

Overview of the Federal Budget 2025-26 (Health)

26 March 2025

Overview

The 2025-26 Federal Budget (the Budget) was released on Tuesday 25 March 2025. The Budget outlines the government's priorities and funding allocations for the forward estimates.

The primary focus of the budget was on cost of living relief, including measures designed to strengthen Medicare and reduce the cost of medicines. In an immediate response, the RACGP [welcomed the budget's significant injection of funding](#) into the GP workforce but warned the plan won't deliver the bulk billing rates expected because patient rebates are still too low to cover the cost of care.

Australia has an ageing population and epidemic of chronic disease and mental illness, which means increasing demand for comprehensive, continuous and coordinated GP care. The budget did not address the increasing cost of providing care by increasing Medicare rebates, a key area of focus in the [RACGP Pre-Budget Submission 2025-26](#).

Specific measures relevant to general practice include:

- \$7.9 billion to expand the bulk billing incentive to all Australians and launch the new Bulk Billing Practice Incentive Program.
- \$606.3 million for workforce measures including expanded GP training, salary incentives for junior doctors and paid parental leave and study leave for trainee GPs.
- \$657.9 million for another 50 Medicare Urgent Care Clinics, taking the total to 137 nationally.
- \$792.9 million for a women's health package including increased rebates for insertion and removal of IUDs and implants, and a new rebate for menopause health assessments.

Where to next?

The RACGP will continue to advocate for increased funding for general practice. While this budget represents a significant investment, we've heard and share the view that it will not help all practices. Our focus has been on increasing patient rebates, particularly for longer consultations. We will continue to advocate for this important measure.

The RACGP is committed to gathering and representing member views, ensuring our work is focussed on securing optimal outcomes for patients across the health system.

The RACGP will negotiate with whoever forms government after the coming election on the implementation details of the Bulk Billing Practice Incentive Program and other new initiatives.

The full Federal Budget documents are available on the Federal Government [Budget webpage](#). If you have any insights or feedback on the budget you would like to share, please do not hesitate to contact healthreform@racgp.org.au.

Key expenses relevant to general practice

Federal Budget topic area	Selected measures of note
Medicare and primary care	<p>\$7.9 billion to expand eligibility for bulk billing incentives to all Australians and introduce the new Bulk Billing Practice Incentive Program for general practices if they bulk bill every visit under Medicare.</p> <p>\$657.9 million for another 50 Medicare Urgent Care Clinics, taking the total to 137.</p> <p>\$7.0 million to deliver improved functionality and more transparency on the Medical Costs Finder website.</p>
Women's health	<p>\$26.3 million to introduce a health assessment item on the MBS for women of all ages experiencing perimenopause and menopause.</p> <p>\$20.9 million to support 33 Endometriosis and Pelvic Pain Clinics to provide specialist care and support for women experiencing endometriosis, pelvic pain, perimenopause and menopause.</p> <p>\$134.3 million to increase the schedule fee for four long-acting reversible contraception (LARC) items on the MBS, and to incentivise bulk billing through the creation of an MBS item claimable when a provider bulk bills a LARC insertion or removal service.</p> <p>\$25.6 million to establish eight LARC Centres of Training Excellence to provide LARC services and training to health professionals.</p>
Workforce	<p>\$265.4 million to expand GP training to deliver 200 new general practitioner training places each year from 2026, increasing to 400 from 2028.</p> <p>\$248.7 million for salary incentives for junior doctors to specialise in general practice, and to provide paid parental leave and study leave for trainee GPs.</p> <p>\$44.0 million for an extra 200 rotations for junior doctors in primary health care per year from 2026, increasing to an extra 400 per year from 2028.</p> <p>\$45.0 million for 100 new medical Commonwealth Supported Places per year from 2026, increasing to 150 per year from 2028.</p> <p>\$3.2 million to uncap the number of medical Commonwealth Supported Places for First Nations students from 2026.</p>
Rural health	<p>\$16.5 million for the costs associated with updates to the Modified Monash Model and Distribution Priority Area classification systems.</p>
Access to medicines	<p>\$784.6 million to lower the Pharmaceutical Benefits Scheme (PBS) general patient co-payment from \$31.60 to \$25.00 on 1 January 2026.</p> <p>\$1.8 billion for new and amended listings on the Pharmaceutical Benefits Scheme (PBS), Repatriation Pharmaceutical Benefits Scheme, Stoma Appliance Scheme and Take Home Naloxone program.</p>
Digital health	<p>\$228.7 million to continue modernising My Health Record and support the digital health reform agenda.</p> <p>\$15.6 million over two years from 2025–26 to continue My Health Record initiatives under the Health Delivery Transformation Program to support essential work.</p>

Detailed overview of relevant measures

Medicare and primary care

Expansion of the bulk billing incentive and Bulk Billing Practice Incentive Program

The Federal Government will be providing \$7.9 billion over four years from 2025–26 (and \$2.4 billion per year ongoing) to expand eligibility for bulk billing incentives to all Australians and introduce the new Bulk Billing Practice Incentive Program for general practices if they bulk bill every visit under Medicare.

