



RACGP

# *Vision for a sustainable health system*

April 2015

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## *Executive summary*

### **The RACGP's vision for a sustainable health system**

The health system faces many challenges. The population is ageing, chronic diseases are becoming more prevalent, patient expectations are changing and an uneven health workforce distribution prevents equitable access to healthcare.

Well supported primary healthcare, with general practice at its center, is the key to an efficient and effective health system. With improved support in key areas, general practice can play an advanced role in improving the health outcomes of Australians and helping governments tackle growing health costs.

### **An alternative funding model**

Led by a GP think tank and informed by grassroots GPs throughout Australia, the RACGP has developed a vision for a sustainable health system. It aims to better support the delivery of efficient healthcare in Australia through reorienting how general practice and patient services are funded.

### **Scope of the model**

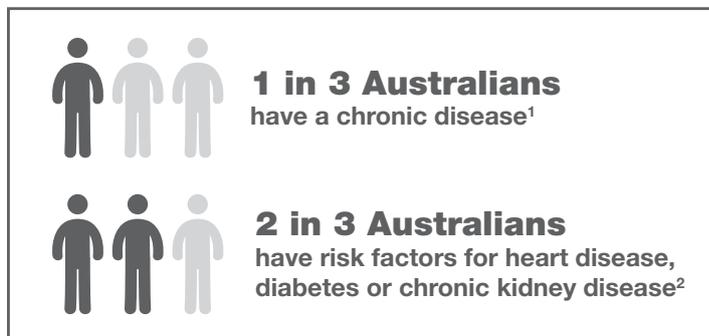
Although we believe that direct and indirect savings can be found in all parts of the health system, our vision focuses on the significant contribution general practice can make to an efficient and sustainable health system. We believe this can be achieved by replacing the current Practice Incentive Payments (PIPs) and Service Incentive Payments (SIPs) with restructured, re-focused and better-supported Practice Support Payments and Practitioner Support Payments.

We also acknowledge that a review of Medicare services may be required. While this is an important issue that cannot be ignored, restructuring MBS item numbers for general practice is not the focus of this vision.

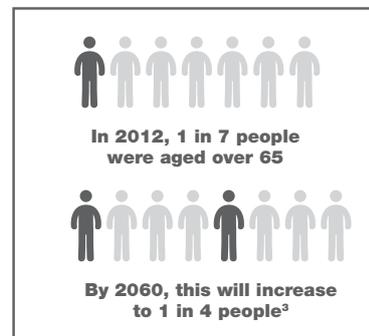
*The Royal Australian College of General Practitioners (RACGP) is the peak professional body for general practice in Australia representing more than 29,000 members working in or towards a career in general practice.*

## Patient's needs are changing

### Australians and chronic disease



### Australians aged over 65



## Health costs are increasing<sup>4</sup>

Between 2002-03 and 2012-13

▲ **12.7%**

GDP spending on health

▲ **40%**

Recurrent expenditure per person

▲ **104%**

Out-of-pocket cost for GP service

### Future growth in health costs will be driven by:

- greater capacity and preference to consume more, higher quality health services
- health workforce labour costs
- rising rates of chronic and complex disease
- rapid technological change.<sup>5</sup>

### Poor equity of access is resulting in poor patient outcomes for:

- people living in rural and remote areas
- Aboriginal and Torres Strait Islander people
- older people
- culturally and linguistically diverse people.



**Numerous barriers prevent GPs and their teams from achieving improved health outcomes for patients and Australian communities.**

