



Background

The Royal Australian College of General Practitioners (RACGP) has developed a summary of the key expense measures included in the Government's 2015-16 Mid-Year Economic and Fiscal Outlook (MYEFO). This summary provides an overview of new initiatives and changes to existing programs, including increases and reductions in health expenditure.

Further details regarding some of the measures contained in this paper will be communicated to Members via InPractice as further information becomes available.

Summary of expense measures

Aged care provider funding

Improved compliance & Revision to the Aged care funding instrument's complex health care domain

The Federal Government will save \$534.3 million over four years through tighter compliance provisions and revision to the Aged care funding instrument (ACFI). These measures will see a strengthening of compliance activities for aged care providers to prevent over-claiming and changes to the ACFI scoring matrix, which determines the subsidies provided to residential aged care providers to support the care of permanent aged care residents.

These subsidies are calculated based on a resident's need for care across three domains:

- activities of daily living
- behaviour
- complex health care.

The aged care sector is already significantly under-resourced. Decreased support for patients with high and complex needs will only worsen the situation. The RACGP has long advocated for increased support for the aged care sector, including better support for GPs to visit residential aged care facilities.

Medicare Benefits Schedule (MBS)

Changes to diagnostic imaging and pathology services bulk-billing incentives

The MYEFO has identified a reduction of \$650.4 million over four years from 2015–16 by:

- removing the bulk-billing incentives for pathology services
- aligning bulk-billing incentives for diagnostic imaging with those that apply to general practice services
- reducing the bulk-billing incentive for magnetic resonance imaging (MRI) from 15% to 10% of the MBS fee.

Bulk-billing incentives for diagnostic imaging services will continue to apply for patients with concession cards and children under 16.

These changes will be implemented from 1 July 2016.

New and amended listings

The Federal Government has found savings of \$8.3 million over four years through the introduction of new and amended MBS items, based on recommendations from the Medical Services Advisory Committee (MSAC). These include:

- new items for sexual health medicine consultations
- new and amended items targeting the availability of surgical procedures for the removal of unwanted body fat (lipectomy) services
- consolidation of items for finger and wrist fractures
- new items for the use of intensity-modulated radiation therapy and image-guided radiation therapy to treat cancer.

Without specific detail on these changes, the RACGP is unable to identify where the savings will come from.

Finger and wrist fractures

The RACGP's National Rural Faculty (NRF) contributed to the Department of Health's (DoH) review of these items. While clear information is not available at this stage, the DoH did recommend the introduction of a new item for out-of-hospital treatment of finger fractures. The RACGP will provide more advice on these changes as information becomes available.

Sexual health medicine consultation items

The RACGP did not participate in this consultation despite the role general practitioners (GPs) currently play in providing sexual health advice and care to patients. From the information available through MSAC, it appears that these consultation items will be available to sexual health specialists who are Fellows of the Australasian Chapter of Sexual Health Medicine (FACHSHM).

While the RACGP supports any measure that provides greater support to help complex patients manage their condition(s), supporting access to GPs, who see most people with sexual health issues, should also be a priority.

Mental health

Streamlining

The Federal Government will achieve savings of \$141 million over four years from 1 July 2016 by consolidating existing mental health programs.

Funding will be redirected from allied psychological services, early psychosis prevention and intervention centres, headspace and the Mental Health Nurse Incentive Program, to the Primary Health Networks (PHNs). PHNs will undertake regional planning, integration and commissioning of mental health services.

For patients with more complex mental health problems, the Federal Government has flagged its intention to permit PHNs to 'cash out' some of their MBS payments into new pooled funding arrangements. For example, this would enable PHNs to commission additional health workers to align with the needs of their region.

As part of the distribution of mental health funding, Partners in Recovery, the National Perinatal Depression Initiative and targeting of suicide hot spots will cease.

These savings will contribute to funding the Federal Government's response to the *Final report of the National Ice Taskforce 2015*.

The impact of the redistribution of mental health funding on general practice is currently unclear. The RACGP will undertake further investigations into how the changes will impact GPs' capacity to diagnose conditions, assess patients' needs and coordinate the care of patients with mental illness.

More efficient health programs

The Federal Government will reduce funding for health programs by \$146 million over four years. This will be achieved by redesigning 24 health programs to operate more efficiently, including those associated with population health, medical services, e-Health and health workforce.

At this stage, it is not clear which programs will be targeted. The RACGP will seek further information on these cuts and their potential impact on patients, GPs and general practices. Further information regarding these cuts will be communicated to Members via InPractice as it becomes available.

National Immunisation Program

New and amended listings

The MYEFO has identified savings of \$4.7 million over four years through the inclusion of Tripacel® on the National Immunisation Program.

Tripacel® is an alternative vaccine for diphtheria, tetanus and acellular pertussis (DTPa) and will be available to children free-of-charge through the National Immunisation Program from 1 January 2016.

'No jab no pay'

Improving immunisation coverage rates

The Federal Government has allocated \$154.1 million over four years to implement a once-off immunisation catch-up program. This will assist families to comply with the new immunisation requirements as specified in the 'No jab no pay' policy.

As of 1 January 2016, only families that have fully immunised their children, are on a recognised immunisation catch-up schedule, or have an approved medical exemption can receive family assistance payments such as the child care benefit, child care rebate, and the family tax benefit part A supplement.

