RACGP
Royal Australian College *of* General Practitioners

Overview of the Federal Budget 2017–18 (Health)

May 2017

Introduction

The 2017-18 Federal Budget is the first step toward reinvesting in general practice and preventive health with the gradual thawing of elements of the Medicare indexation freeze. From 1 July this year, the general practice bulk billing incentives will be indexed, with consultations to follow next financial year.

Unfortunately, enhanced general practice care items (eg GP Management Plans, Team Care Arrangements, and Health Assessments) will not indexed until July 2020. At the same time, the cost of providing quality general practice care will continue to increase. The Royal Australian College General Practitioners (RACGP) will continue to advocate for genuine investment into general practice – recognising the value of general practice care.

Delay of the Health Care Homes trial confirms that the government has listened to the RACGP's concerns regarding the model. The delayed implementation presents an opportunity to get the Health Care Home model right. In parallel to the Health Care Home trial, the Government will also invest in a Quality General Practice pilot run through the practice-based research networks, to develop evidence of the positive patient health outcomes possible when continuity of care is properly supported.

The continued commitment to the Medicare Benefits Schedule (MBS) Review is also welcome, and may lead to a permanent structure for ensuring our public insurer gets best value for money. The Review is entering its third year and the RACGP expects to see more outcomes from the Review for general practice.

Recommitting to Aboriginal and Torres Strait Islander and rural community health through retaining the Indigenous Health Incentive and the procedural general practice grants programs is a small but significant outcome from this Budget. However, the continued lack of funding for the implementation of the Aboriginal and Torres Strait Islander health plan is disappointing given our continued struggle to close the gap.

Funding to increase access to mental health services is crucial to addressing the burden of mental health issues on our community, particularly where patients do not qualify for access to the National Disability Insurance Scheme.

Federal Budget (health) at a glance[1,2]	2016-17	2017-18	2018-19	2019-20	2020-21	Total
MBS – Indexation	-	9.5	146.0	403.4	443.4	1,002.3
Development of the Health Care Homes trial	-0.8	-22.1	-2.5	25.6	-	0.2
Medical Services Advisory Committee – Continuation	-	12.1	11.3	10.5	10.6	44.5
MBS – Improved compliance	0.0	7.6	-20.1	-44.2	-47.0	-103.8
MBS – New and amended listings	-	1.7	3.8	4.9	6.0	16.4
MBS Review – Continuation	-	15.9	15.7	12.7	-	44.2
Health and aged care payments systems	-	67.3	-	-	-	67.3
Establishing the Medicare Guarantee Fund	-	-	-	-	-	-
Pathology Approved Collection Centres – Strengthening compliance	-	9.3	2.9	2.9	2.9	18.0
Quality Improvements in General Practice – Implementation of the Practice Incentive Program	-6.9	7.6	0.7	0.6	0.5	2.5
My Health Record – Continuation and expansion	-	114.6	176.5	-99.7	-122.8	68.7
Medicines – Maintaining Remote Area Aboriginal Health Services pharmaceutical dispensing	0.1	-1.3	0.4	0.5	0.6	0.4
Medicines – Cheaper medicines	-	-24.7	-364.5	-427.1	-476.00	-1,292.2
Medicines – PBS – New and amended listings	31.4	213.3	264.1	312.3	346.2	1,167.3
Medicines – Support for community pharmacies	-	71.7	76.7	76.7	-	225.0
Developing an aged care workforce strategy	-	-	-	-	-	-
My Aged Care – Operations	-	3.1	-	-	-	3.1
Medical Research – Medical Research Future Fund	-	-	-	-	-	-
Prioritising Mental Health – Improving telehealth for psychological services in regional, rural and remote Australia	-	1.5	2.4	2.5	2.7	9.1
Psychosocial Support Services – Funding	-	7.8	23.7	24.1	24.4	80.0
National partnership on agreement on rheumatic fever – Continuation and expansion	-	1.4	2.4	2.4	1.4	7.6
No Jab No Pay – National Immunisation Program – Expansion	-	-1.9	5.3	5.3	5.3	14.1
No Jab No Pay – Improving awareness and uptake of immunisation	-	2.5	1.5	-	-	4.0
Palliative Care at home	-	1.6	3.3	3.3	-	8.3

