

## Council of Social Service of NSW (NCOSS)

### Preliminary analysis of the health measures in the Federal Budget 2010-11

#### Overall Comments:

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The health budget is consistent with the Commonwealth's plans for national health reform and it does not contain any measures that are substantively different from the COAG National Health and Hospital Network (NHHN) Agreement. In addition to the previously announced \$5.4bn, the budget provides additional \$2.2bn to support the implementation of the NHHN, including primary health care, electronic health records and workforce initiatives. Other new measures include funding for binge drinking initiatives, men's health, and the extension of the MBS to 3 additional medical specialities.

Unfortunately, the budget only perpetuates the deficiencies with the NHHN<sup>1</sup>, such as the focus on a medical model of health, lack of system-wide service integration, and a lack of health promotion, early intervention and prevention. The additional new funding allocated under the NHHN does not seem sufficient to support a system-wide, comprehensive, integrated and coordinated approach to the provision of community-based health care.

The budget does not include any new funding for public dental services, so the ongoing inequalities in oral health will continue. Gaps also remain in allied health, preventative mental health, and comprehensive chronic care management.

The main sources of revenue are from an increase in tobacco excise (which will fund cost of NHHN reforms), revisions to MBS, PBS pricing reform, a new Community Pharmacy Agreement, and increased threshold for Medical expenses tax offset

#### Key Expenditure items

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**National Health and Hospital Network** - \$7.3bn over 4 years to implement reforms, including:

- Hospitals - \$3.5 bn over 4 years
- Primary care - \$1.2bn over 4 years
- Workforce - \$1.2bn over four years
- E-health - \$467m over 2 years
- Mental health – \$174m over 4 years
- Aged care - \$533m over 5 years
- Performance, standards and safety - \$246m

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<sup>1</sup> For a detailed analysis of the COAG National Health and Hospital Network Agreement see <http://www.ncoss.org.au/resources/100511-NCOSS-Briefing-paper-on-COAG-NHHN-Agreement-20-April-2010.pdf>

**National Binge Drinking Strategy** - \$50m over 4 years to build on existing initiatives

**Men's Health Policy** - \$17mn over 4 years to implement policy initiatives

**Medicare Benefits Scheme Revision of Access for specialist consultation items** - \$17m over 4 years to extend MBS to 3 additional medical specialties in sexual health, addiction, and exercise medicine

### ***National Health and Hospital Network (\$7.3bn)***

Funding for national health reforms of \$7.3bn, combining the \$5.4bn agreed at COAG plus an additional \$2.2bn new funding.

The original \$5.4bn includes:

- \$3.4bn for public hospitals over 4 yrs (emergency department, elective surgery, and sub-acute beds)
- \$436m for primary health over 4 yrs (chronic disease management for diabetes)
- \$174m for mental health over 4 yrs (youth services, EPPIC model, severe illness care packages, and MH nurses)
- \$650.7m for health workforce over 4 yrs (training, scholarships and locum scheme)
- \$739m for aged care over 4 yrs (\$ figure TBC)

The additional \$2.2bn for the NHHN includes:

- \$770m over 4 years for primary care (\$290m to establish Medicare Locals, \$126m to improve access to after-hours GP services, \$355m for infrastructure and GP super-clinics)
- \$466m for individual electronic health records over 2 years
- \$523m to train and support nurses
- \$120m for the new National Performance Authority over 4 years
- \$91.8m for the new Independent Hospital Pricing Authority over 4 years
- \$35m for the Australian Commission on Safety and Quality in Health Care over 4 years
- \$20m for reform information and awareness

### **Key Revenue Items**

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**Tobacco Excise** - A 25% increase in Tobacco excise as at 30 April will support costs of NHHN reforms (\$5bn over 5 years).

**PBS** - Medicine pricing reform (\$1.9bn over 5 years)

**Community Pharmacy Agreement** - New Agreement (\$0.6bn over 5 years)

**Medical expenses tax off-set** - Increase threshold for the medical expenses tax off set to \$2,000 (\$350m over 4 years)

## **Impact of key new budget measures:**

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### **1. Primary Health Care**

#### ***Medicare Locals***

A nation-wide network of Primary Health Care Organisations will be responsible for improving care coordination and service integration. They will be based on the existing Divisions of General Practice, and will receive \$180m in contractual funding re-directed from the Divisions in addition to \$290m in budget. The funding seems small considering potential scope of work, and proportionately even smaller compared to hospital funding.

There will be approximately one Medicare Local to every two Local Hospital Networks. The alignment and relationship between the MLs and the LHNs will be critical if the MLs are to effectively coordinate and integrate services with the LHNs. It is still unclear how they will undertake health promotion and prevention activities. Without this more holistic, community-based approach to health, the current medical model of primary care will continue to focus on treating illness rather than promoting wellness and improving long term health outcomes.

#### ***After Hours GP services***

A new 24 hour national telephone-based service for people who need to see a GP at night or on weekends. To be coordinated by Medicare Locals.

#### ***GP Super clinics***

An additional 23 GP Super Clinics (building on 31 announced in the 2008-09 budget) will be established along with an upgrade of 425 existing GP, primary and community health services to provide GP Super Clinic-type facilities. This model has been trialed in other countries with mixed results. It will be critical that there is a mechanism to mitigate the inequitable service distribution associated with fee-for-service models, to ensure adequate access in sparsely populated areas and appropriate care to at risk or excluded groups, such as Indigenous people.

### **2. Electronic Health Record**

Introduction of personally controlled electronic health records by 2012/13 to improve health care delivery, safety and efficiency. Further information outlined about the content of an individual E-health record - will have two key elements: a health summary view, and an index summary of specific healthcare events. Another key change is that health records will be a voluntary opt-in system and individuals must give their consent to establish a record. Implementation will initially focus on target groups including those with complex and chronic conditions, older people, Indigenous people, and mothers and newborns.

### **3. Workforce initiatives**

\$522.7m additional funding for workforce initiatives includes \$390.3m to provide financial support to nurses to expand their role in primary care as GP practice nurses and \$128.4m career development.

## **Other key non-budget policy announcements:**

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### **Preventative Health Strategy**

*Taking Preventative Action* outlines the Government's response to *Australia: the Healthiest Country by 2020*, the final report of the National Preventative Health Taskforce, which put forward a range of strategies to address the growing economic and health burden associated with obesity, tobacco and alcohol.

### **National Primary Health Care Strategy**

The *National Primary Health Care Strategy* (the Strategy) implements the draft strategy and identifies **5 key building blocks** for a responsive and integrated primary health care system for the 21st century: Regional integration, Information and technology, including e-Health, Skilled workforce, Infrastructure, Financing and system performance.

Drawing from these are **4 priority directions for change:**

- Key Priority Area 1: Improving access and reducing inequity
- Key Priority Area 2: Better management of chronic conditions
- Key Priority Area 3: Increasing the focus on prevention
- Key Priority Area 4: Improving quality, safety, performance and accountability

### **For more information:**

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The full 2010-11 Federal Budget papers are available at: <http://www.budget.gov.au/>

An initial ACOSS briefing on the key Federal Budget measures across portfolio areas is available at: [http://acoss.org.au/images/uploads/ACOSS\\_Initial\\_Budget\\_Analysis\\_2010-11.pdf](http://acoss.org.au/images/uploads/ACOSS_Initial_Budget_Analysis_2010-11.pdf)