RACGP

Royal Australian College *of* General Practitioners

Overview of the Federal Budget 2016–17 (Health)

6 May 2016

Introduction

The 2016–17 Federal Budget threatens the future and quality of Australian general practice, extending the freeze on Medicare Benefits Schedule (MBS) into the next decade and presenting little vision for real healthcare reform. The extension of the MBS freeze to 2020 will eventually see over $2 billion removed from Medicare, threatening patient access to vital services – which will become even more pressing for patients from lower socio-economic groups and Aboriginal and Torres Strait Islander patients. As the cost of providing care continues to increase, general practices will be forced to charge patients more to access these crucial services.

Although The Royal Australian College of General Practitioners (RACGP) is pleased to see a stronger focus on the management of chronic disease in general practice through Health Care Homes, the funding committed only supports the administrative operation of the pilot. Additional funding is required to support clinical care and was not allocated in the Budget, confirming that existing spending on chronic disease care (which is already inadequate to meet patient needs) will be reshuffled to fund this model.

Just as concerning is the Budget's complete lack of focus on prevention and its role in combating chronic disease. Prevention is a key efficiency point and the Budget – in its message around jobs and growth – has clearly underestimated the current and increasing disease burden in Australia and its impact on productivity.

There is already significant unmet need in rural and remote communities and growing disadvantage in Aboriginal and Torres Strait Islander populations that require policy leadership and immediate response from the government. In this Budget there is little to benefit Aboriginal and Torres Strait Islander patients and no commitment to funding the implementation of the National Aboriginal and Torres Strait Islander Health Plan.

Lastly, changes to the Practice Incentives Program, seeing $21 million removed and the future of a number of incentives uncertain, adds additional pressure on general practices seeking to remain viable and able to provide high-quality, comprehensive health services to patients.

Expense ($m)

Federal Budget (health) overview	2015–16	2016–17	2017–18	2018–19	2019–20	Total
MBS – Extension of indexation freeze	–	–	–	-301.5	-623.8	-925.3
Trial of Health Care Homes	0.4	9.3	0.3	11.2	–	21.3
Changes to Practice Incentives Program	-0.2	-0.6	-29.0	4.0	4.6	-21.2
Rural General Practice Grants Program	-2.6	-5.2	7.8	–	–	–
Aged care – Further revision of ACFI	0.2	-119.0	-229.6	-339.5	-463.8	-1151.7
Aged care – Regional RACS provider funding	–	15.0	27.6	28.9	30.7	102.3
My Aged Care – Consumer access	–	29.6	30.9	35.5	40.5	136.5
Health Flexible Funds – Pausing indexation	–	–	-31.9	-57.8	-92.4	-182.1
Medicare Compliance Program	–	-1.0	-16.5	-21.7	-26.9	-66.2
Removing services from the MBS	–	-1.1	-1.2	-1.3	-1.5	-5.1
MBS – Listing of photography with non-mydriatic retinal cameras	–	3.0	7.7	11.0	12.1	33.8
MBS – Magnetic resonance imaging of the breast	–	0.5	0.8	0.8	0.8	2.9
MBS – New and amended listings	–	-8.9	-13.4	-14.0	-15.1	-51.4
National Cancer Screening Register	–	–	8.4	9.6	11.9	29.9
National Immunisation Program – New and amended listings	–	–	–	–	–	–
Perinatal depression – Online support	–	–	–	–	–	–
Antimicrobial resistance measure	–	2.8	2.2	2.2	2.2	9.4

MBS – Extension of indexation freeze

The Federal Government will remove $925.3 million of healthcare funding by extending the freeze on indexation of MBS patient rebates to 30 June 2020. This is in addition to the $1.3 billion to be stripped during the original period of the freeze, which commenced on 1 July 2015, and was due to cease in June 2018.

By removing over $2 billion over five years from the healthcare system, the MBS indexation freeze threatens the future quality and viability of Australian general practice. MBS patient rebates have never kept pace with the cost of providing high-quality general practice services, and the extension of the freeze worsens this. The continued de-funding of universal access to high-quality primary healthcare is unacceptable, and the health and wellbeing of all Australians is at stake.

The RACGP has consistently sought the reversal of the freeze, and we will be increasing our strong opposition to this damaging and short-sighted policy measure during the 2016 federal election campaign.

Trial of Health Care Homes

The federal government will provide $21.3 million over four years from 1 July 2016 to trial a model of coordinated primary healthcare called 'Health Care Homes'. While details on how the pilot will operate are scarce, the RACGP understands work is expected to commence on 1 July 2016. The trial will recruit up to 65,000 patients across 200 practices from January 2017, and is forecast to run for two years from 1 July 2017. Budget documents state that up to seven Primary Health Networks will be involved.