[1] Figures represented in $ '000,000
[2] Figures based on best available source of data at time of writing. Department of Health. Health 2017-18 Budget at a Glance. Retrieved from http://www.health.gov.au/internet/budget/publishing.nsf/Content/budget2017-glance.htm [Accessed on 9 May 2017]

Medicare

Medicare Benefits Schedule — indexation

The government will re-introduce indexation through staged implementation, at a cost of $1 billion over four years from 2017-18. The RACGP welcomes the re-indexation of consultation items as a first step towards a commitment to reinvesting in frontline GP services.

Staged re-indexation of MBS items	Date of re-indexation
Bulk billing incentives for General Practitioners (10990, 10991)	1 July 2017
Standard consultations by General Practitioners and specialist attendances	1 July 2018
Specialist procedures, GP procedures, and allied health services	1 July 2019
GP Management Plans, Team Care Arrangements, Health Assessments, Mental Health items, and selected diagnostic imaging items (including for computed tomography scans, mammography, fluoroscopy and interventional radiology)	1 July 2020

Table 1 Staged re-indexation of MBS items

The GP standard consultation items due for re-indexation from 1 July 2018 only include GP attendances in Group A1 of the MBS (Items Level A – 3, 4, 20, Level B – 23, 24, 25, Level C – 36, 37, 43, and Level D – 44, 47, 51). GP procedural items will not be re-indexed until 1 July 2019, while chronic disease/complex needs management and GP mental health items will not be re-indexed until 1 July 2020.

The concurrent re-indexation of specialist attendance items fails to address the ongoing disparity between GP fees and those of other medical specialists. The RACGP believes that if the government is serious about supporting GP services, it needs to remove the inequality that exists between Medicare rebates for services provided by GPs and other clinical specialties.

The RACGP is seeking further detail on the re-indexation process and a complete list of items included within the categories announced for re-indexation.

Development of the Health Care Homes trial

The trial of the federal government's Health Care Home (HCH) initiative has been delayed from the initially announced commencement date of 1 July 2017, to allow the practices involved sufficient time to prepare for the trial. The trial will now begin on 1 October 2017 for the first 20 practices, with the remaining 180 practices to commence on 1 December 2017.

The delayed commencement date will result in a funding shift, with funds directed from earlier years to later years. Funding for the HCH trial was outlined in the 2016-17 Federal Budget, in which government confirmed that they would provide $21.3 million redirected from the Redesign of the Practice Incentive Program and $93.3 million redirected from Medicare.

The RACGP supports this announcement. The delayed start to the HCH trial allows for the opportunity to ensure that the trial is carefully developed and for further negotiations to take place with the profession.

The federal government also announced that community pharmacy will be involved in the HCH trial through the incorporation of medication management programs. The medication management programs will be funded through $30 million redirected from the 6th Community Pharmacy Agreement.

Medical Services Advisory Committee — continuation

The government will provide $44.5 million over four years from 2017-18 to continue the Medical Services Advisory Committee (MSAC). MSAC provides independent advice on services covered by the MBS and examines the evidence for proposed new medical technologies and procedures.

The RACGP recognises the importance of having an independent non-statutory committee that formally advises government on new medical services and funding, and supports funding for MSAC over the next four years.

Medicare Benefits Schedule — improved compliance

The government will continue to focus on MBS compliance arrangements and debt recovery, which is expected to result in combined savings of $103.8 million over four years from 2017-18.

Compliance activities will target unusual business billing and improve consistency of administrative arrangements.