From 1 November 2025, practices choosing to participate in the Bulk Billing Practice Incentive Program will receive an additional 12.5% payment on every \$1 of Medicare Benefits Scheme (MBS) benefit claimed for GP Non-Referred Attendances (GP NRA). The Government has advised that the payment split between the GP and their practice will be determined in consultation with the sector. We will continue to work with whoever forms government after the election.

The RACGP acknowledges this significant investment, however, we do not believe it will help all practices. We have informed the government we do not think this package will lead to the increase in bulk billing that they are claiming and our members are concerned that if they return to bulk billing they are at risk of future Medicare freezes or government control of fees.

The [RACGP Pre-Budget Submission 2025-26](#) called for a 40% increase to all Medicare rebates for Level C and Level D consultations and a 25% increase to Medicare rebates for mental health items. We will continue to advocate for increased rebates, particularly for longer consultations.

Medicare Urgent Care Clinics (UCCs)

The Federal Government will be providing \$657.9 million to establish another 50 Medicare UCCs. These will be spread across all states and territories and once all are open, there will be 137 nationally. This funding includes \$653.8 million to establish the 50 new UCCs, extend the opening hours of the Batemans Bay and Launceston Medicare UCCs and to continue to support the operations of the Mparntwe (Alice Springs) Medicare UCC, as well as \$4.1 million to enable state-funded urgent care services to access MBS items.

We have expressed concern about UCCs impact on the viability and workforce needs of general practice. There is a risk UCCs are creating competition for an already stretched GP workforce.

UCCs have not been evaluated, and we are concerned they are not cost-effective. General practices and GPs routinely provide urgent care to their patients. The best way to increase access to urgent care and ease pressure on hospitals is to support existing general practices expand their current services including offering more after-hours services.

Medical Costs Finder

The Federal Government will be providing \$7.0 million over five years from 2024–25 to deliver improved functionality and more transparency on the Medical Costs Finder website, allowing the public access to data about the median fees charged by individual non-GP specialists and gap arrangements from private health insurers.

The RACGP is supportive of measures to improve transparency around out-of-pocket expenses and help patients make informed choices as they navigate the healthcare system.

Medicare levy

The Federal Government will increase the Medicare levy low income thresholds for singles, families, seniors and pensioners to provide cost of living relief. The increase to the thresholds ensures low income individuals continue to be exempt from paying the Medicare levy or pay a reduced levy rate.

New funding for speech and language disorders

The Federal Government will be providing \$74.9 million over four years from 2025-26 (and \$29.1 million per year ongoing) in funding for severe speech and language disorders to be added to the eligible disabilities under the MBS item group for complex neurodevelopmental disorder and disability services. The RACGP welcomes this funding which will enable GPs to refer their patients to allied health services and provide young people with the support they need to thrive with these conditions.

Heart Health Assessment items extended

The Federal Government will be extending access to temporary Heart Health Assessment MBS items. The RACGP acknowledges this budget measure and reiterates our continued concerns that disease specific items create additional complexity and fragmentation in Medicare and results in poor care for patients which is disease focused rather than person centred.

Women's Health

Women's health assessment item

The Federal Government will be providing \$26.3 million over three years from 2025–26 in funding to introduce a health assessment item on the MBS for women of all ages experiencing perimenopause and menopause.

The RACGP welcomes this announcement, as included in our [Pre-Budget Submission 2025-26](#). New funding for menopause health assessments will immediately improve access to affordable and high-quality care from specialist GPs for women who need it. Women are disproportionately avoiding healthcare due to cost. This is a positive step towards reduced gender bias in the healthcare system. Noting, we also called for chronic conditions, such as endometriosis and persistent pelvic pain to be included to allow more time for assessment.

Endometriosis and Pelvic Pain Clinics

The Federal Government will be providing \$20.9 million in funding over three years from 2025–26 to support 33 Endometriosis and Pelvic Pain Clinics to provide specialist care and support for women experiencing endometriosis, pelvic pain, perimenopause and menopause.

