RACGP

Royal Australian College *of* General Practitioners

Funding priorities

Position statement – October 2020

1. Position

Government expenditure on healthcare in Australia is inadequate and poorly targeted. Public funding is declining and does not match levels seen in comparable countries with high-quality health systems, with patients increasingly required to cover more of the cost. Existing expenditure often supports programs and services that are not evidence based, integrated with other components of the system or an efficient use of limited resources.

There is also a tendency for governments and aspiring governments in Australia to announce the dedication of considerable ad hoc funding towards specific, isolated health issues or services, increasing duplication of services and fragmentation of care.

These decisions do not appropriately support an integrated, patient-centred, high-quality, sustainable and equitable health system, leading to preventable illness and harm and wasted resources.

A sustained increase in public funding is required to meet the growing and changing needs of our community and minimise costs to patients. Key priorities should be improving the accessibility and capacity of primary care to promote health and wellbeing across the lifespan in a cost-effective way, and integrating services across the health system to ensure comprehensive and coordinated care.

For a future health system that keeps our community safe and healthy, delivers quality and a positive experience of care, and minimises costs to patients and providers, the RACGP calls on Australian governments to:

- prioritise health spending which supports:
  - access to person-centred, comprehensive and coordinated primary healthcare
  - an ongoing relationship between a patient, their general practitioner (GP) and general practice teams
- significantly increase expenditure on health, in relative and per capita terms
- support research and evaluation which builds the evidence base and commit to using evidence to guide investment, program development and service planning.

2. The Vision for general practice and a sustainable healthcare system

The RACGP's *Vision for general practice and a sustainable healthcare system* (the Vision) outlines the value of Australia's general practice-based primary healthcare system and the long-term return on investment of prioritising support for patient-centred primary care. The Vision describes an alternative model for sustainably funding modern general practice, aligned with international best practice and modern health system approaches.

3. The impact of the COVID-19 pandemic

The COVID-19 pandemic has demonstrated how important integrated and supported primary healthcare is to managing threats to population health and the healthcare system. This is particularly true of GPs in the Australian context – in this difficult time GPs and their teams are still providing effective care, while transforming service and business models almost overnight to better meet needs. General practice has, however, struggled with a lack of coordination, information and resources.

Both the immediate and longer-term responses will have significant implications for patients and healthcare providers. However, the considerable strain being placed on the Australian primary healthcare system as a result of the pandemic has simply exacerbated existing issues affecting the sector. The issues discussed in this position statement and the RACGP's Vision, that is the need for considered, coordinated and adequately supported long-term reform across the entire healthcare system and with greater focus on primary healthcare and preventive health, are only more apparent and pressing in this time.

4. Discussion

4.1 Our health system needs to adapt to changing needs

Australia's health system was developed at a time when the treatment of acute and communicable conditions was the main focus of care. As medicine and healthcare has improved, and alongside many other social developments, these issues no longer affect the community to the same extent.

Our population is ageing and other types of diseases have come to the fore. Now, non-communicable diseases and mental illnesses make up almost two-thirds of the total burden of disease[1] and half the population has one or more chronic health conditions.[2] This has significant consequences for our community, health system and economy.

However, through the modification of behaviours, circumstances and systems (encompassing the social, commercial/economic, political and ecological determinants of health) and the more effective and equitable distribution of health resources, a significant proportion of illness, disability and death can be prevented.[1-5]

The location and types of services that people need now are substantially different.[6,7] Our healthcare system must adapt to better target resources to meet the needs of the community. A focus on primary healthcare, which keeps people safe and well within the community at low cost, provides the optimal model for a modern health system.

4.2 Spending on preventive and integrated care needs to be prioritised

Fragmentation of funding

Ad hoc spending for specific services is commonly portrayed as an effort to expand access to healthcare for certain patient groups, target specific risk factors or conditions and/or reduce the costs of care. This piecemeal approach often prioritises short-term solutions over longer term strategies or value and can lead to compartmentalised, inflexible, fragmented, duplicated and/or neglected needs, services and funds. In this way, ad hoc commitments may actually cause perverse outcomes for the community and the health system.