Medicare Benefits Schedule — new and amended listings

The government will provide $16.4 million over four years from 2017-18 for new and amended MBS and Veterans' Benefits items, including:

- new items for cardiac services to lower the risk of stroke for patients, and for the treatment of acute ischaemic stroke caused by a large vessel occlusion
- a new item for the treatment of liver tumours
- expanding the combined positron emission tomography/computed tomography item to include patients suffering from indolent non Hodgkin lymphoma
- removal of items for sacral nerve stimulation.

Medicare Benefits Schedule Review — continuation

The government will continue its MBS Review by providing $44.2 million over three years from 2017-18, with a view to permanency.

The RACGP is pleased to see the extension of the MBS Review and will continue to support the MBS Review Taskforce, and the clinician-led approaches to both supporting quality general practice and future-proofing the MBS.

The RACGP will also work with the government and the Department of Health to create implementation pathways arising from the MBS Review for general practice item numbers.

Health and aged care payments systems

The government will provide $67.3 million in 2017-18 to update the information and communications technology (ICT) systems that deliver Medicare, the Pharmaceutical Benefits Scheme (PBS), aged care and related payments.

The RACGP will work with the Department of Health to ensure the needs of GPs are taken into account when developing ICT systems that the profession will be using.

Establishing the Medicare Guarantee Fund

The federal government has announced a Medicare Guarantee Fund to 'ensure the ongoing funding of the MBS and the PBS into the future'. It will be funded via the Medicare Levy, less amounts required to fund the NDIS, and from personal income tax. The federal government states that these funds will be 'sufficient to cover the estimated costs of essential health care provided under the MBS and PBS.'

The federal government has stated that it will adjust annual contributions to the fund each year to ensure that it meets forecast expenditure from the MBS and PBS, with $33.8 billion reserved for 2017-18, increasing to $37.8b in 2020-21.

Pathology Approved Collection Centres

The federal government has stated it will provide $18 million over four years to 'strengthen compliance activities for pathology approved collection centres'. The compliance activities will include enhanced data analytics and targeted auditing within the existing provisions under the *Health Insurance Act 1973*.

The RACGP is pleased to confirm that, following intense and extensive negotiations, the budget announcement officially confirms that the government will not be proceeding with the originally mooted changes to legislation to link pathology collection centre rent to +/- 20% of medical suite rent. While this change in policy is welcome, any

compliance mechanisms implemented under current legislation must recognise the niche market value of co-located pathology collection centres.

The RACGP will continue to work with Government to ensure a workable solution for general practice is implemented.

Quality improvements in General Practice – Implementation of the Practice Incentive Program

The federal government has delayed the implementation of the Quality Improvement Practice Incentive Program (QIPIP) by 12 months until 1 May 2018. The RACGP supports the revision of the initial timeline to ensure the final design is informed by further consultation with the profession.

The initial government QIPIP proposal suggested that a number of existing practice incentive payments would be consolidated into a single quality improvement payment. The Federal Government has confirmed that the Indigenous Health Incentive and the Procedural General Practitioner Incentive will stay in their current form and will no longer be consolidated into the QIPIP. The RACGP raised concerns regarding the consolidation of the Indigenous Health Incentive and the Procedural General Practitioner Incentive in our submission to the Redesign of the Practice Incentives Program consultation and welcomes the announcement of their retention.

The federal government will provide $2.5 million over four years from 2016-17 to fund this budget measure.

Quality General Practice Research pilot

The federal government announced that $5 million has been allocated to fund a joint venture with the RACGP. The funding will be used to support a Quality General Practice Research pilot over 18 months. The pilot will allow practices to provide continuity of care for their patients across the health system. It will be implemented through two existing general practice research networks, based on international best practice in coordinated services and block funding. The Quality General Practice Research pilot will be separate to the federal government's HCH trial.

My Health Record – continuation and expansion

The government will spend $374.2 million over two years from 2017-18 to continue the My Health Record system and expand use through implementation of opt-out arrangements. $94 million of this spend will be on capital.

