

Overview of the 2016–17 Mid-Year Economic and Fiscal Outlook (MYEFO)

Background

The Royal Australian College of General Practitioners (RACGP) has developed a summary of the key expense measures included in the Government's 2016–17 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 *In Practice* as more information becomes available.

Summary of expense measures

Aged care provider funding – Addressing growth in residential aged care

The Federal Government will amend previous arrangements to aged care funding in the 2016–17 Budget measure titled, Aged Care Provider Funding – Further Revision of the Aged Care Funding Instrument. The amendment will adjust or reverse the announced changes to the Aged Care Funding Instrument (ACFI) with the following consultations.

- Indexation on all domains of the ACFI will be frozen in 2017–18.
- Indexation of the Complex Health Care Domain component of the ACFI will be reduced by 50% in 2018–19.
- Funding for the Transitional Assistance Fund will be partially redirected to fund eligible rural, remote and specialty services.
- Cost recovery for unannounced compliance site visits by the Australian Aged Care Quality Agency will be deferred for one year in 2017–18.
- Options to reform the ACFI will be developed and trialed in order to address continued unexpected growth in residential aged care funding.

The Federal Government expects to save \$22.5 million over four years from 2016–17.

Changes to bulk-billing incentives for diagnostic imaging and pathology services – Further consultation

The Federal Government will postpone changes to the bulk-billing incentives for pathology and diagnostic imaging services until 1 July 2017. The removal of bulk-billing incentives was announced in the 2015–16 MYEFO and is forecast to save \$650.4 million over four years.

Postponing the changes to consult with stakeholders will now cost \$208.2 million during the 2016–17 financial year.

Cure4MND Foundation – Contribution

The Federal Government has allocated \$2.8 million in 2016–17 to the Cure4MND Foundation to support motor neurone disease research and assist the foundation with increasing clinical trials available to Australian patients.

Develop Australia's medical research capabilities – Zero childhood cancer initiative

The Federal Government has allocated \$20 million over two years from 2016–17 to establish a national research network that will focus on improving childhood cancer survival rates.

Digital Mental Health Gateway – Development of a second pass business case

The Federal Government will spend \$2.5 million in 2016–17 to continue work on the development of a Digital Mental Health Gateway (the gateway).

Information on the gateway and its intended uses is minimal. The RACGP encourages the responsible department(s) to consult with general practitioners (GPs) and other mental health professionals as the business case is being developed, and if work commences on building a gateway.

Elimination of trachoma in Indigenous communities – Extension

The Federal Government will provide \$20.8 million over four years from 2017–18 for continued activities to reduce the incidence of trachoma and improve eye health for Indigenous Australians.

The RACGP welcomes this extension. A collaborative approach between Government departments is needed to ensure this avoidable disease can be eliminated in Australia.

Ongoing Government support and funding is needed for a range of activities including screening, treatment and health promotional activities in Indigenous communities.

Investing in Medicare: Medicare Benefits Schedule – New and amended listings

The Federal Government will provide \$7.1 million over four years from 2016–17 for new and amended items on the Medicare Benefits Schedule (MBS) and Veterans' Benefits.

This funding is provided following the recommendations from the Medical Services Advisory Committee and reviews of clinical practice of the MBS.

The amended MBS includes new items for:

- ovarian repositioning
- middle ear implant
- radical orchidectomy
- transcatheter aortic valve implantation
- genetic testing for breast and ovarian cancer.

The Government will allocate \$0.6 million of this funding to educate GPs on the new MBS listings and to evaluate the effects.

The RACGP recognises that knowledge of MBS rules and billing requirements is important and leads to more accurate billing; therefore, the RACGP indicates its support for GP MBS education [in a submission to the MBS Review Taskforce](#). The RACGP also recommends that, in addition to any test accompanying provider number application, Medicare provides supportive tools to assist GPs and other medical practitioners to correctly bill MBS items.

Investing in Medicare – modernising health and aged care payments services

The Federal Government has allocated \$31.5 million in 2016–17 to commence the upgrade to the information and communication technology systems supporting the health, aged care and related veterans' payments services. The funding will also be used to conduct public communication and stakeholder consultation regarding the requirements for the new system.

The RACGP maintains that any measures made to improve the efficiency of Medicare payment services should be developed in collaboration with the profession. There are also a number of issues that require consideration, including patient and provider privacy, and the requirement for changes to the existing systems to allow interaction with the new infrastructure.

McGrath Foundation breast care nurses – Extension

The Federal Government will provide \$20.5 million over four years from 2017–18 to continue funding up to 57 breast care nurse positions through the McGrath Foundation.