**Barriers include (but are not limited to):**

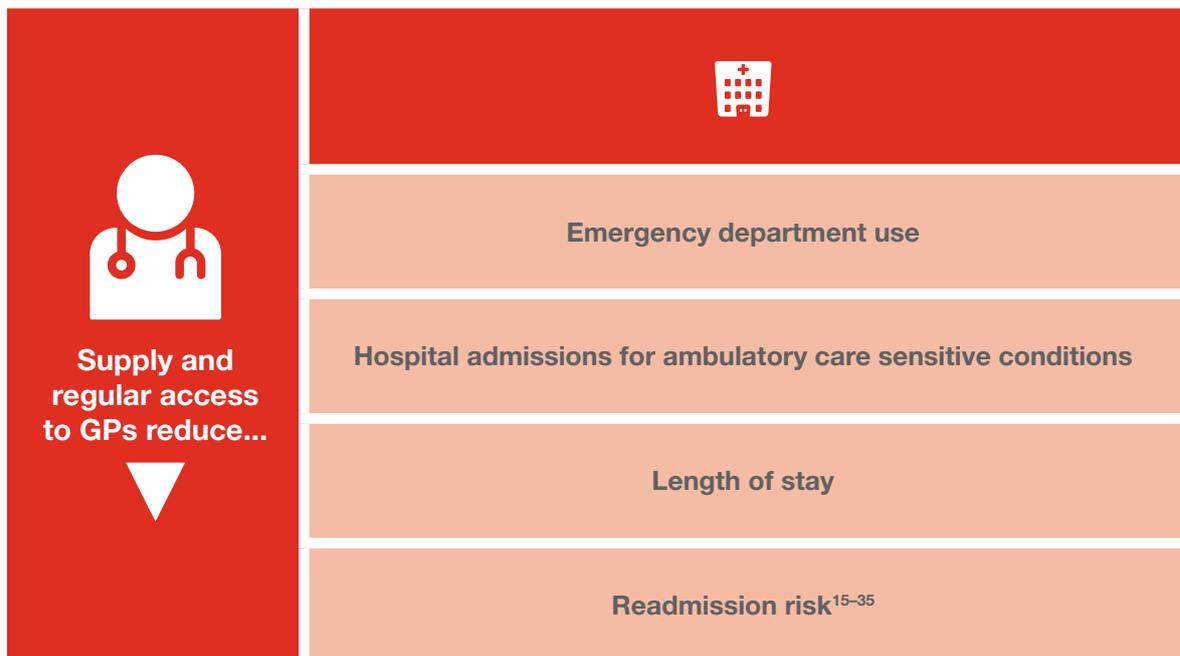
- the continued freeze on indexation, threatening the viability of patient services
- inadequate support for continuity of care, required to improve outcomes for patients with complex and/or multiple conditions and comorbidities
- inadequate support for preventive health activities
- inadequate recognition of varying levels of practice and service complexity, hindering practices from providing a comprehensive range of services
- uncertain and poorly targeted funding, making practice viability difficult to establish and maintain
- growing specialisation of the medical workforce, shifting care away from the primary healthcare sector.

## Primary healthcare is key to addressing the challenges and ensuring sustainability

A high performing and adequately resourced primary healthcare sector will address many of the challenges facing Australians and the health system in the decades to come.<sup>6</sup>

Primary care/GPs contribute to health system functioning through managing and triaging undifferentiated symptoms and matching patient needs with healthcare resources.<sup>7</sup>

Healthcare systems focusing on primary healthcare have lower use of hospitals and have better health outcomes when compared to systems that focus on specialist care.<sup>8-14</sup>



## Principles for ensuring a sustainable health system

- Recognise the value of patients having a continuing relationship with a general practice as their medical home.
- Actively support continuity of care and ongoing patient/practitioner relationships.
- Place a genuine priority on prevention and early intervention activities.
- Commit to evidence-based, effective and coordinated chronic disease management.
- Promote research, ongoing education and comprehensive training.
- Support a quality and safety improvement culture.
- Commit to effective and efficient use of health resources.
- Orientate health policy, including systems and workforce, to primary healthcare.
- Reduce wasteful or inefficient practices and processes across the health system.

## Reorienting funding for primary healthcare to a medical home model will support a sustainable health system

### What's proposed?

Practice Incentive Payments (PIP) and Service Incentive Payments (SIPs) are disease and process focused, not patient centred.

The model proposes a revised PIP and SIP approach, better recognising the roles of GPs and practices.

|                    |   | Payments  | Separation of payment  |  | Purpose  | Benefit  |
|--------------------|---|---|--|--|--|--|
|                    |   |  |  GP |  Practice |             |             |
| Service complexity |    | Acute care - fee for service  | ✓  | ✗  | Patient rebates for everyday care  | Maintain flexibility & responsiveness  |
|                    |    | Patient enrolment   | %  | ✓  | Formalise relationship between patients and their GP   | Care is patient centred, continuing, coordinated and comprehensive                             |
|                    |   | Complexity loading  | ✓  | ✓  | Respond to socio-economic and indigenous status, rurality and age profile of local community | Respond to and reduce health inequalities  |
| Quality & safety   |  | Comprehensiveness   | %  | ✓  | Recognise GPs and practices for the range of services they provide                           | Patients can access a comprehensive range of primary care services from their general practice |
|                    |  | Integration   | %  | ✓  | Improve continuity of care between healthcare providers and sectors                          | Improve patient outcomes through better coordination   |
|                    |  | Research  | ✓  | ✓  | Support innovation & improvement led by GPs and general practices                            | Innovation and quality becomes an integral part of practice culture                            |
| Capacity           |  | Practice nursing  | ✗  | ✓  | Continue to support team-based care  | Patients receive services from a practice team, improving access and care                      |
|                    |  | Teaching  | ✓  | ✓  | Train the next generation of doctors   | Workforce and training sustainability  |
|                    |  | IT & Infrastructure   | ✗  | ✓  | Expand service capacity and information management capacity                                  | Greater use of practice information for innovation and improvement with space to expand        |
|                    |  | Indexation of payments  |  | Maintain value of payment over time  | Align patient rebates with the increasing cost of providing health services                  |  |

### Implementation

Implementing the medical home will require both initial and ongoing investment. However, any investment will be at least cost neutral, as efficiencies in the system are achieved.

References and credits for icons are available from [gpfunding@racgp.org.au](mailto:gpfunding@racgp.org.au)