A key feature of the trial will be the rearrangement of funding for chronic disease management (CDM) and coordination. Current MBS funding for CDM items will be reshuffled into quarterly bundled payments to general practices. Fee-for-service payments for routine care not related to chronic disease care will still be available.

The forward estimates suggest that $41 million will be redirected from the MBS to fund clinical care in the first year of the trial (2017–18) and $52.3 million in the second year. If this represents the Department of Health's projections for the funding available to the trial, it means total payments could fall within a $630–$805 range per patient per year.

The Health Care Homes trial aligns, to an extent, with the RACGP's *Vision for general practice and a sustainable healthcare system* (the Vision). While the RACGP has in principle supported the trial, there remain significant concerns that funding for the trial is insufficient to provide comprehensive care to patients. CDM funding is already inadequate for patients with chronic and complex conditions, let alone the 'enhanced services' and data provision expected under the Health Care Home model.

The RACGP will strongly lobby for additional funding to support the trial of the Health Care Home.

Changes to Practice Incentives Program

The government will redesign the Practice Incentives Program (PIP) to introduce a new Quality Improvement Incentive from May 2017, which it states will provide general practices with 'increased flexibility to improve the detection and management of a range of chronic conditions in the primary care setting'. PIP payments for teaching, after hours, rural loading and digital health will continue in their current form.

As a result of redesigning the PIP, the government will redirect $21.2 million to fund the trial of Health Care Homes.

The RACGP is seeking further detail as to why these changes have resulted in an overall reduction of funding.

Rural General Practice Grants Program

The federal government will redirect $20.7 million of Department of Health funding from the Rural and Regional Training Infrastructure Grants Program (RRTIG) to the Rural General Practice Grants Program – a redesigned version of the former grants program.

The RACGP welcomes the redesign of the RRTIG to ensure greater program uptake, but is seeking further clarification around funding commitment, revised targets and intended expanded program reach. The supplementary detail provided moves the program beyond its intended purpose in funding infrastructure for teaching in rural general practice toward more public health objectives in promoting healthier lifestyles.

It is important to note that the government committed $52.5 million over three years in 2014–15 to fund a minimum of 175 grants capped at $300,000 each. Given the program has had a significantly low take-up, due to restrictive parameters imposed, the nominated redirected funds and carried forward funds (2017–18) fall well short of the original pledge. Further, the new performance criteria of 30 grants in 2016–17 and 13 in 2017–18 (43 in total) is also significantly reduced from the original scope of 175 grants (noting some have been expended).

Aged care provider funding – Further revision of the Aged Care Funding Instrument

The federal government will save $1.2 billion over four years up until June 2020 by changing the Aged Care Funding Instrument (ACFI) scoring matrix. This is in addition to the $534.3 million removed from aged care provider funding announced in the 2015–16 Mid-Year Economic and Fiscal Outlook (MYEFO) through compliance measures and changes to the ACFI.

The Department of Health have indicated that the changes to the ACFI will ensure that funding outcomes 'better align with contemporary care practices, potential rorting will cease and that residents will continue to get the care they need'. However, this measure ultimately sees a reduction in funding for aged care, rather than a reshuffle of funding to better meet patient needs.

Aged care provider funding – Targeting of the viability supplement for regional aged care facilities

The federal government will spend $102.3 million over four years from 2016–17 to redirect the existing viability supplement for regional aged care facilities to areas of greatest need.

The Modified Monash Model (MMM) will be used to underpin funding decisions toward the intended policy goal of addressing the additional pressures of isolation and rural and remote provider size.

The RACGP welcomes the initiative but would like to see some flexibility to avoid unintended policy consequences for disadvantaged regional communities. In targeting disadvantage, the MMM is a positive policy reform. However, there are still communities that are relatively close to a regional centre with significant service deficiencies and unique geographic isolation issues that might not be addressed by this measure.

Generally, more needs to be done to support rural general practitioners (GPs) to provide aged care services in settings outside of the practice, particularly to address the lack of support when providing care in residential aged care facilities.

My Aged Care – Consumer access

The federal government will provide $136.6 million over four years from 2016–17 to support the operation of the My Aged Care contact centre. The funding will assist the contact centre to meet the significant increase in demand for assistance from customers interacting with the aged care system.

The RACGP is supportive of ongoing assistance for aged care services. GPs play a key role in providing healthcare services for older Australians. It is imperative that the My Aged Care portal is updated to enable effective use for all aged care healthcare providers, in particular GPs. Urgent additional funding and further consultation with GPs is required to improve consumer and healthcare provider access to online services.

