are over the age of 30. For example, a person who takes out private health insurance at age 40 will pay 20 per cent more for their private health insurance than someone who first takes out hospital cover at age 30. This encourages younger people to take up private health insurance and keep it for life. Having more young people with private health insurance helps offset the cost of providing healthcare for older Australians, who are more likely to need it.

The maximum Lifetime Health Cover loading payable is 70 per cent, which would apply to a person who takes out private health insurance for the first time at age 65.

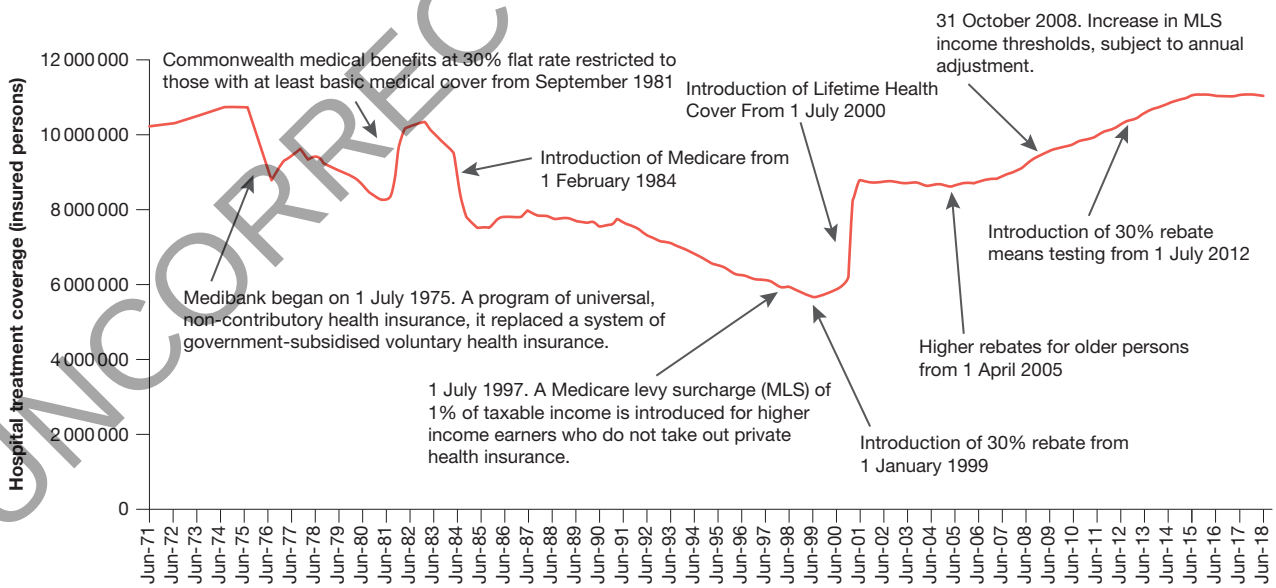
Once taken out, if an individual holds private health insurance for 10 continuous years, the loading is removed and the individual will pay the same amount as someone who took out insurance at the age of 30.

Medicare levy surcharge

A third incentive is the Medicare levy surcharge. People earning more than $90 000 a year ($180 000 for families) pay an extra tax as a Medicare levy surcharge if they do not purchase private health insurance. The Medicare levy surcharge is calculated according to income and ranges from 1 per cent to 1.5 per cent. This encourages high income earners to take out private health insurance.

The number of people with private health insurance between 1971 and 2015, along with significant interventions, are shown in figure 6.17.

FIGURE 6.17 Changes in private health insurance membership over time



Source: www.apra.gov.au.

6.4.2 The advantages and disadvantages of private health insurance

The advantages and disadvantages of private health insurance are summarised in table 6.3.

TABLE 6.3 The advantages and disadvantages of private health insurance

Advantages	Disadvantages
• Enables access to private hospital care • Choice of doctor while in public or private hospital • Shorter waiting times for some medical procedures such as elective surgery • Depending on the level of cover purchased, services such as dental, chiropractic, physiotherapy, optometry and dietetics could be paid for • Helps to keep the costs of operating Medicare under control • High income earners with private health insurance do not have to pay the additional tax, called the Medicare levy surcharge • Government rebate for eligible policy holders • 'Lifetime Health Cover' incentive	• Costly in terms of the premiums that have to be paid • Sometimes have a 'gap', which means the insurance doesn't cover the whole fee and the individual must pay the difference • Qualifying periods apply for some conditions (such as pregnancy) • Policies can be complex to understand and so create confusion for the average person

6.4 Exercise 1 TEST your knowledge

To answer questions online and to receive **immediate feedback** and **sample responses** for every question, go to your learnON title at www.jacplus.com.au.

1. Explain private health insurance.
2. Describe the three incentives used to encourage people to take up private health insurance.
3. What is a premium?
4. What is 'the gap'?
5. Identify three advantages and three disadvantages of private health insurance.

6.4 Exercise 2 APPLY your knowledge

1. Explain how private health insurance can promote:
   (a) the health and wellbeing of individuals
   (b) health status in Australia.
2. Why do you think the government provides incentives for people to take out private health insurance?
3. Why is private health insurance an essential part of Australia's health system?
4. Can people without private health insurance use private hospitals? Explain.
5. Outline two differences between Medicare and private health insurance.

studyON

6.4 Exercise 3 studyON: Past VCAA exam questions online only

To answer past VCAA exam questions online and to receive immediate feedback and sample responses for every question, go to your learnON title at www.jacplus.com.au.

6.5 Funding and sustainability and the role of Australia's health system

KEY CONCEPT Understanding the role of Australia's health system in promoting health: funding and sustainability

Australia's health system plays a significant role in promoting health status. Four key areas of focus guide the implementation of the health system and can be used to explore the way in which health status is targeted:

- funding
- sustainability
- access
- equity.

Each of the four areas will be explored in the coming sections and it is important to note that these areas are interrelated and impact on each other. As a result, there is some overlap in how each of the areas impact on the health system.

6.5.1 Funding

Funding of the health system relates to the financial resources that are provided to keep the health system adequately staffed and resourced so a high level of care is available for those who need it.

Funding the health system means more people can receive treatment by reducing the costs the individual must contribute. As a result, more people can access healthcare and receive treatment for a range of conditions, reducing morbidity and mortality rates.

