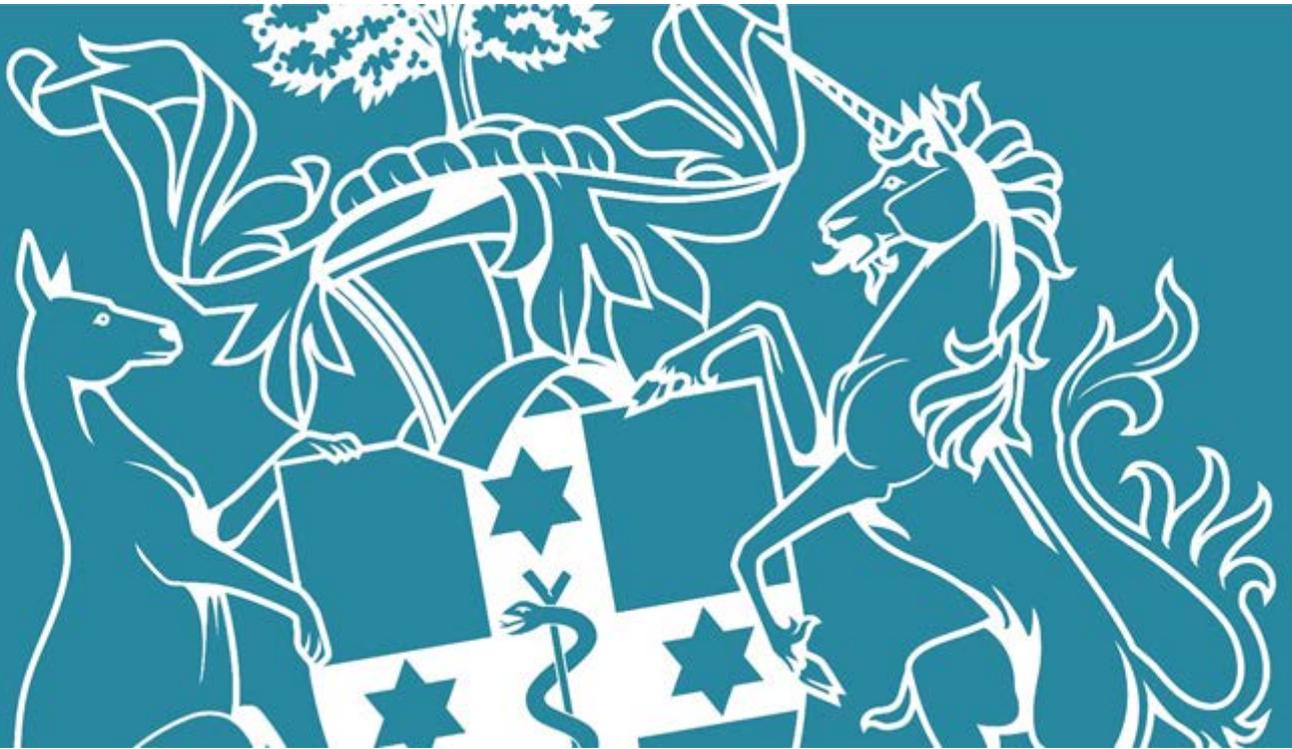


May 2018



## Introduction

The 2018-19 Federal Health Budget includes a broad range of measures and changes, with a focus on meeting the healthcare needs of rural and ageing patients.

The introduction of a rural workforce strategy to address the issues of workforce maldistribution is a step in the right direction to supporting improved access to high-quality general practice services across the country, regardless of location. A key part of this strategy is the support for a contemporary postgraduate training program for medical graduates working in 'areas of need' and 'district workforce shortages' through the Australian general practice medical colleges.

There is little detail on how and when the measures in the workforce strategy will commence. However, if the strategy ensures that medical students and doctors can complete all training in regional and rural areas, and that patients in these areas have greater access to high-quality general practice care, the RACGP supports its aims.

Funding commitments in aged care are wide-ranging, with initiatives announced to increase access to community and facility-based care, ensure quality and improve quality of life for older people. Mental health spending is focussed on suicide prevention and aftercare, with a large commitment to fund research into mental health over the next 10 years.