Health Flexible Funds – Pausing indexation

The federal government has de-funded the Health Flexible Funds by a further $182.2 million over three years, from 2017–18. Health Flexible Funds will be combined into a new funding structure and involve 'streamlining' 11 outcomes into six, with new corresponding programs.

The RACGP is disappointed with the implementation of this budget measure and believes that pausing indexation may cause a decrease in high-quality healthcare services available to patients. The details around this proposal remain unclear, and there may be ongoing issues regarding functionality and implementation.

The RACGP will continue to lobby the government for further details around this process and ensure that general practice and patient welfare is considered a priority in this course of action.

Medicare Compliance Program

The federal government will achieve 'efficiencies' of $66.2 million over four years through 'enhancements' to the Medicare Compliance Program, by introducing advanced data analytics capability to target providers who make Medicare claims that are inconsistent with existing rules.

The RACGP supports the appropriate use of Medicare. However, the RACGP is concerned that a new analytics tool may see an increased number of GPs receiving Medicare warnings due to the type of patients or unusual circumstances in which they practice.

As such, the RACGP wants to ensure the fairness of such a policy, and that it is implemented as a supportive tool rather than a threatening mechanism.

Medicare – Removing obsolete services from the MBS

The federal government will save $5.1 million over four years from 1 July 2016 through the removal or amendment of 24 diagnostic imaging, ear, nose and throat (ENT), gastroenterology, obstetrics and thoracic medicine MBS items.

This represents implementation of the first round of recommendations from the MBS Review Taskforce.

The RACGP has been involved in the MBS Review process throughout 2015 and 2016 through providing submissions, consulting with the MBS Review Taskforce and nominating GP representatives to sit on MBS Review clinical committees. The RACGP supported the recommendations regarding the removal of these items from the MBS.

However, the MBS Review should not be a cost-saving exercise. Any savings achieved through removal of obsolete MBS items should be directed back to frontline health services to support patient access to high-quality and modern health services.

MBS – Listing of photography with non-mydriatic retinal cameras

The federal government will provide $33.8 million over four years from 2016–17 to list a new item on the MBS for retinal photography with a non-mydriatic retinal camera.

The RACGP welcomes this initiative as it will benefit rural and remote locations where there is limited access to optometric and ophthalmic services. Further initiatives to support diabetic retinopathy and the treatment of chronic disease such as diabetes are also supported by the RACGP.

MBS – Magnetic resonance imaging of the breast

The federal government will provide $3 million over four years from 2016–17 to list two new items on the MBS for diagnostic imaging services, including magnetic resonance imaging of the breast.

While the RACGP is supportive of improving screening services, further information about this program is being sought to ensure it is carried out in a cost-effective manner for high risk patients.

MBS – New and amended listings

The federal government will save $51.4 million over four years from 2016–17 through the consolidation or amendment of a range of MBS and Veteran's Benefits for the following types of services:

- skin items
- vascular surgery
- plastic and reconstructive surgery
- hip arthroscopy services
- skin patch testing
- circumcision items.

These amendments and consolidations appear to have taken place independently of the MBS Review process and it is unclear how the savings will be used. The RACGP reiterates that any savings made from the consolidation and removal of MBS items must be reinvested in patient care.

National Cancer Screening Register

The federal government will provide $178.3 million over five years from 2015–16 to develop a National Cancer Screening Register to replace the current register for the National Cervical Screening Program and the National Bowel Cancer Screening Program.

This proposal builds on the 2014–15 budget measure reforming these programs.

The RACGP welcomes the extension of this program and believes these types of programs should be implemented through general practice.

National Immunisation Program – New and amended listings

The federal government will list FluQuadri as an alternative vaccine for seasonal influenza on the National Immunisation Program (NIP) from 6 May 2016.

The government will also amend the existing listing for Cervarix, a vaccine for the prevention of cervical cancer. These changes will have no financial impact, as both vaccines are alternatives to vaccines already listed on the NIP.

Perinatal depression – Online support

The Department of Health will spend $800,000 over two years from existing funding to develop an application and online tool for women who are affected by, or at risk of, perinatal depression.

The initiative is intended to support early intervention and reduce crisis referrals of women with perinatal depression.

Antimicrobial resistance measure

The federal government will provide $9.4 million over four years from 2016–17 to improve Australia's capacity to detect, prevent and respond to antimicrobial resistance (AMR).

The RACGP recognises AMR as a significant global health issue. A unified and strategic approach to addressing the problem is required, and we commend the government on the development of the first National Antimicrobial Resistance Strategy.