Funding related to Medicare, the PBS, the NDIS and private health insurance contributes to improved health outcomes in Australia as shown in table 6.4.

TABLE 6.4 Funding across Australia's health system provides better access to healthcare and improved services

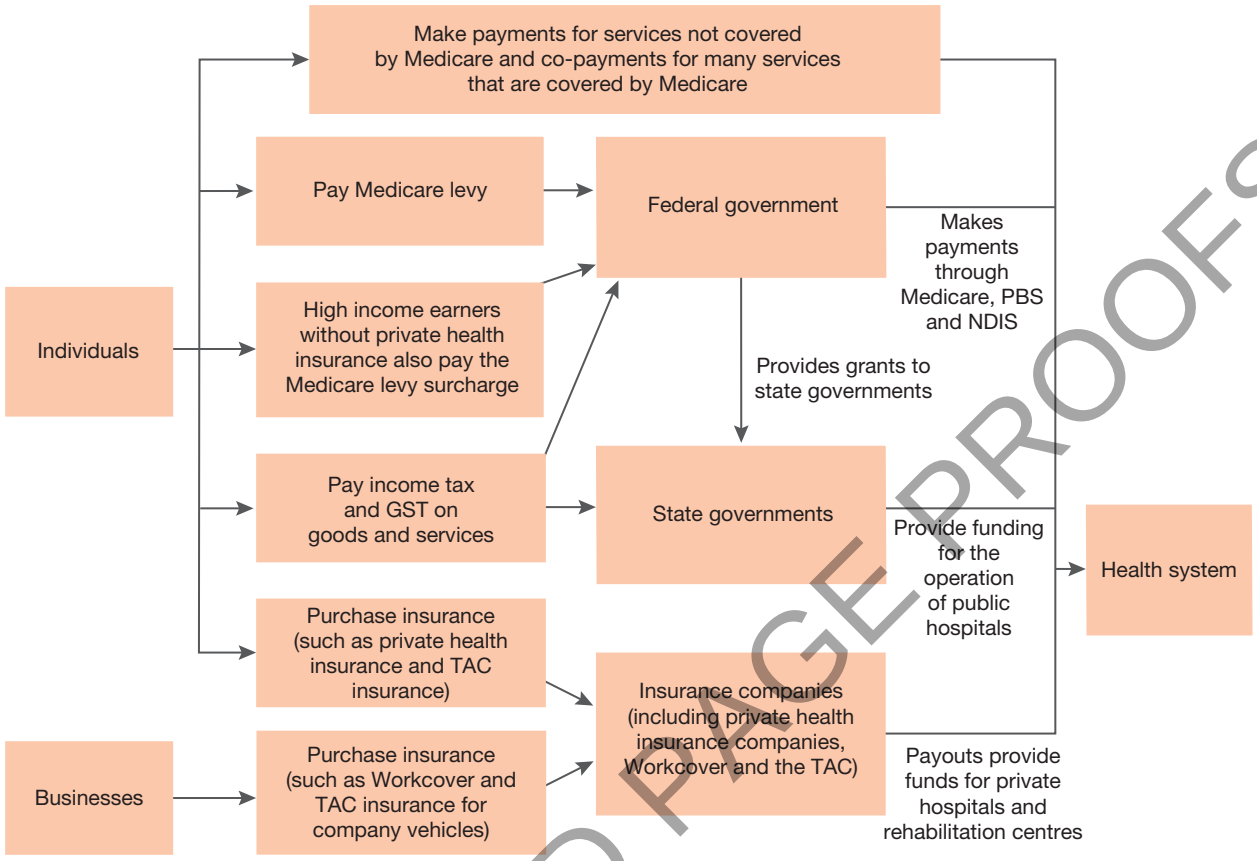
Medicare	The PBS	The NDIS	Private Health Insurance
• Medicare funds part or all of the fees associated with health services — including doctor and specialist consultations, pathology tests and fee-free treatment in public hospitals	• Essential medicines are subsidised through the PBS, providing treatment for many conditions, promoting health outcomes	• The NDIS can provide funding for a range of resources that promote health status, including carers who can provide support with daily living and staying socially connected • Assistive technology such as wheelchairs and bed rails	• Private health insurance provides much of the funding for private hospitals which are responsible for around 40 per cent of hospital treatments. • The federal government funds the private health insurance rebate which means private health insurance is more affordable for more people

Funding Australia's health system also assists in promoting health outcomes by providing:

- healthcare infrastructure — such as hospitals, consulting rooms and medical technology
- highly trained health professionals — adequate funding assists in maintaining professional standards through ongoing training and education
- personnel — administrative and support staff in public hospitals are largely funded through Medicare and government grants
- medical supplies — including those used to administer treatments such as surgical tools, tapes and bandages
- public health programs — programs that work to promote health and wellbeing and prevent disease such as Quit and LiveLighter are funded through the health system
- advances in knowledge and technology through research — such as developments in preventing, diagnosing and treating common conditions.

Australia's health system operates with the combined funding from the federal and state/territory governments, private health insurance, other forms of insurance funds and individuals (see figure 6.18).

FIGURE 6.18 Funds reach the healthcare system through numerous avenues.



Total expenditure on health in 2016–17 was $180.7 billion compared with an expenditure of $170.4 billion the previous year, an increase of around 4 per cent. This represented an average rate of health expenditure in 2016–17 of about $7411 per person.