The RACGP supports the establishment of additional Endometriosis and Pelvic Pain Clinics. For these clinics to be most effective, it is essential they work in close partnership with a woman's regular GP, ensuring seamless continuity of care. This collaboration will be key to the long-term success and positive patient outcomes of these specialised clinics.

Long-acting reversible contraception (LARC) insertion

The Federal Government will be providing \$134.3 million in funding over four years from 2025–26 (and \$35.3 million per year ongoing) to increase the schedule fee for four LARC items on the MBS, and to incentivise bulk billing through the creation of an MBS item claimable when a provider bulk bills a LARC insertion or removal service.

The RACGP welcomes this announcement, after calling for an increase to the Medicare rebate in our [Pre-Budget Submission 2025-26](#). The current subsidy for Intrauterine Device (IUD) insertion is just \$77, while a vasectomy, which is equally complex and time consuming, gets more funding at \$222, an example of medical misogyny. The RACGP supports the intent of Government and Budget regarding a clear commitment to removing gender bias in PBS and Medicare. The RACGP supports patient access to more choice, lower costs and better health care for women.

Specialist GPs and nurse practitioners play a vital role in the provision of contraception advice and services. Not only will this measure better reflect the cost of providing this service in general practice, it will significantly improve access to sexual and reproductive healthcare for women and reduce out-of-pocket costs. This is particularly impactful for women living in rural and remote locations, where access to LARC insertions can be limited. The RACGP welcomes the measure which will also include new rebates for LARC delivery by nurse practitioners. This will facilitate multidisciplinary care in general practices that employ nurse practitioners as part of their team.

LARC Centres of Training Excellence

The Federal Government will be providing \$25.6 million in funding over four years from 2025–26 (and \$7.0 million per year ongoing) to establish eight LARC Centres of Training Excellence to provide LARC services and training to health professionals.

The RACGP welcomes this initiative which will strengthen the expertise of specialist GPs and other healthcare professionals in delivering LARC services. This will improve women's access to GP support for LARC, addressing both chronic health conditions like endometriosis and helping to reduce unintended pregnancies.

Clinical guidelines for perimenopause and menopause

The Federal Government will be providing \$4.4 million over three years from 2025–26 to develop national clinical guidelines for perimenopause and menopause, and to deliver professional development courses for health professionals specialising in perimenopause and menopause. The RACGP welcomes the funding to develop national clinical guidelines and the investment in ongoing education and women's health.

Workforce

Expansion of GP Training

The Federal Government will be providing \$265.4 million over four years from 2025–26 (and \$94.8 million per year ongoing) to expand general practitioner (GP) training through the Australian General Practice Training Program (AGPT) and the Remote Vocational Training Scheme (RVTS) to deliver 200 new GP training places each year from 2026, increasing to 400 from 2028. The RACGP welcomes this significant amount of funding to expand GP training, as included in our [Pre-Budget Submission 2025-26](#).

Salary incentives and leave entitlements

The Federal Government will be providing \$248.7 million over four years from 2025–26 (and \$83.6 million per year ongoing) for salary incentives for junior doctors and leave entitlements. This funding includes \$204.8 million to fund salary incentives for junior doctors to specialise in general practice and \$43.9 million to provide paid parental leave and study leave for GP trainees. The RACGP welcomes this significant amount of funding to make general practice more attractive as a speciality, as included in our [Pre-Budget Submission 2025-26](#).

GP rotations in junior doctor training programs (PGY1 and PGY2)

The Federal Government will be providing \$44.0 million over four years from 2025–26 (and \$16.0 million per year ongoing) for 200 new junior doctor/internship rotations in primary care per year from 2026 increasing to 400 per year from 2028. The RACGP welcomes this significant amount of funding for new rotations in primary care.

Commonwealth Supported Places

The Federal Government will be providing \$45.0 million over four years from 2025–26 (and \$29.9 million per year ongoing) for 100 new medical Commonwealth Supported Places per year from 2026, increasing to 150 per year from 2028. The RACGP welcomes this significant amount of funding to increase funding for Commonwealth Supported Places, as included in our [Pre-Budget Submission 2025-26](#).

The Federal Government will also be spending \$3.2 million over four years from 2025–26 (and \$2.0 million per year ongoing) to uncap the number of medical Commonwealth Supported Places for First Nations students from 2026. The RACGP supports uncapping medical Commonwealth Supported Places for First Nations students.

