



Lockridge Medical Centre
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10 October 2016.

Mr Ian Goodenough MP
Member for Moore
3 Boas Avenue
Joondalup, WA 6027
Fax 08 9300 2245
Email: Ian.Goodenough.MP@aph.gov.au

Dear Ian,

Re: A genuine grave threat to the viability of privately-owned General Practices in Australia

We are writing to you as group of disillusioned GPs and owners of a private General Practice in Lockridge, Western Australia. We are deeply concerned about the current federal government's proposed plans to artificially cap rental rates for co-located pathology centres.

As those of us who work in the GP profession know only too well, there are essentially two types of general practices in this country:

At one end of the spectrum are the ethical, quality-driven practices, which are typically privately-owned. These practices are filled with hardworking GPs who spend time with their patients, listen to their concerns, practice preventive medicine and make the ongoing health and well-being of their patients their number one priority. We are driven by health outcomes rather than financial incentives. We spend unpaid Medicare time on weekends and after hours to catch up on paperwork, mark up hospital letters, follow up test results and so on - the list is endless - to ensure that our patients receive quality health care.

At the other end of the spectrum are corporate-owned practices. These practices are typically driven by company profits and rely on rapid patient throughput and a business model backed up by vertical integration of pathology and radiology services. We believe that corporate medicine is an inferior quality of medicine compared with the comprehensive nature and the continuity of care provide by private General Practice. Privately billed patients often disclose that they go to these corporate practices for "simple" health problems due to the bulk billing nature, but ultimately still need to come back to our practice to get it "sorted". We ask a simple question, is this efficient use of Medicare?

Lockridge Medical Centre Pty Ltd As Trustee for The Lockridge Medical Centre Unit Trust

Privately-owned General Practices are already hit hard financially due to the current Medicare rebate freeze. This government-imposed freeze, which is set to remain in force from 2014 until at least 2020, has seen general practice incomes remain static for years while business running costs continue to escalate. We are responsible for employing a quality hardworking and devoted team of nurses, receptionists and administrative staff. We invest in robust software and have a comprehensive recall system in place. Our practice is an accredited practice. We won the AGPAL practice of the year for Western Australia in 2006. Costs continue to increase as we strive to maintain all of this.

The rebate freeze already has had a detrimental impact on the viability of our practice. We provide patient services in a lower socio-economic area. The majority of our patients are from vulnerable groups (pensioners, Aboriginal and Torres Strait Islanders, migrants and refugees and people on very low incomes). These patients cannot afford to meet out-of-pocket costs for care. They would rather go without, or worse, present inappropriately to public hospitals. As responsible doctors who genuinely care, we bulk bill, at a loss, to serve our patients. Some practices will be unable to absorb the reduced income from the rebate freeze and will close. The most vulnerable groups of patients will then be unable to access the quality care they need. In the United Kingdom, it is recognized that practices serving in lower socio-economic areas, such as ours, require additional support to manage vulnerable groups with complex health issues.

Because we service a low socio-economic area and can offer only lower salaries, it has been extremely difficult for us to attract new doctors to stay and work. This is in spite of being a sought-after training practice for registrars. In addition, because of costs, we cannot extend opening hours.

Now, by further reducing the income stream of private general practices through targeting of pathology rental revenue, we are confronted with a serious threat to our viability. Our practice is a teaching practice. If we, and other practices like ours, become non-viable, who would take over the training of our future doctors and general practitioners?

We need to ask ourselves what we want as a nation. GP private practice owners will have essentially three choices. They can increase their fees, sell out cheaply to the corporates or close their doors. If private GPs sell out cheaply to the corporates, general practice in this country will move one step closer towards a corporate oligopoly, where profits rather than health outcomes dictate service delivery. If private GPs close their doors altogether, this will once again put an enormous additional strain on an already stretched public health system, which Australia can ill-afford.

It is the people of this country who stand to lose most if private General Practice is to be crippled by government-imposed income reduction in the face of rising costs and the importance of the our role in the Australian health system. My fellow Australians and I deserve better.

Australia has some of the best health outcomes of any country in the world, built on the foundation of a high-quality primary healthcare system. This very same system is now under serious threat. We firmly believe that the latest federal government proposal regarding the capping of pathology rentals is unconstitutional, anti-competitive, anti-small business and strikes at the very heart of our nation's ethos – the right to a "fair go" for all Australians.

We thank you for taking the time to consider our concerns and look forward to your response.

Yours sincerely,

A handwritten signature in black ink, appearing to be 'Cheryl Koh', written in a cursive style.

Dr Cheryl Koh, on behalf of
The Directors of Lockridge Medical Centre.