The RACGP urges the government to continue to work closely with the profession to ensure that the system provides useful and clinically appropriate solutions. The RACGP remains concerned about the safety and usability issues with the current My Health Record.

Medicines

Maintaining Remote Area Aboriginal Health Services pharmaceutical dispensing

The federal government will provide $0.4 million over five years from 2016-17 to pharmacists for the supply of medicines under the Pharmaceutical Benefits Scheme (PBS) for Remote Area Aboriginal Health Services.

This measure will be partially funded through savings made by reducing the indexation of the PBS dispensing fee from 1 July 2017.

The RACGP welcomes the ongoing support for this program as access to medicines in many remote communities is poor. Without pharmacists, dispensing and quality use of medicine activities are performed by doctors, nurses and Aboriginal health practitioners, among their other duties.

Cheaper medicines

The federal government has stated that it will save $1.3 billion over four years from 2017-18 through statutory

price reductions (SPR) on Formulary 1 (F1)[3] and Formulary 2 (F2)[4] medicines.

- The current 5% SPR for F1 medicines listed on the PBS, due to cease in 2020, will be extended by two years to 2022.
- The SPR for medicines moving from F1 to F2 will increase from 16% to 25% from 1 October 2018, ending on 30 June 2022.
- A one-off 10% SPR for F1 medicines listed on the PBS for 10 to 14 years is introduced. The first SPR will occur on 1 June 2018, and subsequent SPRs each April as medicines reach their 10-year anniversary, through to 2021.
- A one-off 5% SPR for F1 medicines listed on the PBS for 15 years or more, is introduced. The first SPR will occur on 1 June 2018, and subsequent SPRs each April as medicines reach their 15-year anniversary, through to 2021.

The new pricing reductions for F1 and F2 medicines may result in reduced out-of-pocket costs for patients. The RACGP supports measures that reduce patient out-of-pocket cost and that demonstrate the commitment for savings made in the health portfolio to be used for investment in healthcare.

New and amended listings

The federal government will provide $1.2 billion over five years from 2016-17 for amended listings on the PBS and the Repatriation Pharmaceutical Benefits Scheme.

New and amended listings introduced since the 2016-17 Mid-Year Economic Financial Outlook include:

- Sacubitril with Valsartan (Entresto®) for the treatment of heart failure from 1 June 2017;
- Nintedanib (Ofev®) for the treatment of idiopathic pulmonary fibrosis from 1 May 2017; and
- Paliperidone (Invega® Trinza) for the treatment of schizophrenia from 1 April 2017

This measure will be funded through savings made through the statutory price reductions announced in this Budget.

Support for community pharmacies

The federal government will spend $825 million over three years from 2017-18 on community pharmacy programs. The $825 million consists of $600 million directed from the 6th Community Pharmacy Agreement and $225 million directed from the community pharmacy and wholesale reconciliation agreement.

The federal government also announced that the location rules for community pharmacy will be retained.

The RACGP does not support the retention of community pharmacy ownership and location rules, as they serve an anti-competitive function and do not apply to any other area of the healthcare system.

The community pharmacy ownership and location rules were raised as an issue and are currently being reviewed as part of the Australian Department of Health's Review of Pharmacy Remuneration and Regulation (the review). The RACGP's submission to the review was among many that called for the lifting of community pharmacy ownership and location rules. The review's Interim Report has not been released.

Aged Care

Developing an aged care workforce strategy

The federal government will provide $1.9 million from 1 July 2017 to establish an industry-led aged care workforce taskforce (over two years). The taskforce will contribute to development of an aged care workforce strategy.

