



The Hon Joe Hockey MP  
Minister for Human Services

Address to the AMA National Conference  
2006

Adelaide Hilton  
27 May 2006

Good afternoon ladies and gentleman.

I'd like to begin by sharing part of a fascinating article I came across just after being appointed Minister for Human Services in 2004. It was included in the 150<sup>th</sup> Birthday celebration edition of the Age and was originally published on the 11<sup>th</sup> of July 1927.

*Australia has a multiplicity of national problems, none of them small. But there is a background of problems larger still, and the question of a uniform railways gauge occupies the greatest amount of that background space... The uniform-gauge problem daily becomes more complex. It continues unsolved, although it has the most extended history of any Australian question of first-rank importance...*

Over the last 18 months I have been evaluating the benefits of smart card technology for the improved delivery of health and welfare services. I have been mindful that this technology, whilst not new globally, is new to Australia. We are also aware that the steps we take to replace the Medicare card with a smart card will set not only a new benchmark for the Australian Government but a new infrastructure standard for smart card technology in Australia. In short we will set the rail gauge and we expect others will follow.

A common rail gauge for smart card technology is essential if the medical profession is to get a consistent and reliable platform for health service delivery across Australia.

Of course there is much debate about our health and welfare access card. The more radical fringes of the privacy lobby are trying to reignite an Australia card debate however, quite

correctly, the Australian public see through the tired and inaccurate rhetoric. Unfortunately, those more familiar with the technology have been pathetically quiet. They seek to prosecute their arguments privately rather than debate and defeat the misinformation put out there by ill-informed critics.

Nevertheless as the Prime Minister publicly signalled on the 26<sup>th</sup> of April, the Australian Government is prepared to take a leadership role in the introduction of smart card technology. We announced a \$1.1 billion commitment to proceed with a new access card for health and social services, replacing 17 existing health and social services cards and vouchers.

The access card will be phased in from 2008. It will dramatically cut the red tape involved in obtaining health, welfare and family benefits. It will deliver a more convenient, efficient and secure access system for individuals, business—including doctors and pharmacists, and Government agencies.

This will eventually replace our prevailing service delivery systems in Government and elsewhere that are still largely based on filling in forms, standing in queues, or waiting on the phone.

The formation of the Department of Human Services has created the opportunity for more effective planning and execution of strategies to improve overall service delivery.

KPMG, the organisation commissioned to assess the business case for an access card, concluded the current service delivery system is cumbersome and complex. For example, as I will touch on later, many Australians are often required to repeatedly provide the same information to multiple Government agencies.

Deficiencies in the current system also make it prone to fraud and mistakes are often made because basic information is incorrect or out of date.

The access card will be your passport to Government services. Rather than carrying around multiple cards that are susceptible to fraud, the card will act as a single passport or set of electronic keys. This card will enhance the individual's privacy. Its chip based technology is amongst the most secure, tamper-proof technology available today.

So let me quickly give you a run down on what is on the card and in the chip.

The card will have your name and photograph on the front and card number and signature on the back.

The chip in the card will store this same information plus the cardholder's address, date of birth, concession status and details of dependents. This is the same information that already sits in most Australians' wallets or handbags. There are however two significant differences.

Firstly, a thief today would be able to see this information because it is already displayed on the face of your Drivers Licence or on a plastic concession card. Secondly, all the cards currently displaying this information are easily forged. The access card can only be read with an electronic reader and the safety of the information is provided by encryption and a card pin or password.

Importantly for the medical profession, there will also be space available for cardholders to voluntarily include vital personal information that could be useful in a medical emergency such as, next of kin, doctor details, allergies, drug alerts, chronic illnesses, organ donor status, and childhood immunisation information. This information may save lives.

Of course we are yet to work out the details of those fields however we intend to consult closely with the AMA and other interested parties prior to any final decisions.

Of course I have received significant representations for the access card to do more. For example, the Indigenous community from the Ngaanyatjarra Lands in the Western Desert were amongst the first to ask for electronic health records to be stored on a smartcard and they were very keen to be the pilot site for the project.