The Medicare Benefits Schedule (MBS) Review also continues, with the federal government using the Budget to implement a range of recommendations from the MBS Review Taskforce. A small number of these recommendations affect general practitioners (GPs) directly and will be implemented throughout 2018. The items used most frequently in general practice are now under review, with taskforce recommendations expected later in 2018.

The RACGP welcomes funding for Aboriginal and Torres Strait Islander health organisations and programs, especially those that address health conditions that disproportionately affect Aboriginal and Torres Strait Islander people in remote areas. However, further clarity is needed to identify how these programs will contribute to prevention through primary healthcare. It is concerning that the Budget lacks any clear commitment to strategically address the social and cultural determinants of health. There is only minimal mention of the Closing the Gap agenda,

which is due to be refreshed later this year, suggesting a lack of commitment to deliver on the targets.

Indexation of consultation items, announced in last year's Federal Budget commences this year on 1 July 2018. Patient rebates will increase, however this increase will be less than the Consumer Price Index (CPI) and significantly less than health indexation. This inadequate indexation follows the four-year rebate indexation freeze. Increasing support for general practice care will therefore remain a focus for the RACGP.

## Expense (\$m)

Federal Budget (health) overview	2017-18	2018-19	2019-20	2020-21	2021-22	Total
<b>Rural Health Workforce Strategy</b>	-14.9	111.3	39.5	-2.7	-49.9	83.3
<b>Medicare - New and amended listings</b>	-	4.5	6.5	7.0	7.4	25.4
<b>Medicare - Response to MBS Review Taskforce recommendations</b>	-	7.6	11.0	13.5	17.3	49.4
<b>Medicare - Compliance arrangements</b>	-	-	-	-	-	-
<b>Reduction in visas for GPs entering Australia</b>	-	-0.4	-57.8	-132.4	-224.9	-415.5
<b>Health and aged care payments systems</b>	-	83.5	38.5	-7.6	-7.6	106.8
<b>Medicines - Electronic prescribing</b>	4.0	15.4	7.2	1.0	0.6	28.2
<b>Medicines - Measures to increase use of generic and biosimilar medicines</b>	0.5	1.8	-46.2	-120.7	-166.1	-330.7
<b>Medicines – Pharmaceutical Benefits Scheme new and amended listings</b>	16.5	175.3	220.8	255.2	101.8	769.6
<b>Medicines - National immunisation program</b>	5.0	9.2	9.3	9.5	9.5	42.5
<b>Indigenous Health Services</b>	-	-	-	-	-	-
<b>Health and Medical Research: Medical Research Future Fund</b>	-	-	-	-	-	-
<b>Public Hospital funding</b>	-	50.0	-	330.5	596.6	977.1
<b>Healthy Active Beginnings</b>	0.2	10.4	5.2	3.0	2.1	20.9
<b>Aged care</b>	-	-	-	-	-	-
<b>Mental Health</b>	-	19.4	20.6	19.7	30.8	90.5
<b>Improved Dental and Allied Health</b>	-	1.1	-17.3	-13.8	-10.7	-40.7

## Rural Health Workforce Strategy

The federal government will provide \$83.3 million over five years from 2017-18 for a rural health workforce strategy. The main aim of the strategy will be to address workforce issues in rural and remote areas. A key feature is support for doctors who have not vocationally registered to achieve RACGP Fellowship. In total, 14 different measures make up the workforce strategy, with a 'More Doctors for Australia' program one such measure.

The RACGP welcomes the focus on addressing rural workforce issues and the recognition of the Fellowship of the RACGP as the gold standard for high-quality general practice care. However, there is little detail to determine how and when various elements of the strategy will take effect. Information available suggests that there will be support for medical students and junior doctors to start and complete their training in regional and rural areas. This is likely to improve retention – easing workforce shortages and improving patient access to care.

Under the More Doctors for Rural Australia program, new non-Vocationally Registered doctors will be able to receive a Medicare provider number to provide services in Modified Monash Model (MMM) areas 2-7 with their services attracting 80% of the patient MBS rebate. Services provided by new non-vocationally registered doctors practicing in rural areas will attract 100% of the patient rebate if the doctor is on a pathway to Fellowship. A five-year grandfathering period maintaining current arrangements for non-Vocationally Registered doctors will be put in place for the existing workforce.