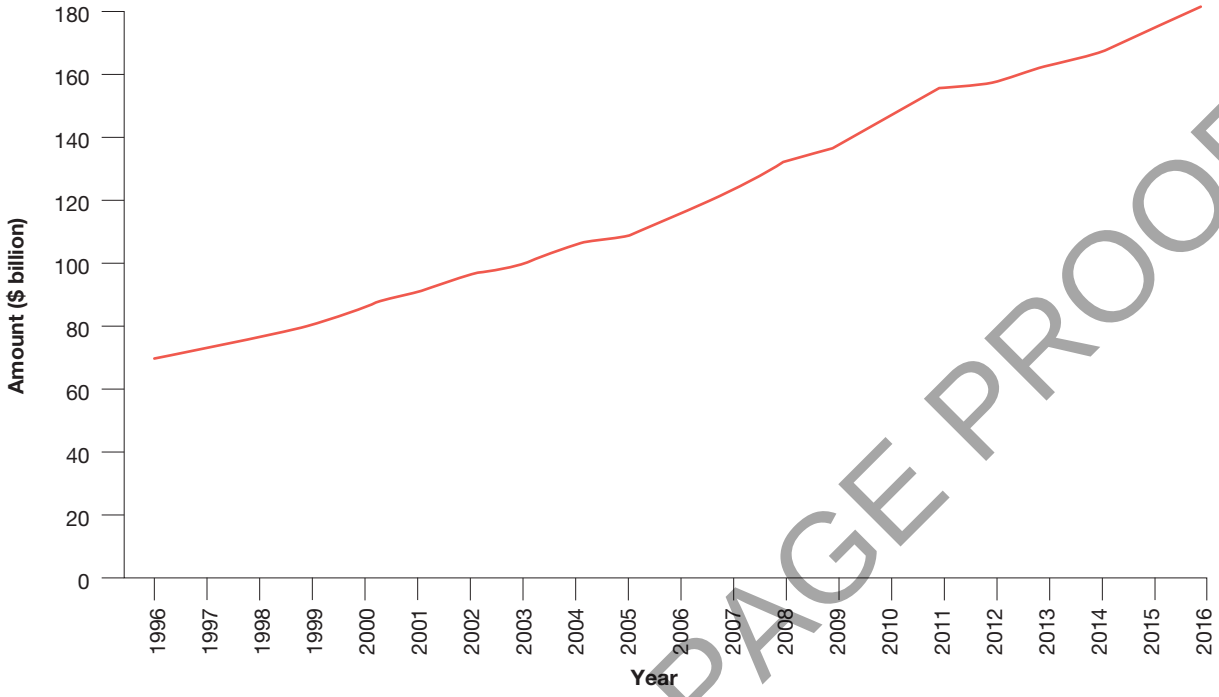
In 2016–17 total health expenditure as a proportion of gross domestic product was around 10 per cent; in 1995–96 the proportion was 7.5 per cent. When costs are kept constant to 2016–17 prices, increases in expenditure over time can be analysed as shown in figure 6.20. Increasing health costs have occurred over time, largely due to:

- an ageing population — the average age is increasing in Australia. This results in a higher proportion of chronic conditions requiring care.
- increasing incomes, a growing economy and rising expectations — rising incomes and a growing economy mean that there is more money available to spend on healthcare. As more money becomes available, the population expects that more can be done to improve their health and wellbeing when required.
- more expensive technologies and services — as research and development progress, there are more medical technologies and services available and these contribute to increased expenditure.
- increased cost of medicines — many medicines included on the PBS have increased in price over time, contributing to higher health-related expenditure.

FIGURE 6.19 Some healthcare funding is used to promote skills among health professionals such as hygiene practices, which can reduce the risk of infection in the healthcare setting.

A great challenge for governments and non-government groups is to devise systems to continue to fund the health system into the future so it can continue to provide the quality of care that people expect.

FIGURE 6.20 Expenditure on healthcare over time (figures constant to 2016–17 prices)



Source: Adapted from AIHW 2016, *Health expenditure Australia* 2016–17.

Funding for most goods and services is shared between federal and state/territory governments and the private sector, including private health insurance and contributions made by individuals.

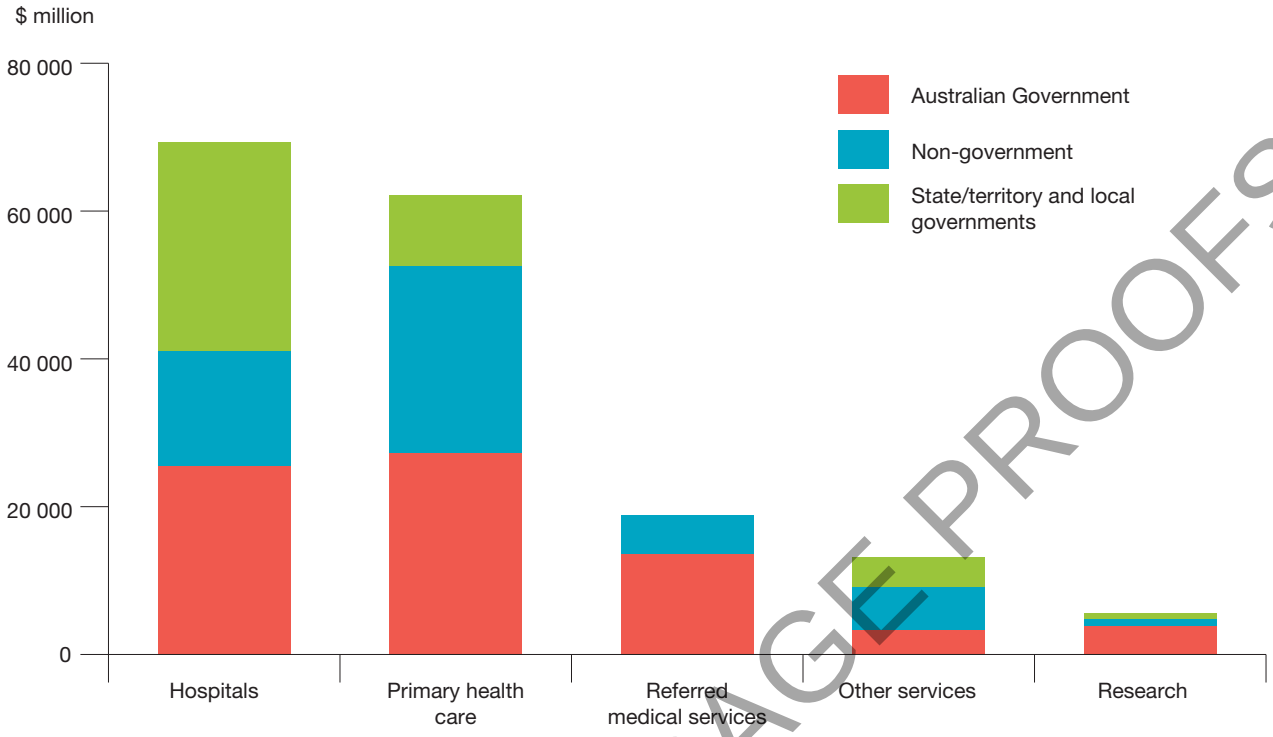
In 2016–17, around 69 per cent of the health system's funding came from the government (see figure 6.21). Of this, almost two–thirds came from the federal government and one–third from state/territory and local governments. The federal government's main contribution is through schemes such as Medicare, the PBS and the NDIS. The Medicare levy and the additional surcharge raised about $14.05 billion in 2014–15, while Medicare paid out $20.3 billion. As the Medicare levy and surcharge do not generate enough money to fully fund the Medicare scheme, some general taxation revenue is also contributed to Medicare. The PBS is funded through general taxation revenue and contributed almost $11 billion in funding in 2015–16. In 2014, the Medicare levy was increased by 0.5 per cent to help fund the NDIS, the remainder of which is funded by taxation revenue collected by the federal and state/territory governments.

