Medicare and PBS Usage in the Northern Territory

Introduction

Medicare and the Pharmaceutical Benefits Scheme (PBS) are key components of Australia’s health care system. Medicare subsidises the cost of medical treatments principally by general practitioners, while PBS subsidises the cost of prescribed medicines. In 2005-06, $57.4 million in Medicare payments and $21.3 million in PBS payments were made on behalf of Northern Territory (NT) residents, a total of $78.7 million.¹

Within the NT there has been recognition of the low level of access to primary care services funded by these schemes.² Access is particularly difficult in remote communities where there are no general practitioners and comparable services are provided by Remote Area Nurses and Aboriginal Health Workers. The disadvantage is compounded by the high cost of services in remote locations. This fact sheet provides updated information on Medicare and PBS usage in the NT as well as recent estimates of the cost of delivering primary care in remote NT communities.

Trends in usage

Per capita usage (based on the enrolled population) of Medicare and PBS in the NT has increased in recent years following a period of declining or relatively static usage.

- Usage of Medicare increased marginally from 6.5 services per person in 1994-95 to 7.0 services in 2005-06 (Figure 1).
- PBS services rose from 2.5 to 3.0 services per person over the same period (Figure 1).
- In 2005-06, females consumed more Medicare services than males (863 835 services compared to 570 550). This translates to 8.6 and 5.5 services per capita, respectively.¹
- Older age groups were the greatest consumers of Medicare services with the peak usage in those aged 75-84 years (18.9 services per capita in 2005-06). However, in total about half of Medicare services (51%) are consumed by people aged 25 to 54 years.¹,³

Comparative usage

The NT population has a substantially lower per capita usage of Medicare and PBS than the Australian average and this gap has widened over time (Figure 2).

- In 1994-95, the average per capita usage of Medicare services in the NT was 6.6, or 63% of the Australian rate (10.4). The gap was greater in 2005-06 with an NT rate of 7.0, only 58% of the Australian rate (12.0).
- The lower usage cannot be explained by the younger age distribution of the NT population. In 2005-06 NT usage rates were substantially below the Australian rates in all age groups (Figure 3).

Figure 1: Medicare and PBS services per capita, NT, 1994-95 to 2005-06¹,³

Figure 2: Medicare services per capita, Australia and NT, 1994-95 to 2005-06¹,³

Figure 3: Medicare services per capita by age cohort, NT and Australia, 2005-06¹,³
• Consistent with the lower annual usage, a greater proportion of Territorians do not use any Medicare services. In 2004-05, the non-usage rate in the NT was 26.5% while the Australian average was only 14.8%. 4
• Territorians also use less PBS services, averaging 3.0 services in 2005-06, which was 34% of the Australian rate (8.9). 1,3

Funding gap

If the NT had the same age-standardised Medicare usage rates as Australia as a whole, in 2005-06 it would have received an additional $32.8 million in Medicare funding and $30 million in PBS funding (Figures 4 and 5). This funding gap does not consider the increased health need of the Aboriginal population.

Figure 4: Medicare, estimated funding gap, NT, 1994-95 to 2005-06 1,3,5-7

Figure 5: PBS, estimated funding gap, NT, 1994-95 to 2005-06 1,3,5-7

The shortfall between actual and expected Medicare payments has been alleviated by additional funding from Australian Government programs such as the Coordinated Care Trials, Primary Health Care Access Program (PHCAP) and additional PBS payments. These funds have been calculated by AIHW and are incorporated into Figures 4 and 5. 5-7 These funds are not direct equivalents of Medicare and PBS, and include funds for activities such as infrastructure, public health and governance.

Cost of delivering primary care in remote NT communities

In remote NT communities, a significant proportion of the cost of providing primary care services cannot be recovered through the Medicare system. Figure 6 shows the differences between estimated costs, recoverable Medicare benefits and actual claims for the standard care of seven common health conditions. If all theoretically eligible items from Medicare were claimed, this would only cover 30% of the total estimated costs of standard care – a shortfall of $7.2 million. 8 The shortfall arises because:
• the cost of providing services in remote areas is higher than the standard Medicare billing rates,
• services in these areas are generally provided by nurses and Aboriginal Health Workers who do not qualify for reimbursement under Medicare.

Figure 6: Comparison of estimated costs, claimable and claimed benefits, 2003-04 8

References

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