Examples of this include:

- establishing a new Medical Benefits Schedule (MBS) item to support GPs to provide a heart health assessment, when MBS support to access this service was already in place for those in need
- funding expansion of youth mental health services through specific organisations with limited geographical reach, at greater cost and with limited demonstrated effectiveness,[8] rather than through promoting and supporting existing schemes providing access to psychological services
- prioritising allocation of funding to listing of new medications or procedures without consideration of alternative approaches or models of care.[9]

Typically, these commitments are made during election campaigns or as part of annual budget announcements. 'Taking action' on a particular topical issue can be politically rewarding. However, this can hamper the effectiveness, efficiency, equity and sustainability of healthcare funding.

Effectively support general practice

Ill health imposes significant costs on the health system and the economy.[10] Maximising health and wellbeing over time, through prevention activities, early intervention and chronic disease management integrated within the primary care setting, is a cost-effective use of resources. The long-term benefits of supporting holistic, comprehensive and patient-centred general practice care are likely to be far greater than irregular, ad hoc and/or issues-based efforts.[11]

General practice is the foundation of our primary care system and Australians see GPs more than any other health professional – in 2018-19, GPs and their teams provided nearly 160 million services at a fraction of the cost of hospital and other medical specialist services, with almost nine in ten people consulting a GP.[12]

Eighty per cent of Australians have a usual GP and 90% a usual practice.[13] This provides many opportunities for the provision of holistic, systematic and preventive care, which will keep patients out of hospitals and relieve pressure on other parts of the health system.[14] This also helps patients stay more active in the community and economy.

Effectively supported general practice has significant benefits, not only in terms of health outcomes for patients[15-20] and communities,[21-24] but also for the equity[18,25,26] and sustainability[18,27-30] of the health system. General practice also has the capacity to address other determinants of health.[20, 31-34] Strengthening the role of general practice will help keep costs to patients down.[35]

The RACGP has previously estimated that a reduction in the prevalence of low-urgency emergency presentations and hospital admissions from preventable conditions, as a result of better support for and investment in general practice, could achieve savings in the hospital sector of up to $4.5 billion a year.[11]

Existing support for patient access to GPs and general practice teams does not appropriately value general practice services nor reflect the true cost of providing effective general practice care. GPs also report spending a considerable amount of non-billable time on providing integrated services and holistic care to patients.[36,37] The MBS Review, which commenced in 2015, has recognised that the central funding mechanism of the MBS (ie fee-for-service payment) does not adequately support the advanced role of GPs in providing continuing care, prevention and health promotion services and collaborative and integrated care to patients and the community.[38]

4.3 Funding the health system is becoming less of a priority for government

In 2017-18, expenditure on health in Australia from all sources (government, health insurance providers, individuals and other non-government sources) totalled $185.4 billion.[39 (1)] Tables 1 and 2 provide an overview of this expenditure.

Table 1. Expenditure on health in Australia, by source, 2017-18[39,adapted from 39]

Source	Expenditure	Proportion of total
Government	$126.6 billion	68.3%
Commonwealth	*$77.1 billion*	*41.6%*
Other government	*$49.5 billion*	*26.7%*
Individuals	$30.6 billion	16.5%
Other non-government	$28.2 billion	15.2%
Total	**$185.4 billion**	**100%**

Table 2. Change in expenditure on health in Australia, by source, 2016-17 to 2017-18[39,adapted from 39]

Source	Change in expenditure	Change in expenditure per capita
Government	+0.4%	-1.2%
Commonwealth	*+2.3%*	*+0.7%*
Other government	*-2.5%*	*-4.1%*
Individuals	+3.1%	+1.5%
Other non-government	+3.1%	+1.5%
Total	**+1.2%**	**-0.4%**

While total spending on health in Australia is increasing in absolute terms, as costs, the population and needs increase, a closer look at the 2017-18 figures[39,adapted from 39] indicate shortcomings in government funding for the health system, noting that:

- spending by individuals increased at a greater rate than that for government and total expenditure
- the proportion of government to total health expenditure decreased and the contribution from individuals increased
- total expenditure and government expenditure per capita decreased and spending by individuals per capita increased
- government expenditure as a proportion of tax revenue decreased.

Comparisons across the previous decade[39,adapted from 39] highlight that the shift away from government expenditure is a trend, noting that:

- the increase in government expenditure was significantly lower than average annual growth
- average annual spending by individuals is increasing at a faster rate than that of total and government expenditure
- government contribution to total health expenditure has decreased while individual contributions have increased
- per capita expenditure by individuals is increasing at a higher rate than for total and government
- government expenditure as a proportion of tax revenue is at its lowest since 2008-09.

