



Australian Health Care Reform Alliance

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MEDIA RELEASE

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7 BETTER WAYS TO SPEND \$7 BILLION – PRIMARY HEALTH CARE

The Australian Healthcare Reform Alliance today called on the Government to re-direct funding from the inefficient and inequitable \$7 billion private health insurance (PHI) rebate to key areas of primary health care in the Federal Budget 2017/18.

AHCRA is a coalition of peak health organisations working together to create a better and fairer health system for Australia's future.

“The Private Health Insurance (PHI) rebate is a major taxpayer subsidy to the private health and hospitals industries and fails to benefit the 54% Australians who don't have PHI. There are more efficient and fairer ways to spend this \$8 billion,” AHCRA spokesperson Dr Tim Woodruff said today.

“For example, re-directing funding from private health insurance subsidies into primary health care would increase the overall efficiency and equity of our health system and benefit 100% of Australians, not just those with private health insurance. It would also help equip our health system to deal with increasing demands due to the ageing of the population and rising rates of chronic disease in the community.

“AHCRA is proposing that funding from the PHI rebate be directed into key areas of primary health care including: un-freezing the Medicare rebate; increasing funding for Primary Healthcare Networks; and increased support for the Health Care Homes pilot. This would greatly increase both the equity and the efficiency of health spending and deliver tangible gains to all Australians.

“For example, the Medicare rebate freeze has reduced the availability of resources in primary health care which is the most cost-effective sector of the health system and where all Australians access care.

“Lifting the Medicare rebate freeze would cost about \$300 million – this represents only around 3% of the total amount spent on subsidising the private health insurance industry. In fact, the yearly increase in the cost of the PHI rebate would cover the lifting of the Medicare rebate freeze.

“Additional funding re-directed from the rebate should also be provided to the Primary Health Care Networks to strengthen their capacity to deliver public health and co-ordinated care programs in their communities. These programs are crucial to our efforts to combat threats to our future health and well-being, such as the epidemic of Type 2 Diabetes.

“AHCRA proposes that the Primary Healthcare Networks should receive a 10% increase in funding (\$100 million) with the condition that money spent on improving the equity and integration of care, especially with respect to preventing and managing chronic disease and with a specific focus on disadvantaged communities.

“A third area nominated by AHCRA for funding is the Government’s Health Care Homes pilot. AHCHA supports the overall aims of this trial, in particular the move away from a fee-for-service model for the care of people with chronic diseases and the focus on improving patient experience.

“However, the \$120 million allocated to this program is inadequate to support effective coordination and management of patient care, especially as it is simply a reallocation of the funds GPs already receive.

“Additional funding of \$80 million would ensure this pilot program has a genuine chance of delivering improved outcomes and reducing hospital stays for a high risk patient group.

“AHCRA also supports additional funding for dental, mental, and Indigenous health and will highlight these other priorities for spending on primary health care in additional media statements this week.

“Primary health care is the foundation of our health system and the most cost-effective and equitable sector of the health system. Diverting funding from the \$7 billion private health insurance rebate into these three key primary health care programs would deliver improved health outcomes and a better value health system for all Australians,” Dr Woodruff said.

For further information and/or comment:

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This proposal forms part of AHCRA’s ‘7 better ways to spend \$7 billion’ campaign. The aim of this campaign is to highlight the benefits of redirecting funding from the private health insurance rebate to areas of greater need in the health system.

**AHCRA is a coalition of health groups, including consumer, provider and service delivery organisations, working together to improve the health system for Australia’s future.*

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