The private (non-government) sector contributed around $55 billion or 35 per cent of total health system funding in 2014–15.

The main categories of health expenditure in 2016–17 were:

- hospitals — this group was the greatest recipient of funding and includes both private and public hospitals.
- primary healthcare — primary healthcare relates to general health-related goods and services delivered outside of the hospital environment. It includes general practitioner's consultations, dental services, medications and public health initiatives.
- referred medical services — these services relate to specialist's consultations that have been referred by a general practitioner.
- other services — these include patient transport, aids and appliances (including hearing aids, glasses and wheelchairs), and administration of healthcare facilities.
- research — this relates to health-related research that aims to discover new ways to prevent, diagnose and treat illness.

FIGURE 6.21 Recurrent health expenditure by area of expenditure and source of funds, 2016–17



Source: AIHW 2016, *Health expenditure Australia 2016–17*, p. 28.

6.5.2 Sustainability

The sustainability of the Australian health system relates to its capacity to provide a workforce and infrastructure such as facilities and equipment into the future, and to be innovative and responsive to emerging needs through interventions such as research and monitoring.

As the population grows and ages, and different needs emerge within the Australian population, the health system is experiencing increasing pressure. The system must be equipped so it can evolve to ensure that a high quality of care is continually available for anyone in need. Promoting a sustainable health system involves a range of considerations as shown in figure 6.22.

Funding and regulation

Funding is crucial to the sustainability of the health system. Adequate funds must be available to ensure that the health system can continue to cater to the needs of the population into the future. As explored in the previous section, healthcare funding in Australia has increased over time and currently sustains the health system in Australia.

Regulating the health system helps it remain sustainable by promoting the efficient use of funds and other resources. The federal and state/territory governments are responsible for most of the regulations applied to the health system.

State and territory governments are responsible for managing public hospitals and play a key role in ensuring that funds are used in a sustainable manner.

FIGURE 6.22 Key considerations of a sustainable health system

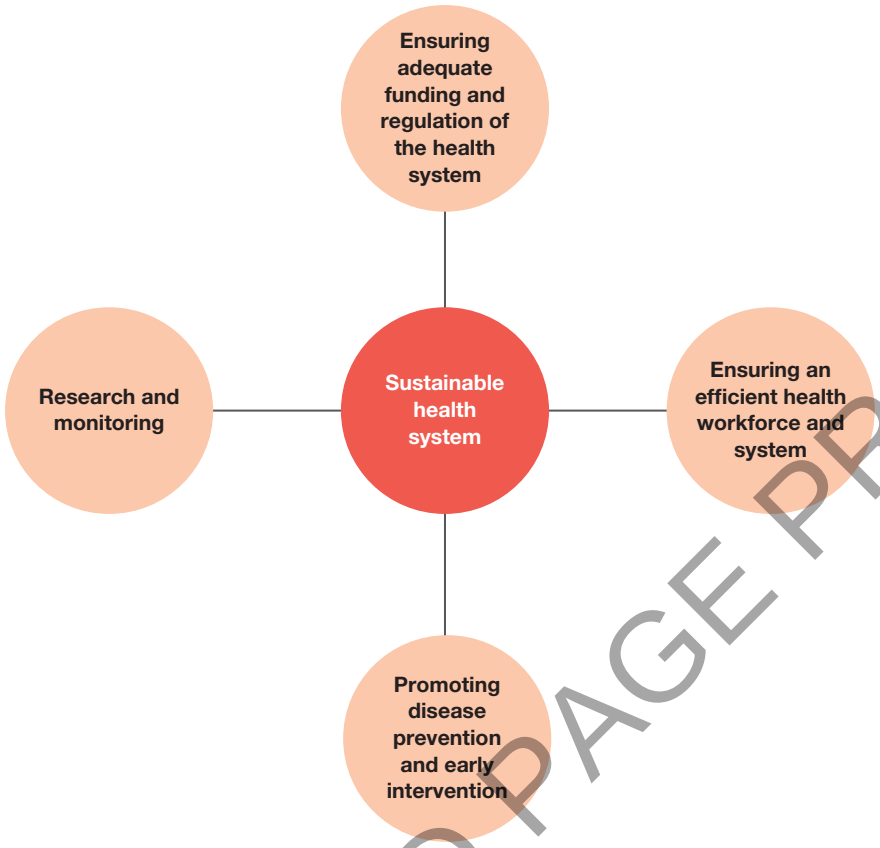


TABLE 6.5 Sustainability within the health system

Medicare	The PBS	The NDIS	Private Health Insurance
• Determining which services will be subsidised through Medicare can preserve funds for the most necessary services, yielding the greatest gains in health outcomes. • The Medicare levy increased from 1.5 to 2 per cent in July 2014 to assist in providing the necessary funds to maintain Australia's health system and introduce the National Disability Insurance Scheme.	• Continually reviewing the medicines available through the PBS means those that will have the greatest benefits are prioritised, which assists in keeping the scheme sustainable. • The Therapeutic Goods Administration (a federal government body) verifies the effectiveness of all PBS medicines. This contributes to improved treatment and less reliance on the health system.	• Each participant in the NDIS receives an individualised plan which means that only necessary funds are spent on each person. As a result, more people can access the NDIS and experience improved health outcomes.	• Incentives such as the private health insurance rebate and Lifetime Health Cover assist in maximising the funding gained through the private system. This means more people are treated through the private system, which reduces the strain on the public system, improving health outcomes for more people.

