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Unveiling Three Critical Flaws in Labor's \$8.5 Billion Medicare Plan

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Dr Nick Coatsworth, a former Deputy Chief Medical Officer and prominent Australian physician, has publicly criticised the Albanese government's \$8.5 billion Medicare investment, warning that it risks failing to deliver the transformative outcomes it promises. Coatsworth, who currently serves as a health-reform advocate, believes the funding strategy entrenches outdated systems, overestimates achievable outcomes, and overlooks critical structural weaknesses in the Medicare framework.

One of Coatsworth's primary concerns is the continued reliance on the fee-for-service model, which he argues is poorly suited for modern healthcare needs—particularly in managing chronic disease. He has stated that reinforcing this payment structure prioritises volume over value, incentivising brief consultations rather than comprehensive, team-based care. According to Coatsworth, health systems around the world are shifting towards funding models that reward coordinated and preventive care, but the current Medicare strategy fails to reflect this trend, leaving Australia at risk of stagnating in an outdated approach.

In addition to structural issues, Coatsworth has raised doubts about the government's target of achieving 90% bulk-billed general practitioner (GP) visits by 2030. While the plan includes tripled bulk-billing incentives intended to make services more accessible for pensioners, children, and concession card holders, an estimated 11.6 million Australians, Coatsworth describes the projection as unrealistic. Despite increased rebates rising to approximately \$62 per standard consultation, the actual cost to deliver a consultation remains around \$80, leaving a gap of roughly \$18 per patient that many GPs cannot afford to absorb. He warns that in high-cost urban areas, this gap may discourage clinics from participating in the scheme, potentially limiting its reach and effectiveness.

Perhaps most critically, Coatsworth points to the government's failure to address systemic waste and fraud within Medicare. He has cited estimates of annual financial leakage as high as \$8 billion, largely due to low-value care, unnecessary procedures, and billing for services not actually rendered. Coatsworth argues that the new investment simply adds funding to a flawed structure without instituting the necessary reforms to prevent misuse of public money. Without stronger oversight, improved compliance mechanisms, and a pivot toward value-based care, he contends that large portions of the new funding risk being lost or misallocated.

Taken together, Coatsworth's criticisms highlight a broader concern that the Medicare investment prioritises political messaging over sustainable health system reform. He asserts that while increased funding may improve access for some in the short term, it does not address the underlying inefficiencies or equip the health system to meet future demand. As Australians face rising healthcare costs and increasing pressure on primary care, Coatsworth warns that without comprehensive reform, this multi-billion-dollar initiative may ultimately fall short of delivering the improvements it promises.