These nurses will be located in approximately 55 locations throughout Australia predominantly in regional and rural communities. This funding is an extension to a previous funding agreement with the McGrath Foundation for \$18.5 million.

Pharmaceutical Benefits Scheme – New and amended listings

The Federal Government will allocate \$141 million over four years from 2016–17 for new and amended listings on the Pharmaceutical Benefits Scheme (PBS) and the Repatriation Pharmaceutical Benefits Scheme.

New and amended listings introduced since the 2016–17 Budget include:

- Exenatide (Bydureon®) for the treatment of type 2 diabetes – 1 September 2016
- Secukinumab (Cosentyx®) for the treatment of the auto-immune condition chronic plaque psoriasis – 1 October 2016
- Ribavirin (Ibavyr®) for the treatment of chronic hepatitis C – 1 November 2016
- Lenvatinib (Lenvima®) for the treatment of thyroid carcinoma – 1 December 2016
- Mepolizumab (Nucala®) for the treatment of severe asthma – 1 January 2017
- Lenalidomide (Revlimid®) for the treatment of multiple myeloma – 1 February 2017.

Pharmaceutical Benefits Scheme – Price amendments

The Federal Government will allocate \$83.7 million for the amendments in prices for certain medicines that are currently listed on the Pharmaceutical Benefits Scheme (PBS) and the Repatriation Pharmaceutical Benefits Scheme.

Price amendments agreed since the 2016–17 Budget include:

- Glucagon hydrochloride for the treatment of diabetes – 1 October 2016
- Oxaliplatin for the use of chemotherapy – 1 December 2016
- Thiamine hydrochloride for the treatment of vitamin B1 deficiency – 1 January 2017.

Regulation of medicinal cannabis – Charging arrangements

The Federal Government will spend \$3.4 million over four years from 2016–17 on a licensing scheme for the regulation of cannabis for medicinal and scientific use.

There is little high-quality evidence for the medicinal use of cannabis. The RACGP's [position statement on the medicinal use of cannabis products](#):

- calls for further research to determine the relative efficacy and safety of medical cannabis products
- reiterates that any cannabis products must be approved or registered through the Therapeutic Goods Administration before GPs can prescribe.

Remote area pharmaceutical dispensing – Additional remuneration

The Federal Government will provide \$3.3 million over two years from 2016–17 to provide eligible pharmacists with additional remuneration for dispensing medicines supplied to Remote Area Aboriginal Health Services.

Funding for this measure will be redirected from within the Sixth Community Pharmacy Agreement.

In its submission to the [Review of Pharmacy Remuneration and Regulation](#), the RACGP highlighted the fact that access to medicine is poor in many remote communities and supports better integration of pharmacists into the Aboriginal Health Service healthcare teams.

Revised arrangements for Commonwealth dental funding

The Federal Government will not proceed with the 2016–17 Budget measure titled, Child and Adult Public Dental Scheme. The Federal Government will instead revise the Child Dental Benefits Schedule (CDBS) and continue to fund a state adult dental service under the National Partnership Agreement for Adult Public Dental Services.

From 1 January 2017, eligible children aged between two and 17 years of age have access to a range of basic dental services through the CDBS. Benefits will be capped at \$700 over two years. \$320 million will be allocated over three years from 2016–17 (including \$77.5 million for the period 1 July – 31 December 2016) to support the provision of dental services to adults who rely on the public dental system.

Rural Health Commissioner and pathway for rural professionals – Establishment

The Federal Government will spend \$4.4 million over four years from 2016–17 on an election commitment to establish a National Rural Health Commissioner. The Commissioner will advise on the reform of rural health services and the development of a National Rural Generalist Pathway for rural doctor training.

The [RACGP has welcomed](#) the announcement of an independent Commissioner and the Government's commitment to pursuing a national rural generalist training pathway.

Specialist Dementia Care Units – Establishment

The Federal Government will establish Specialist Dementia Care Units in all 31 Primary Health Network regions. This measure is an election commitment.

Strengthening Mental Health Care in Australia

The Federal Government will spend \$194.5 million over four years from 2016–17 to:

- support six existing Early Psychosis Youth Services
- launch 10 new headspace centres
- establish 12 regional suicide prevention trial sites
- create a suicide prevention research fund
- develop technologies to support and treat people with mental health issues, through the Synergy project and Lifeline Australia
- design a workforce model with the Australian College of Mental Health Nurses.

Increased funding for mental health services is welcomed. The RACGP's [position statement on mental health](#) sets out the role GPs play in providing mental health care and suicide prevention services to the community. The RACGP encourages inter-professional collaboration and recognition of the GP role in providing mental health care to the community as additional services and providers emerge.