

Myth: restricting the right to sue for damages means improved benefits for injured people

Fact

The tax payer is footing the bill for accident victims through increased payments by Medicare while insurers claim massive profits.

In fact, benefits for injured people have substantially reduced, including payments by insurers of medical expenses.

This is demonstrated by the substantial reduction in recoveries by Medicare Australia from compensation payments to accident victims.

Briefly, Medicare has for many years required accident victims with a compensation claim arising from their accident to maintain a record of all Medicare expenses, including treatment in public hospitals, bulk billing expenses, etc. These treatment expenses were claimed from the defendant in the compensation claim and then paid back to Medicare at the conclusion of the claim.

As demonstrated by the attached data obtained from Medicare Australia, in 2005 Medicare Australia recovered a total of \$12.9 million in medical expenses from compensation cases, compared to \$24.6 million collected in 2001 – a

reduction of almost \$12 million.

Meanwhile, there is no evidence to suggest that the number of people being injured each year has substantially reduced. According to the MAA, in 2001 the number of traffic casualties has remained fairly steady at between 29,973 and 26,259.

Therefore, it must be concluded that the cost of treating people for their injuries has not fallen – it has simply shifted from insurers to the taxpayer.

It is also claimed by insurers that average payments under the scheme have risen. This merely represents the fact that only the most catastrophically injured people are able to claim damages for pain and suffering – meaning that the average is now calculated only by reference to those who have suffered the most severe injuries. It stands to reason that the removal of 'smaller claims' from the system will cause the average payment to seem larger, even if individual payments have invariably fallen under the current system. Those whose injuries fall below the applicable threshold (approximately 90 per cent of injured people in NSW) are generally not able to claim fair compensation.

NSW Medicare Recoveries 1998-2005

Total Amount Recovered

	1998	1999	2000	2001	2002	2003	2004	2005
Common	\$1,413,005	\$1,928,233	\$2,118,761	\$2,196,526	\$4,012,228	\$2,627,431	\$1,723,214	\$1,375,431
MVA	\$5,379,618	\$6,030,992	\$6,645,833	\$6,571,572	\$5,407,332	\$4,761,532	\$4,736,130	\$4,304,940
Public	\$2,226,556	\$2,628,738	\$2,921,426	\$2,786,637	\$3,292,628	\$2,843,377	\$1,868,172	\$1,467,353
Workers	\$7,406,268	\$9,330,186	\$10,151,697	\$12,862,464	\$11,696,937	\$13,393,513	\$6,390,342	\$5,668,220
Unknown	\$203,450	\$172,706	\$203,284	\$222,244	\$151,297	\$156,842	\$136,882	\$138,985
Total	\$16,628,897	\$20,090,855	\$22,041,001	\$24,639,443	\$24,560,422	\$23,782,695	\$14,854,740	\$12,954,929

Number of Cases

	1998	1999	2000	2001	2002	2003	2004	2005
Common	1,717	1,836	1,862	2,173	3,114	2,071	1,065	827
MVA	10,617	11,415	10,889	8,829	6,042	5,374	4,739	4,528
Public	4,235	4,042	4,033	4,072	3,853	3,026	1,650	1,271
Workers	18,526	21,576	20,650	23,519	20,064	19,106	12,360	10,762
Unknown	356	213	227	181	192	171	123	118
Total	35,451	39,082	37,661	38,774	33,265	29,748	19,937	17,506