An efficient health system and workforce

The healthcare workforce in Australia consists of a range of healthcare practitioners, and administrative and support staff. Ensuring that the health workforce is adequately staffed with highly trained healthcare practitioners is another important aspect of a sustainable health system, and responsibility for this rests with the state and territory governments. The health workforce must continue to develop in size and skill in order to achieve the objective of improving health and wellbeing for all Australians. Ensuring health services are delivered in an efficient manner assists in reducing health-related costs.

The rate of medical practitioners has increased over time in Australia (see figure 6.23).

FIGURE 6.23 Employed medical practitioners: FTE per 100 000 population, 2005–15

The way in which data were collected changed in 2010 and, due to the transition process, data for 2010 are not available. FTE is a unit of measurement that stands for 'full-time equivalent'. One FTE is equivalent to one person working a full week (40 hours). If two people work 20 hours a week each, they contribute one FTE. Due to the proportion of people working part time, it is useful to use FTE instead of the total number of people working in the field of healthcare.

Source: 'How many medical practitioners are there?', www.aihw.gov.au.

The federal and state/territory governments are also working to improve the efficiency of the health system. A key aspect of this work is the development of an electronic health record (eHealth) system in Australia referred to as 'My Health Record'. My Health Record promotes sustainability by streamlining the recordkeeping system and allowing healthcare information to be accessed electronically by an individual's healthcare provider anywhere in Australia. It also works to promote individual's health literacy by providing greater access to and control over healthcare information, helping to improve health status.

Disease prevention and early intervention

A key intervention for reducing the strain on the health system is to reduce the number of people who need to use it. This is done through disease prevention, early detection and health promotion. The health system plays a key role in this process by providing:

- Public cancer screening such as BreastScreen and BowelScreen — early detection can reduce the cost of treatment and improve health status.
- Immunise Australia Program — providing free vaccines for 16 diseases to people at specific ages. Reducing the incidence of these diseases through vaccination is a cost-effective intervention that saves the health system millions of dollars in treatment costs.

- Health promotion programs — programs implemented by government and non-government groups that work to decrease the risk or impact of diseases reduce the strain on the health system as fewer people require healthcare. Examples of health promotion programs include Quit, LiveLighter and SunSmart.

FIGURE 6.24 The BowelScreen Australia logo

Research and monitoring

Through the National Health and Medical Research Council (NHMRC), the government funds research into a range of health- and medical-related areas. NHMRC supports research to find new ways to cure, treat and prevent illness and disease, and to improve the effectiveness of health services in Australia. Examples of research funded by the NHMRC include:

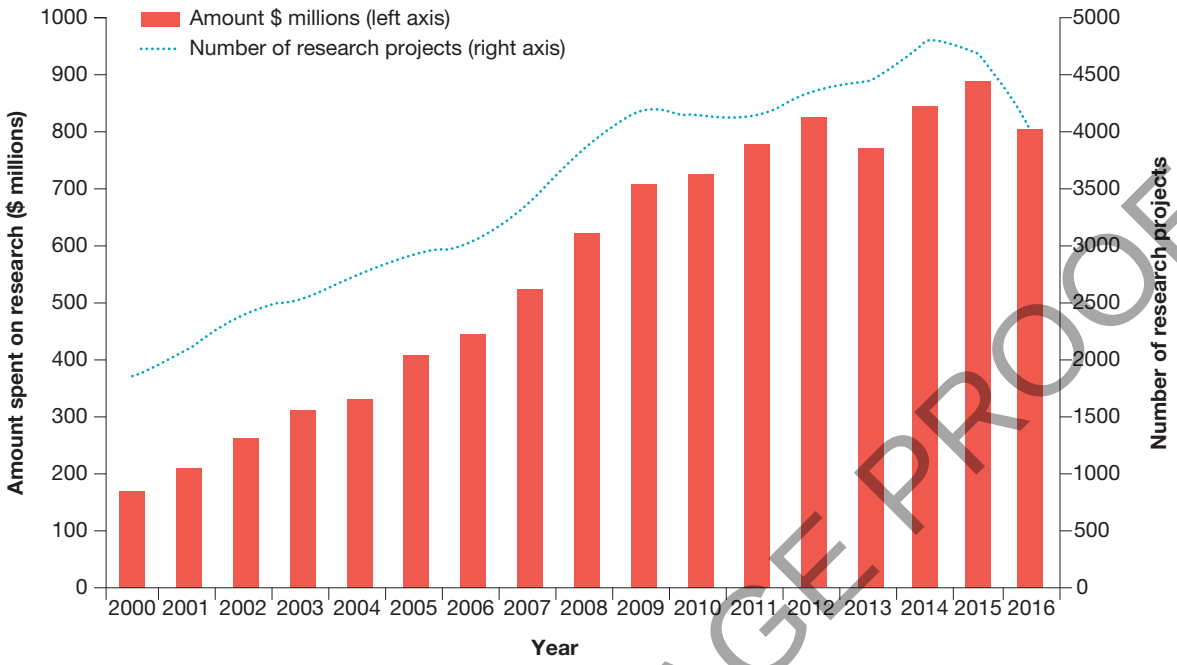
FIGURE 6.25 Research is vital in ensuring the sustainability of the health system.

- reducing the spread and impact of sexually transmissible infections, especially among high-risk groups such as young people, Indigenous Australians and homosexual men
- new therapies for treating cancer
- developing new and more effective vaccines for a range of infectious diseases
- creating new ways to prevent and treat influenza
- suicide prevention among Indigenous youth
- preventing chronic disease through health promotion, including in Indigenous communities.

Through research projects such as these, the NHMRC assists in preventing disease and treating illness more effectively and efficiently, therefore saving valuable health system funding and promoting sustainability.

Figure 6.26 shows the total amount spent on research through the NHMRC between 2000 and 2015 and the total number of research projects receiving funding each year. Projects lasting more than one year are included for each year that they received funding.

FIGURE 6.26 Total health research funding from the NHMRC and the number of research projects being undertaken as a result



Source: Adapted from 'Research funding statistics and data', www.nhmrc.gov.au.

6.5 Activities

1. Access the **My Health Record** weblink and worksheet in the Resources tab then complete the worksheet.
2. Access the **PBS** weblink and worksheet in the Resources tab then complete the worksheet.

6.5 Exercise 1 TEST your knowledge

To answer questions online and to receive **immediate feedback** and **sample responses** for every question, go to your learnON title at www.jacplus.com.au.