As part of the Rural Health Workforce Strategy, the General Practice Rural Incentive Program and the Practice Nurse Incentive Program will also be combined into a new 'Workforce Incentive Program' from 1 July 2019. Existing funding for both programs will be used to:

- support practices to employ nurses and allied health professionals (including non-dispensing pharmacists for the first time), and
- provide rural loading to support practices and doctors located in MMM areas 3-7.

Lastly, the federal government will support the work of Aboriginal and Torres Strait Islander Health Professional Organisations as part of the strategy to meet increased demand for the Aboriginal and Torres Strait Islander health workforce.

The RACGP is seeking further information about each element of the strategy and will provide an update to members when more information is available.

## Medicare

### New and amended listings

The federal government will implement recommendations from the Medical Services Advisory Committee (MSAC), providing \$25.4 million over four years from 2018-19 for new and amended MBS and Veterans' Benefits items.

New and amended items include:

- a new pathology service for testing patients for mutations in the Cystic Fibrosis Transmembrane Regulator gene
- prohibiting catalase and dipstick testing for urine microscopy.

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

### Response to MBS Review Taskforce recommendations

The federal government will implement 38 recommendations from the MBS Review Taskforce in full and another two recommendations in part. These are in addition to MBS Review recommendations accepted by the government prior to 2018. Implementation of recommendations from the MBS Review will result in savings of \$189.7 million over five years from 2017–18. The budget papers show spending of \$49.4 million over the forward estimates as a result of these changes.

Changes affect or include:

- knee imaging services, with introduction of restrictions on GPs requesting magnetic resonance imaging (MRI) of

the knee for patients over 50 years and requesting more than three knee MRIs per annum for patients aged 16-49

- thoracic medicine, including changes to existing spirometry items to encourage their use in general practice
- dialysis services, with introduction of an item to support the delivery of dialysis by nurses, Aboriginal and Torres Strait Islander health practitioners and Aboriginal health workers in a primary care setting in remote areas
- dermatology, allergy and immunology services, with the aim of improving safety and quality
- new interim services for the surgical excision of urogynaecological mesh.

The federal government states that the saving of \$189.7 million has already been reinvested back into Medicare. Budget papers do not identify how or where this reinvestment has occurred. The RACGP supports reinvestment of MBS Review savings into Medicare, however has called for greater transparency about how this is achieved.

Investment in the new MBS dialysis item will be complemented by funding for Aboriginal health organisations who provide renal support activities. The RACGP acknowledges the work of the community controlled sector in delivering these services to patients, which allow them to remain on country as they undergo treatment.

### Compliance arrangements

The federal government will invest \$9.5 million over five years from 2017–18 toward improving Medicare compliance arrangements and debt recovery. This comes after spending in multiple previous Budgets on compliance measures.

The RACGP has been involved in the Department of Health's compliance work, seeking to ensure GPs are treated fairly as the Department of Health's compliance approaches become more sophisticated.

### Reduction in visas for GPs entering Australia

From 1 January 2019, the federal government will reduce the number of entry visas for overseas trained doctors (OTDs) to 2100, saving \$415.5 million.

The RACGP has previously advocated for changes to the skilled visa program. The RACGP maintains that the general practice workforce in Australia is no longer an issue of supply. Rather, it is an issue of maldistribution.

The federal government has indicated that the reduction in general practice visas will be coupled with measures to direct OTDs into areas of need as part of the More Doctors for Australia program. The RACGP is seeking more information on this measure.

### Health and aged care payments systems

The federal government will provide an additional \$106.8 million over four years from 2018-19 to update the information and communication systems that coordinate Medicare, the Pharmaceutical Benefits Scheme (PBS) and aged care payments. This is in addition to \$67.3 million provided in the 2017-18 Federal Budget for this program of work.

The RACGP has been consulted as a stakeholder in the redevelopment of these payment systems and will ensure that GPs and general practice are considered as this reform program continues.

## Medicines

### Electronic prescribing

The federal government will provide \$28.2 million to upgrade the e-prescribing software system and develop an electronic prescribing framework.