I have however, no plans for electronic health records to be stored and the planned 64 kilobyte chip would have limited capacity to store too much detail.

Having said that I am sympathetic to pharmacists who still have trouble reading scripts and there may be room for a later debate about electronic scripts being stored on the card.

Of course before anyone gets too excited I note that that concept has not been costed nor is it part of our initial rollout. It also raises additional security and privacy issues.

These are however the types of initiatives that Australians may be attracted to and medical professionals would welcome.

The card will also help to address fraud. In fact, I saw a report that stolen doctor script pads may sell for up to \$100,000 on the illegal market. This is a fringe activity but it probably exists. For example, a deregistered doctor in 2003 used 21 stolen identities, including Medicare cards, to obtain morphine based prescriptions with a street value of \$2 million.

There are significant penalties for this activity but it remains, like so many areas of illegal activity, unquantifiable as a whole in the system.

There are some areas of behaviour that can be quantified. For example 80% of the \$6 billion PBS is claimed by concession card holders. KPMG have advised us that 25% of all concession cards are cancelled prior to the expiry date written on the card.

Most people would hopefully throw their concession cards away because they no longer qualify for the subsidies but perhaps I am being wishful!!!

Smart card technology allows us to match the cancellation of an entitlement with the card immediately.

Many of you would be familiar with the problems of concession card validity. In fact, in my first meeting with the AMA as Minister for Human Services, Bill Glasson, Mukesh and Robyn raised this issue.

Since then we have consulted further with the AMA in the context of delivering an improved electronic claiming channel. On each occasion, the AMA has raised the importance of the provision of new arrangements to check Medicare eligibility and concession status in real time.

An immediate and accurate determination of your patient's Medicare eligibility and concession status will result in less claims being rejected and provide greater certainty of payment.

Furthermore, you will be able to bulk bill your concession card patients with greater confidence that you will receive the bulk bill incentive payment. Put simply, the patient swipes and we pay.

We have listened to these concerns and will have the capacity to deliver this improvement through the access card. Obviously the savings for taxpayers and the savings for medical professionals are estimated to be significant.

Security and privacy are fundamental to the value of the card. The information on and in the card will be stored in a separate, secure customer registration system. Information held on the access card and in the registration system will be protected and will only be accessed by the cardholder and people authorised to access that information.

The same penalties, including gaol terms, that apply to Human Services Agency staff for inappropriately accessing a database will still apply and may even be increased.

The key principle for the access card is that individuals will control the information that is on the card.

This is one of many reasons why this is not a national identity card.

The access card will provide access to health and social services benefits. It won't be mandatory to register for the access card. Individuals will not be required to carry it around on their person at all times like a State Drivers licence must be carried when driving a car. It will also not be necessary to present the card on demand unless an individual is trying to claim taxpayer funded benefits. For example, a patient will not need to present the card at a doctor's surgery unless they want a Medicare rebate.

Identity cards have mandatory registration, carrying and presentation requirements. To put it bluntly you won't have to take the access card with you to the beach!

The health and social services access card will provide a more seamless, sympathetic system, particularly for those who interact with several government agencies. It will reduce duplication of processes and submission of information to multiple agencies.

Our customers won't have to keep filling out the same information on the same forms time and time again. Just as an example,

Centrelink has 520 forms—many of which ask for the same basic contact information. This information will automatically be downloaded from the card.

When your details change, for example if you move house, you'll be able to update your information through a portal online at home or by visiting one Government office—whatever is most convenient. The card will then be updated to reflect the change when you next put it into a Government terminal.

In parallel with the smart card development, we have also been undertaking significant work in the online services area. Human Services still has 670 million contacts with the public each year. 98% of contacts occur through traditional channels such as face-to-face meetings, mail and telephone calls.

It would be an interesting exercise to calculate the cost to the economy of all of the interactions between the Government and its citizens.

In a recent report, Access Economics calculated that the cost to the patient (their time, travel etc) of claiming a Medicare rebate in a Medicare office is \$10. So with 80,000 Australians queuing up in Medicare offices each day—that's costing society approximately \$200 million a year, in addition to the cost of the actual Medicare rebate and the Government's administrative costs.