Commonwealth government funding for general practice services was $9.8 billion in 2018-19.[40] Though this was higher than the previous year, the increase was significantly lower than average annual growth between 2011-12 and 2017-18 and per capita expenditure actually decreased between 2018-17 and 2018-19.[40,adapted from 40] Across the country, only 66% of people had all their GP attendances bulk billed,[41] meaning over a third of people paid a fee to visit their GP.

[1] All figures in this section are constant prices and comparisons between years refer to real changes in expenditure accordingly

The Organisation for Economic Co-operation and Development (OECD) estimates that government expenditure on health as a proportion of total health expenditure and as a share of gross domestic product (GDP) in Australia is lower than other highly developed countries with primary care focussed systems.[42] Table 3 provides a comparison.

Table 3. Government expenditure on health as share of GDP and proportion of total health expenditure, 2018[42]

Country	Government contribution to total health expenditure	Government expenditure on health as share of GDP
Norway	85.5%	8.7%
Denmark	84.4%	8.8%
Japan	84.1%	9.2%
Sweden	83.9%	9.3%
Netherlands	82.1%	8.2%
New Zealand	79.2%	7.4%
United Kingdom	77.1%	7.5%
Finland	75.3%	6.8%
Canada	69.7%	7.5%
Australia	69.3%	6.4%

For 2016, the most recent year for which data is available, the OECD[42] estimates that government expenditure on preventive care in Australia comprised only 1.8% of total health expenditure, considerably below levels in Canada (6.2%) and below the other reference countries above (4.1-2.0%).

4.4 Government funding for the health system must increase

It is clear that government support for the health system is not only inadequate but waning, despite frequent claims of record funding and the selective use of bulk billing rates. At the same time, and perhaps as a result, the community is paying more for health services.

Costs can be a substantial barrier to access, with 1.3 million Australians already delaying or avoiding accessing healthcare due to cost.[43] Certain community groups, particularly those more likely to have more complex health needs in the first instance, are especially vulnerable.

Australian governments, at all levels, must increase relative levels of funding for healthcare across a range of indicators (eg contribution to total health expenditure, investment in primary care and preventive health as proportion of total health expenditure, per capita expenditure) to ensure cost barriers to accessing healthcare are removed. This must be done in such a way as to ensure that health inequities are not perpetuated or exacerbated and that vulnerable and marginalised sections of our community are able to access timely and high-quality care.

It is acknowledged that expenditure on health cannot increase significantly without a dramatic decline in public funding elsewhere, which may have considerable deleterious effects on other social supports. In addition, expenditure is not an end in itself and does not sufficiently explain an effective health system in isolation (eg government expenditure on health in the United States of America totals 14.3% of GDP[42]). As such, the more effective and efficient targeting of health spending should also be a key focus of governments. Services and funding must be evaluated in terms of efficiency, effectiveness, sustainability and equity to ensure that resources are targeted appropriately.

Furthermore, the RACGP readily acknowledges that each part of our complex healthcare system has an essential role that must be supported and does not propose that funding be diverted from elsewhere in the system; rather, government support for additional specialised and/or targeted services should aim to integrate with and enhance the delivery of high-quality, comprehensive primary healthcare. The role of general practice in providing continuous, coordinated and comprehensive care to patients must also be recognised and supported.

4.5 Consider opportunity costs and the evidence

While funding must be needs-based, it must also be evidence-based and promote the effective and efficient use of resources.

Inefficient allocation of limited health system resources can result in waste, lost opportunities and inequitable access to care.[44] Considering cost-effectiveness, opportunity costs and allocative efficiency when determining spending priorities are suitable approaches to allocating scarce healthcare resources.[9,44,45] While it may not be politically advantageous, a commitment to consideration of the opportunity costs of spending within the health sector is necessary to ensure that funding is appropriately delivered and remains sustainable.

This relies upon the collection and use of high-quality evidence on the outcomes and effectiveness of both the short- and long-term impacts of funding decisions and existing programs. Consistent monitoring and evaluation should be used to inform decisions about the allocation of healthcare resources.[9,45,46]

Absence of evidence is not evidence of absence, however; more research must be conducted in the Australian setting to better identify system efficiencies and improve health outcomes.[47] In particular, there is a need for research which:

- assesses the effectiveness and cost-effectiveness of general practice services[48]
- supports the development, trialling and implementation of new and innovative models of funding and service delivery in general practice,[11] including through integration with other health services.

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