1. Identify the four areas that can be used to explore the way the health system targets health status in Australia.
2. Outline how the Australian health system is funded. You may need to refer to figure 6.18.
3. Identify five sources of health system funding.
4. Explain what sustainability refers to in the health system.
5. (a) Explain what is meant by eHealth.
   (b) Explain how eHealth can promote the sustainability of the health system.
6. Using examples, explain how disease prevention and early intervention can promote health status in Australia.
7. Explain how research can promote health status in Australia.

6.5 Exercise 2 APPLY your knowledge

1. Complete the following table explaining how each of the following can promote health outcomes in relation to funding and sustainability:

	Funding	Sustainability
Medicare		
The PBS		
The NDIS		
Private health insurance		

2. (a) Using data, describe the change in health system funding over time according to figure 6.20.
   (b) Outline three reasons why health system funding has increased over time.
3. (a) Identify the top three areas of health expenditure according to figure 6.21.
   (b) Explain what these areas relate to.
   (c) Which model of health do these areas reflect?
4. (a) Using data, outline the change in the rate of medical practitioners over time according to figure 6.23.
   (b) Explain how this change can promote sustainability of the health system.

studyON

6.5 Exercise 3 studyON: Past VCAA exam questions online only

To answer past VCAA exam questions online and to receive immediate feedback and sample responses for every question, go to your learnON title at www.jacplus.com.au.

on Resources

Digital documents My Health Record worksheet (doc-22687)
PBS worksheet (doc-xxx)

Weblinks My Health Record
PBS

6.6 Access and equity and the role of Australia's health system

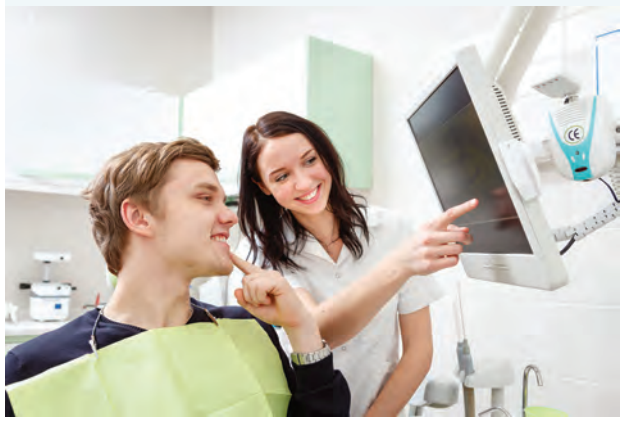
KEY CONCEPT Understanding the role of Australia's health system in promoting health: access and equity

6.6.1 Access

An accessible health system is one that can provide all people with timely access to quality health services based on their needs, not ability to pay, regardless of where they live in the country. This means that access must be available to people from all socioeconomic groups and those living within and outside of Australia's major cities.

Access to healthcare promoted by Medicare, the PBS, the NDIS and private health insurance contribute to improved health outcomes in Australia as shown in table 6.6.

FIGURE 6.27 Dentistry often requires the patient to pay, and this can prevent people from accessing this important health service.



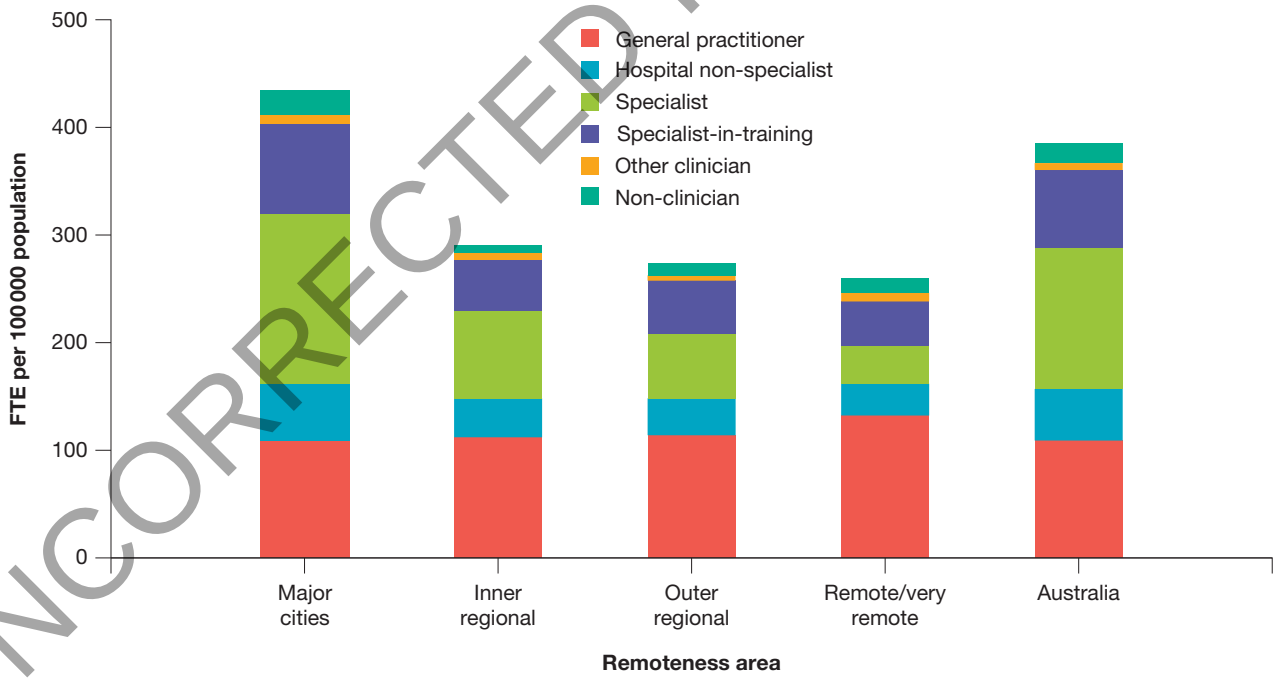
Despite these interventions, some people still struggle to meet the costs associated with healthcare — particularly in relation to patient co-payments for consultations and medications, allied health services such as physiotherapy, ambulance transport and treatment and dentistry. According to the AIHW (2018), almost one-third (35 per cent) of people delayed or avoided a visit to the dentist due to cost. Delaying medical treatment can cause conditions to progress and contribute to further ill health.