This measure, coupled with the Australian Childhood Immunisation Register (ACIR) effective from 1 January 2016 is a welcomed initiative. GPs should be prepared for an increase in immunisations and transition to the new system.

Pharmaceutical Benefits Scheme

New and amended listings & Price amendments

The MYEFO has identified an investment of \$627.3 million over four years for new and amended listings on the Pharmaceutical Benefits Scheme (PBS) and an additional \$37.1 million for price amendments for certain medicines that are currently on the scheme.

New and amended listings introduced since the 2015–16 budget:

- Iclusig (ponatinib) – Treatment for chronic myeloid leukaemia
- Jakavi (ruxolitinib) – Treatment for myelofibrosis
- Latuda (lurasidone) – Treatment for schizophrenia in adults
- Adenuric (febuxostat) – Treatment for chronic gout
- Herceptin (trastuzumab) – Treatment for metastatic stomach or gastric cancer
- Entyvio (vedolizumab) – Treatment for Crohn's disease.

Price amendments agreed since the 2015–16 budget:

- Morphine for pain management – 1 August 2015
- Leviracetam for epilepsy management – 1 August 2015
- Heparin sodium for the prevention of blood clots – 1 August 2015
- Potassium chloride for the treatment of mineral deficiency – 1 December 2015
- Desferrioxamine for the treatment of chronic iron overload – 1 December 2015.

The RACGP supports the inclusion of additional medications on the PBS, making more medications available to patients when required.

However, the RACGP is of the view that addressing the high costs of a range of medications (eg medications used to treat cancer) needs to form part of the Federal Government's approach to ensuring the PBS continues to achieve its intended purpose.

Primary Health Networks

After-hours funding and GP advice and support line

Funding from the Medicare Locals' After-hours program has been redirected to the PHNs after-hours funding, and after-hours GP advice and support line.

With these funds, PHNs will work with key local stakeholders to plan, coordinate and support after-hours health services. PHNs will focus on addressing gaps in after-hours service provision, providing services for 'at-risk' populations and improving service integration across communities in each PHN region.

On 1 July 2015, the Government established a redesigned after-hours GP helpline, operated by healthdirect Australia. The service aims to support Australians who do not have access to face-to-face, after-hours GP services.

Smaller government

Health portfolio

The Federal Government has identified \$70 million in savings over four years by abolishing or transferring the functions of a range of agencies. For example, the National Health Performance Authority (NHPA) will be abolished and its functions absorbed by the Australian Institute of Health and Welfare (AIHW), Australian Commission on Safety and Quality in Health Care (ACSQHC) and Federal Department of Health from 30 June 2016.

NHPA reports data at a Medicare Local/PHN level, informing their planning and needs assessment work. It has also produced several key reports:

- *Potentially avoidable hospitalisations in 2013–14*
- *Frequent GP attenders and their use of health services in 2012–13*

The RACGP would want the same level of reporting undertaken by NHPA to continue to assist PHNs and GPs across Australia to understand their populations from an aggregate viewpoint. However, funding this work should not be at the expense of patient services, as funding is always best directed towards the delivery of quality patient care.

Streamlining health and aged care workforce program funding

The Federal Government has identified savings of \$595.1 million over four years through ceasing operations of a range of health workforce programs, including two that provided support to the aged care workforce. Part of the savings (\$225.0 million) will support other workforce programs, with a focus on rural medical training.

This includes an integrated rural training pipeline for medicine, a \$93.8 million commitment over four years to develop prevocational, postgraduate medical training pathway in rural and regional areas. Funding is phased in over this period, with most activities forecasted to commence in 2017. The program will cost up to \$41.3 million per year once at full capacity. The rural health multidisciplinary training program (RHMTTP) is also being expanded, with grants established to provide healthcare providers to support undergraduate medical places (\$131.2 million over four years).

The RACGP welcomes the commitment to redirect funds toward new targeted rural training measures. The integrated rural training pipeline for medicine will result in the implementation of a number of key recommendations from the RACGP's *New approaches to integrated rural training for medical practitioners – Final report* and will address the significant gap left in rural areas from the defunded prevocational general practice placements program (PGPPP) to enable integration across the full training continuum.

However, the cessation of a number of key teaching infrastructure and continuing professional development (CPD) support programs across a range of disciplines is disappointing. Having access to appropriate CPD is critical for health professionals of all disciplines.

Given Australia's ageing population and the demand for federally supported aged care services we will face in the future, the RACGP welcomes the Senate Community Affairs References Committee's *Inquiry into the future of Australia's aged care workforce* as an opportunity to fully consider and support the ongoing training and development needs of this workforce and the possible impact of this measure.

The Federal Government's response to the Final report of the National Ice Taskforce 2015

The Federal Government has committed to providing \$212.1 million over three years (from 2016–17) to respond to the National Ice Taskforce's recommendations. As part of this commitment, \$78.6 million will be redirected from the Indigenous Australian Health Program to support drug and alcohol strategies in Aboriginal and Torres Strait Islander communities. Savings from the abolishment of a range of mental health programs will also be directed toward this measure.

While the strategy is welcome, the RACGP is concerned that part of the funding for the measure comes from vital mental health services and the Indigenous Australian Health Program. Further detail of these changes is required and the RACGP will provide additional advice when available.

Curtin University Medical School

Establishment

The Federal Government has allocated funding for the establishment of a medical school at Curtin University, announced in May 2015 (\$6.6 million over three years). Sixty students will commence training in 2017, increasing to 110 students in 2022.