The RACGP will continue to advocate for the recognition of GPs as part of the aged care workforce and for

[3] F1 medicines are primarily medicines that only have one brand of each form.
[4] F2 medicines are primarily medicines in which multiple brands exist.

additional support for GPs who provide care within community and residential and aged care settings. Improving the supports required to keep urban, rural and remote GPs engaged in the aged care sector will be crucial to improving the health and wellbeing of older Australians. Part of this will involve ensuring that the aged care workforce is skilled and can support GPs to provide care to patients is an element of this.

My Aged Care – operations

The federal government will spend $3.1 million in 2017-18 for ICT support for My Aged Care.

The RACGP welcomes additional support for My Aged Care as it has proved challenging for GPs to use.

Medical Research – Medical Research Future Fund

The federal government will provide $65.9 million over four years from 2016-17 from the Medical Research Future Fund (MRFF) for preventive health research and research translation, building research excellence and leadership and 'breakthrough' research investments.

The RACGP welcomes use of the MRFF to support research in preventive health and the development of research capabilities. However, it is important for any research on preventive health to be conducted in conjunction with general practice, given general practice's central role in prevention and health promotion. Similarly, the RACGP continues to call for support to facilitate the growth of a strong general practice research workforce, in recognition of the pivotal role of general practice in the Australian healthcare system.

Mental Health

Telehealth for psychological services in regional, rural and remote Australia

The federal government will spend $9.1 million over four years from 2017-18 to amend MBS telehealth items to allow psychologists to provide video consultations to patients living in Modified Monash Model regions 4–7. Psychologists will be able to deliver up to 7 of 10 sessions to patients referred by GPs under general practice mental health treatment plans.

The RACGP has consistently called for increased resources and support for the rural GP workforce. These GPs are often the only available health professionals to help people with a mental health issue in rural areas. Providing greater access to psychological services may go some way to reducing the pressure on rural GPs.

Psychosocial Support Services – funding

The federal government will provide $80 million over four years from 2017-18 for psychosocial support services for people with mental illness who do not qualify for the National Disability Insurance Scheme (NDIS). This is contingent on the States and Territories making a matching commitment.

The RACGP welcomes investment in mental health and the commitment to ensuring that people not eligible for the NDIS do not lose access to services.

National partnership agreement on rheumatic fever – continuation and expansion

The government will provide $18.8 million over four years from 2017-18 (including approximately $7m in new funding, building on $11m previously committed) to continue the Rheumatic Fever Strategy with the Northern Territory, Queensland, Western Australian and South Australian Governments. Existing activities to detect, monitor and manage acute rheumatic fever and rheumatic heart disease will continue while prevention activities in at risk communities will be expanded.

The RACGP welcomes this funding, particularly as it expands prevention activities. Efforts to address the burden of disease for Aboriginal and Torres Strait Islander peoples should be holistic and focused in primary healthcare. While welcome, the RACGP considers that disease focused initiatives are not likely to be as effective at addressing the broader social and cultural determinants of health as community and primary healthcare based focused programs and initiatives.

No Jab No Pay

National Immunisation Program – expansion and improving awareness and uptake of Immunisation

The federal government will spend $14.1 million over four years from 2017-18 through the National Immunisation Program to provide free catch-up childhood vaccinations for children and young adults aged between 10 and 19 years who missed scheduled vaccinations. Free catch-up vaccinations will also be made available to newly arrived refugees and humanitarian entrants.

It will also provide $4 million over two years from 2017-18 on a campaign to encourage vaccination for children targeted to areas with low vaccination rates, in addition to $1.5 spent by the Department of Health in 2016-17.

Palliative Care at home

The government will provide $8.3 million over three years from 2017-18 for palliative care services for people who need to be cared for at home, rather than in a hospital. The government states this measure will support greater choice for end of life care for Australians.

The RACGP encourages support for user choice when palliative care services are needed. There is still a need for better acknowledgement of the role of GPs providing palliative care services, particularly in the rural and remote service context. In addition to funding for palliative care in the home, empowerment and support for GPs taking a lead role in providing and coordinating this end-of-life care is needed.