TABLE 6.6 Access to healthcare contributes to improved health outcomes in Australia

Medicare	The PBS	The NDIS	Private Health Insurance
• Medicare provides access to people of all socioeconomic backgrounds to services such as doctors' consultations and treatment in public hospitals • Medicare provides funding for telephone and video consultations which can assist those living outside major cities in accessing health services	• All Australian citizens and permanent residents are entitled to access subsidised medicines through the PBS • The PBS promotes access to essential medicines for low income earners by including a concessional co-payment amount	• The NDIS improves access to health services for people with significant, life-long disabilities • The NDIS has been rolled out in every region of Australia, improving access for those living outside major cities	• The federal government's private health insurance rebate increases access to private health insurance for those on lower incomes • Private health insurance can increase access to health services that may have otherwise been too expensive for patients to afford

As explored earlier, an increase in medical practitioners per 100 000 population in Australia indicates an overall increase in the ability to access healthcare when required, but access is not the same for people in all regions. Although rates of general practitioners are similar for all regions, those in major cities have greater access to a wider range of health professionals including specialists (see figure 6.28).

FIGURE 6.28 Employed medical practitioners — FTE per 100 000 population: principal area of practice, remoteness area, 2015



Source: 'How many medical practitioners are there?', www.aihw.gov.au.

Governments and non-government organisations work to increase access in all geographical areas through a range of interventions including:

- *Royal Flying Doctor Service* — a non-government organisation that provides healthcare to thousands of Australians living outside of major cities. The Royal Flying Doctor Service receives funding from the federal and state/territory governments to maintain its fleet of air and road vehicles and reach and treat those in need.
- *Rural Retention Program* — a federal government strategy that aims to provide financial incentives for doctors who work in rural and remote areas. It increases access to healthcare for those living outside Australia's major cities.

Access to culturally appropriate healthcare is also a consideration in Australia, especially for Indigenous Australians. The federal and state/territory governments have developed the Indigenous Health Incentive, which provides financial incentives to medical practices to provide culturally appropriate healthcare for Indigenous people. Through the Close the Gap initiative, governments have invested in other strategies as a part of the National Aboriginal and Torres Strait Islander Health Plan 2013–2023, which includes further training for Indigenous health workers and working with Indigenous groups and leaders to plan service delivery. While these initiatives have succeeded in increasing access to culturally appropriate healthcare, many Indigenous Australians still lack such access and this contributes to the variations in health status between Indigenous and non-Indigenous Australians.

FIGURE 6.29 For Indigenous Australians, culturally appropriate healthcare often involves Indigenous practitioners.

6.6.2 Equity

As already discussed, all Australians should be able to access healthcare when required. Achieving equality in access is important, as some people — such as Indigenous Australians and those living outside of major cities — do not have the same access to health services as others. Equal access, however, does not necessarily mean the system is equitable. As Australians have different healthcare needs, the health system must take these differences into account if it is to be equitable and fair for all people.

A range of factors contribute to disadvantage in using the health system including chronic illness, poverty, discrimination and access to goods and services. An equitable health system must recognise and respond to those with special needs.

Equity relating to Medicare, the PBS, the NDIS and private health insurance contribute to improved health outcomes in Australia as shown in table 6.7:

TABLE 6.7 Equity within the health system contributes to improved health outcomes in Australia

Medicare	The PBS	The NDIS	Private Health Insurance
• Medicare Safety Net — people who require frequent services covered by Medicare, such as doctor's visits and tests, receive additional financial support • Mental Health Treatment Plans — those with mental health disorders are eligible for 10 individual and 10 group therapy sessions per calendar year with the cost covered by Medicare	• PBS Safety Net — further protects individuals and families from large overall expenses for PBS-listed medicines • The concessional co-payment amount provides greater assistance to those who are unemployed or on low incomes • Many Indigenous Australians can qualify for reduced PBS co-payment amounts under the Closing the Gap initiative	• The individualised plan developed as a part of the NDIS ensures that those with more significant needs, receive more assistance • Those who require the NDIS do not have to pay more towards funding it than those who don't	• Those on lower incomes receive more financial assistance through the private health insurance rebate • Those aged over 65 and over (who often have lower incomes) receive a greater rebate from the government if they have private health insurance • People who use their private health insurance more often than others, do not have to pay a higher premium

Other interventions designed to promote equity include:

- interventions to increase access (discussed earlier) for those of low socioeconomic status, those living outside of major cities and Indigenous Australians
- public dental health services — the Victorian Government funds the Royal Dental Hospital of Melbourne and over 80 dental clinics in metropolitan and regional Victoria to provide dental treatment for vulnerable groups including:
  - young people aged 13–17 years who are healthcare or pensioner concession cardholders or dependents of concession cardholders
  - all youth justice clients in custodial care, up to 18 years of age
  - all refugees and asylum seekers
  - Aboriginal and Torres Strait Islander peoples.
    - Treatment is generally fee-free for these population groups.
- Continuity between healthcare providers — continuity aims to increase the level of communication and care planning between different health professionals, making the process of care more manageable for any patient with multiple healthcare needs. For example, a cancer patient may be under the care of a general practitioner and numerous specialists. Communication between these health professionals promotes equity for people with serious illness by coordinating care on behalf of the patient.

These interventions help to meet the specific needs of many Australians, thereby helping achieve equity in use of the health system. This in turn promotes the health and wellbeing of vulnerable populations.

6.6 Exercise 1 TEST your knowledge

To answer questions online and to receive **immediate feedback** and **sample responses** for every question, go to your learnON title at www.jacplus.com.au.

1. Explain what is meant by 'access' in Australia's health system.
2. Outline three ways that access to the health system has been promoted for low socioeconomic status groups in Australia.
3. Outline two ways that access to the health system has been promoted for those living outside of major cities in Australia.

4. Explain three interventions that have been implemented to promote equity in the health system in Australia.

6.6 Exercise 2 APPLY your knowledge

1. Complete the following table by explaining how each of the following can promote health outcomes in relation to access and equity:

	Access	Equity
Medicare		
The PBS		
The NDIS		
Private health insurance		

2. (a) Outline the difference in the rate of employed medical practitioners between major cities and other areas in Australia according to figure 6.28.
   (b) Explain how this may contribute to variations in health status between those living within and outside of major cities in Australia.
3. Outline two ways that culturally appropriate healthcare can be promoted for Indigenous Australians.

studyON

6.6 Exercise 3 studyON: Past VCAA exam questions online only

To answer past VCAA exam questions online and to receive immediate feedback and sample responses for every question, go to your learnON title at www.jacplus.com.au.