The Department of Health has stated that the electronic prescribing framework will give prescribers and their patients the option to use a fully electronic PBS prescription as opposed to an alternative paper-based PBS prescription.

Electronic prescribing is fundamental to a digitally enabled healthcare system. The RACGP welcomes moves to support this model and calls on the federal government to continue to work closely with the RACGP when developing and implementing these measures.

### Measures to increase use of generic and biosimilar medicines

The federal government will provide \$5.0 million over three years from 2017-18 to implement measures aimed at increasing the use of generic and biosimilar medicines.

The Department of Health has stated that this measure will include changes to prescribing software to show the medicine ingredient name as the default option. GPs will retain their ability to exercise professional and clinical judgement should they wish to prescribe a branded medicine.

Measures will also include education materials and training modules for health providers.

The federal government has projected savings of \$335.8 million over five years from 2017-18 as a result of this measure.

### New and amended listings

The federal government will provide \$25.4 million over four years from 2017-18 for new and amended listings on the PBS and Repatriation Pharmaceutical Benefits Schedule (RPBS).

New and amended listings introduced since the 2017-18 Mid-Year Economic Financial Outlook (MYEFO) include:

- Carfilzomib (Kyprolis®) from 1 January 2018 for the treatment of refractory multiple myeloma
- Ocrelizamab (Ocrevus®) from 1 February 2018 for the treatment of relapsing-remitting multiple sclerosis
- Tenofovir with emtricitabine (Truvada®, Tenofovir EMT GH®, Tenofovir Disoproxil Emtricitabine Mylan®) from 1 April 2018 for the prevention of human immunodeficiency virus
- Pembrolizumab (Keytruda®) from 1 May 2018 for the treatment of relapsed or refractory Hodgkin lymphoma
- Nusinersen (Spinraza®) from 1 June 2018 for the treatment of spinal muscular atrophy
- Ribociclib (Kisqali®) from 1 July 2018 for the treatment of breast cancer.

### National Immunisation Program

The federal government will provide \$42.5 million over five years from 2017-18 to list the following vaccines on the National Immunisation Program from 1 July 2018:

- Boostrix® and Adacel® for pregnant women during each pregnancy for the prevention of pertussis
- Fludac® and Fluzone® High Dose for people aged 65 years and over for the prevention of influenza
- Nimenrix® for children aged approximately 12 months for the prevention of meningococcal A, C, W and Y to replace the current meningococcal vaccination.

## Aboriginal and Torres Strait Islander health

### Indigenous health services

Funding for the Indigenous Australians' Health Program will increase by \$200 million, reaching \$3.9 billion over four years, representing an ongoing increase of around four per cent per year. The federal government will introduce a primary care funding model based on patient numbers, episodes of care, remoteness and need from 1 July 2019.

The funding methodology will not affect the overall funding amount. The Budget papers suggest increased opportunities will exist for additional funding under Medicare. However, as this funding will not be targeted, and, as Medicare is underutilised by Aboriginal and Torres Strait Islander people relative to need, it may risk worsening inequalities.

The RACGP recognises the need for more effective targeting of funds for Aboriginal Community Controlled Health Services and commends the decision to offer services five year funding contracts. Transparency and close engagement with the sector are required to finalise a fair and equitable model that ensures no services lose funding and quality health services continue for patients.

### Hearing and eye health and crusted scabies

The federal government will invest \$34.3 million to improve eye health for Aboriginal and Torres Strait Islander people from 2018–19 to 2021–22, including an additional \$3 million in this Budget. \$30 million will be invested in hearing health assessments from 2018–19 to 2021–22.

The federal government will also fund the Crusted Scabies Elimination Program to improve detection, treatment and management of crusted scabies, with the aim of eliminating this disease in Aboriginal and Torres Strait Islander communities in remote northern Australia by 2022. This will cost \$4.8 million from 2017–18 to 2019–20.

The RACGP will be interested to see how the funds are allocated to ensure ongoing health improvements, with a particular focus on prevention activities through primary healthcare, and consideration of the social determinants that contribute to these health conditions.