The Australian Bankers Association recently reported that more than one in four Australians conduct their banking using the Internet, yet only 2% of transactions between customers and Human Services Agencies are conducted using the Internet.

We need to do better and I believe the access card will improve online services by solving the authentication issue many have struggled with over the years. The access card will provide strong identity verification allowing the Government to expand the range of services available online.

Customers won't have to deal with the same red tape and bureaucracy as currently exists as their cards will prove who they are and remove the necessity to repeatedly go through the proof of identity process. Currently, Medicare sends out 50,000 letters a year to people who have incorrectly filled out basic contact details on their Medicare claim forms.

The one-off registration process for the access card will be as convenient as possible. Mobile registration teams will be formed to assist people who live in remote communities and those who are unable to get to an office, such as nursing home residents.

We are also working to improve the online services available for doctors. Medicare Australia recently improved the Provider Directory system on their website so that doctors can go online to view and update contact details, close a practice location or change their preferred method of communication with Medicare to email. We still have a long way to go with this.

In addition to the access card and online services, there are several other initiatives to reduce red tape such as systematically reviewing the tens of thousands of forms and letters produced by my agencies with a view to either abolishing them or at the very least re-writing the content into plain English with a more streamlined approach.

One of the most complex forms each of you have dealt with at some stage is the provider number application form for new practice locations. I want to abolish the form altogether however until we can cut through all of the bureaucratic resistance a less complex version is now in circulation. In simple terms, you no longer have to fill out the same information on each application for each practice.

Finally, I have spoken previously about my dissatisfaction with Medicare claiming for both doctors and patients. For too long 23

claiming channels have been left to run in parallel—none of which provide an efficient payment channel.

Late last year I ran a Request for Information process asking industry for a solution to this problem. We also held a number of meetings with the AMA to hear their view of what was needed in an improved claiming channel.

The Request for Information specified that any system must be user-friendly for doctors by providing a time efficient, simple, reliable, adaptable, accurate, secure, paperless, automated and robust service.

While there have been some very frustrating delays I am still confident that in partnership with the Minister for Health Tony Abbott, I will soon be able to announce a new claiming system that will deliver improved patient and doctor convenience.

We remain undecided about whether internet based technology or the Eftpos network are the right roads for this vehicle to travel on. However, with the introduction of the access card there is now a compelling argument for the expenditure necessary to make electronic claiming work.

I might add one key point. I am anxious to ensure that your front desk has only one keypad and one computer for all Government interactions. It is feasible that if we get this wrong you could end up with three terminals including an Eftpos facility, HIC Online and electronic claiming terminals and a separate Access Card device. Then if an ehealth record system eventuates you could be required to have a fourth device. This scenario is plainly absurd.

As a former Small Business Minister I will be the first to argue that we need to integrate the systems into a single easy to use device. That's why we are reluctant to rush to early decisions on technology for the access card—we want to get this right!!!

Throughout the implementation of the access card we want to be as open and transparent as possible. That's the only way I see this working.

The smart technology taskforce has consulted widely with representative groups over the last 12 months and will continue to do so regardless of the consultation framework employed.

I do intend to engage interested parties to ensure the card delivers improvements to our customers, meets the expectations of our stakeholders and finds the right balance between those improvements and expectations, and protecting each customer's right to privacy.

I'd like to conclude my address today by returning to the insightful article I began with:

*... The immediate practical question is—What is to be done, and what bodies are prepared to set about doing it? Australia has a crazy quilt of railways, and, until she reduces it to a uniform pattern, she will be retarded in her internal progress and saddled with heavy expenses. The loss and inconvenience due to the divided gauge (is) so evident... **Practical action must begin sometime and somewhere...***

Although I would describe smart card technology as evolutionary, not revolutionary, the health and social services access card will be a critically important piece of infrastructure used in Australia to deliver benefits to those who need them.

The burdens and downfalls of our current system must be improved and can be improved, **“Practical action must begin sometime and somewhere”**.

Well, ladies and gentleman—we have taken the first steps. Practical action is being taken, today.

Thank you