6.7 Topic 6 review

6.7.1 Key skills

KEY SKILL Analyse the role of Medicare, private health insurance, the Pharmaceutical Benefits Scheme and the National Disability Insurance Scheme in promoting Australia's health

This skill requires a detailed understanding of the key components of Australia's health system including:

- Medicare
- the Pharmaceutical Benefits Scheme
- the National Disability Insurance Scheme
- private health insurance.

Detailed knowledge of the various aspects of each component of the health system as listed is important in explaining the role each plays in promoting health and wellbeing and health status in Australia. This includes:

- the services covered by Medicare
- the services not covered by Medicare
- how Medicare is funded
- the contribution private health insurance makes to the health system
- the options available to an individual with private health insurance
- the incentives used to encourage people to take out private health insurance
- the function of the Pharmaceutical Benefits Scheme
- the support provided by the National Disability Insurance Scheme
- how funding, sustainability, access and equity apply to the health system and are reflected by each component of the health system
- making links between each component of the health system and improved health and wellbeing and health status.

An example of this skill could be explaining the role that Medicare plays in improving health outcomes in Australia in relation to funding and equity. A possible response could be as follows.

Medicare is Australia's universal health insurance scheme and contributes a significant amount of funding for doctors' consultations and treatment in public hospitals.[1] This means that Australians with medical problems can have them checked and treated if necessary, treating symptoms of disease and substantially reducing the risk of premature death and improving mortality rates.[2] The Medicare Safety Net provides additional subsidies for services such as specialists' consultations once a set amount has been paid in relation to Medicare funded services in a calendar year.[3] This promotes equity for those with chronic or ongoing medical issues requiring treatment by reducing the cost of treatment and promotes mental health and wellbeing by reducing the level of stress associated with paying for healthcare.[4]

1 How Medicare contributes to funding of the health system is specified.

2 This statement outlines how Medicare promotes health status in relation to funding.

3 How Medicare contributes to equity in the health system is identified.

4 This statement explains how Medicare promotes health and wellbeing in relation to equity.

Practise the key skill

1. What is Australia's universal health insurance scheme called?
2. Discuss the contribution private health insurance makes to Australia's health system.
3. Outline two ways the National Disability Insurance Scheme promotes health and wellbeing in Australia.
4. Explain how Medicare, the Pharmaceutical Benefits Scheme and private health insurance can promote the health and wellbeing of an individual with cancer.
5. Create a table that includes the four key components of the Australian healthcare system, a brief description of each and how it promotes health in relation to funding, sustainability, access and equity:

Component of the health system	Description	How it promotes health in relation to:			
		Funding	Sustainability	Access	Equity
Medicare					
PBS					
NDIS					
Private health insurance					

6.7.2 Topic summary

Medicare

- Australia's health system is made up of public and private providers.
- Public healthcare includes public hospitals, Medicare, the Pharmaceutical Benefits Scheme and National Disability Insurance Scheme.
- Private healthcare includes private health insurance, private hospitals, and medical practitioners in private practices.
- Medicare is Australia's universal health insurance scheme. It provides necessary treatment and hospital care in public hospitals for all Australians.
- Medicare is funded through three sources of income: the Medicare levy; the Medicare levy surcharge; and general taxation.

The Pharmaceutical Benefits Scheme and the National Disability Insurance Scheme

- The Pharmaceutical Benefits Scheme (PBS) subsidises over 5000 essential medications, with individuals responsible for making a patient co-payment.

- Medicare and the PBS have safety nets in place to provide further support for those with extensive medical bills.
- The National Disability Insurance Scheme (NDIS) is a national insurance scheme that provides services and support for people with permanent, significant disabilities, and their families and carers.

Private health insurance

- Private health insurance companies play an important role in healthcare in Australia. They give people wider choice and assist in funding the health system.
- To encourage Australians to take out private health insurance, three incentives were created by the federal government: the private health insurance rebate, Lifetime Health Cover, and the Medicare levy surcharge.

Funding and sustainability and the role of Australia's health system

- Funding the health system increases access for all people by reducing the costs the individual must contribute for required treatment.
- Australia's health system operates with the combined funding from the federal and state/territory governments, private health insurance, other forms of insurance funds and individuals.
- Health costs have increased over time, and funding is an important consideration moving into the future.
- The sustainability of the Australian health system relates to the capacity to provide a workforce and infrastructure such as facilities and equipment, and to be innovative and responsive to emerging needs through interventions such as research and monitoring.
- Sustainability is promoted by adequate funding and regulation to increase the efficiency of the health system. Preventing disease and carrying out research and monitoring are also important considerations for sustainability.

Access and equity and the role of Australia's health system

- An accessible health system is one that can provide all people with timely access to quality health services based on their needs, not ability to pay, regardless of where they live in the country.
- Government support in the form of subsidised healthcare and medicines, fee-free treatment in public hospitals, and support provided through the NDIS, increase accessibility.
- All Australians have different healthcare needs so an equitable system provides more support for those who need it, such as the Medicare and PBS safety nets.

on Resources

studyON

To access key concept summaries and past VCE exam questions, download and print the **studyON: Revision and past VCAA exam question booklet** (sonr-0007).

6.7 Exercise 1 Exam preparation

To answer questions online and to receive **immediate feedback** and **sample responses** for every question, go to your learnON title at www.jacplus.com.au.

Question 1

Medicare is Australia's universal health insurance scheme.

a. Briefly explain how Medicare is funded. **(3 marks)**
b. Identify two services covered by Medicare. **(2 marks)**
c. Outline two differences between Medicare and private health insurance. **(4 marks)**

Question 2

Explain two ways the NDIS can promote the health and wellbeing of individuals. **(4 marks)**

Question 3

Briefly explain the role of the health system in promoting health status in relation to:

a. funding **(2 marks)**

b. equity. **(2 marks)**

studyON

6.7 Exercise 2 studyON: Topic test online only

To answer past VCAA exam questions online and to receive immediate feedback and sample responses for every question, go to your learnON title at www.jacplus.com.au.

on Resources

Interactivities Crossword (int-6889)
Definitions (int-6890)