### Health and Medical Research: Medical Research Future Fund (MRFF)

The government will invest \$275.4 million from the MRFF, including:

- over 10 years from 2017-18:
  - \$125.0 million to fund priorities under the Fifth Mental Health and Suicide Prevention Plan (*Million Minds*).
- over four years from 2017-18:
  - \$75.0 million to fund Advanced Health Research Translation Centres and Centres for Innovation in Regional Health (*Rapid Applied Research Translation*)
  - \$18.1 million to fund preventive health, behavioural economics and the reduction of avoidable presentations to hospital (*Keeping Australians Out of Hospital*)
  - \$39.8 million to fund comparative effectiveness studies and consumer-driven research (*Targeted Health System and Community Organisation Research*)
  - \$17.5 million to address the underlying social determinants of health that impact on a child's early days of life (research into Women's Health, Maternal Health and First 2000 Days).

The RACGP supports the MRFF and moves 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 its central role in prevention and health promotion.

### Public Hospital funding

The federal government will provide \$130.2 billion over five years from 2020-21 to the States and Territories for public hospital services. This funding is allocated as a result of current public hospital agreements expiring on 30 June 2020.

The federal government announced that Activity Based Funding arrangements will remain, including:

- the existing 45% growth in hospital services
- the existing 6.5% per annum growth cap to the Commonwealth's contribution.

The federal government will provide \$50.0 million in 2018-19 and \$50.0 million in 2020-21 for a Health Innovation Fund to fund trials that support preventive health innovations and better use of health data.

The RACGP has repeatedly called on the federal government for greater investment in general practice. While it is important to properly fund public hospitals, greater investment in general practice will lead to fewer hospital admissions, less prescribing of expensive medications and less initiation of pathology and diagnostic imaging. This will lead to a more cost effective health system overall. The RACGP will therefore be calling for a portion of the \$100 million for a Health and Innovation Fund to support preventive health innovation in general practice.

GPs and their healthcare teams provide over 150 million patient services each year at a fraction of the cost of the more expensive, overcrowded hospital system – now is the time to look at innovative models in general practice.

## Healthy Active Beginnings

The federal government will provide \$20.9 million over five years from 2017–18 to improve maternal and infant health.

The RACGP welcomes the federal government's commitment of \$5 million over two years to develop a national digital baby book, intended to replace state and territory hard copy paediatric baby books. However, the federal government must work closely with the profession and software providers to ensure the book is easy and convenient for patients, GPs and other specialists to access and use.

## Aged care

The federal government will invest a significant amount into aged care, providing funding for a range of measures that will involve general practice, including:

- 14,000 new high level home care packages and 13,500 new residential aged care places
- \$61.7 million over two years to make the My Aged Care website easier to use
- \$20 million over four years for services led by mental health nurses to improve the mental health of older Australians living in the community
- \$82.5 million over four years for mental health services for people living in residential aged care facilities (RACFs)
- \$105.7 million over four years (including \$32 million from within existing resources) for a *National Aboriginal and Torres Strait Islander Flexible Aged Care Program* that will provide residential aged care places and home care packages in remote Indigenous communities.

The RACGP welcomes this funding but urges the federal government to work closely with the general practice profession to ensure that GPs remain engaged in the aged care sector as it implements these measures. Ensuring sufficient support for GPs providing care in home or RACF settings is crucial to improving the health and wellbeing of older Australians.

## Mental health

The government will provide \$90.5 million over five years from 2017-18 to implement several measures relating to mental health, including:

- \$33.8 million over four years (including \$15.5 million ongoing) to Lifeline Australia to enhance its telephone crisis services
- \$12.4 million over four years to strengthen the National Mental Health Commission
- \$4.7 million over two years for *Head to Health* to improve public access to digital mental health interventions.

The RACGP welcomes the federal government's focus on suicide prevention in mental health spending, as well as increased support for the National Mental Health Commission and digital mental health interventions.

## Improved Dental and Allied Health

The federal government will save \$40.7 million over four years from 2018-19 by implementing a new 'treatment cycle' model of service for Department of Veterans' Affairs patients. This is to ensure that allied health services are targeted towards patient need.

The RACGP is seeking more information about what this measure will involve and what impact the new model of service will have on GPs.