Rural health

Updates to the Modified Monash Model and Distribution Priority Area classification systems

The Federal Government will be providing \$16.5 million over 5 years from 2024-25 (and \$4.6 million per year ongoing) for the costs associated with updates to the Modified Monash Model and Distribution Priority Area classification systems to reflect the latest Australian Bureau of Statistics Census data, and workforce data from the Department of Health and Aged Care.

The RACGP welcomes updates to the Modified Monash Model to improve access to affordable healthcare for people living in communities that are geographically isolated. The RACGP also welcomes updates to the Distribution Priority Area classification system provided these updates do not dilute the system's effectiveness and are applied in a way that genuinely targets communities with the greatest need. Applying priority status too broadly may adversely affect the attraction and retention of the health workforce in rural and remote communities.

Access to medicines

PBS

The Federal Government will provide \$784.6 million over four years from 2025-26 (and \$236.4 million per year ongoing) to lower the PBS general patient co-payment from \$31.60 to \$25.00 on 1 January 2026. Pensioners and concession cardholders will continue to pay \$7.70 for their PBS medicines.

The Federal Government will provide \$1.8 billion over five years from 2024–25 on new and amended listings on the PBS, the Repatriation Pharmaceutical Benefits Scheme, Stoma Appliance Scheme and Take Home Naloxone program. Examples of new and amended PBS listings since the 2024–25 MYEFO include:

- estradiol and progesterone (micronised) co-pack (Estrogel Pro®), estradiol (Estrogel®) and progesterone (Prometrium®) from 1 March 2025, as menopausal hormone therapy for estrogen deficiency symptoms in postmenopausal women, the first PBS listings for new types of menopausal hormone therapy in more than 20 years.

- drospirenone with ethinylestradiol (Yaz® and Yasmin®), from 1 May 2025, the first PBS listing for new oral contraceptives in more than 30 years. Drospirenone (Slinda®) will be listed from 1 May 2025.
- relugolix with estradiol and with norethisterone acetate (Ryeqo®), from 1 May 2025, for treatment of patients with moderate to severe pain associated with endometriosis.
- Earlier access to follitropin alfa with lutropin alfa (Pergoveris®), from 1 April 2025, for women with specific low levels of reproductive hormones, with double the maximum number of Pergoveris® pens (four instead of two) per script.

The RACGP welcomes any reduction in the cost of medicines, particularly in a cost of living crisis. However, we know there are hidden complexities when the general co-payment is reduced and this can impact competition. Grandfathering could help improve this issue but there could be some people who end up paying more for their medicines if their medicine is no longer discounted. The RACGP looks forward to further detail. It is good to see that the PBS concessional co-payment was not increased beyond \$7.70, particularly since 2023 saw the largest price increase since 2005 for Australia's most vulnerable consumers.

Support for pharmacy services

The Federal Government will provide funding over six years from 2024-25 to improve access to medicines and to trial an expansion of the range of services delivered by community pharmacies. The Government will spend \$109.1 million over four years from 2025–26 to support two national trials to make it cheaper and easier for many women to get contraceptives and treatment for uncomplicated urinary tract infections.

Additionally, the Government will provide \$1.0 million in 2025–26 to update Australia's pharmacist practice standards and guidelines as part of implementing the Strategic Agreement on Pharmacist Professional Practice with the Pharmaceutical Society of Australia. The Pharmaceutical Society of Australia (PSA) [Pre-Budget Submission](#) asked for critical investment in professional practice of pharmacists.

The RACGP supports the decoupling of pharmacy programs from the Community Pharmacy Agreement. The provision toward updating the pharmacist practice standards and guidelines will be a necessary outcome.

The RACGP will seek further detail about the arrangements for the \$109.1 million over four years to support two national trials, which are expected to begin in early 2026. These trials will see 250,000 concession cardholders being able to bypass their GP and access contraceptives and treatment for uncomplicated UTI, at no cost, paying only the usual medicine cost. The RACGP has had ongoing concerns about the safety of pharmacy prescribing.

Digital health

The Federal Government will be providing \$228.7 million in 2025–26 to continue modernising My Health Record and support the digital health reform agenda. The RACGP welcomes this funding.

The Federal Government will be providing \$15.6 million over two years from 2025–26 to continue initiatives under the Health Delivery Transformation Program. The RACGP welcomes this funding.

The Federal Government will be providing \$5.7 million in 2025–26 to extend funding to ensure sustainability of Australia's electronic prescribing infrastructure. The RACGP welcomes this funding.

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