



Australian Health Care Reform Alliance

C/- PO Box 280 Deakin West ACT 2600 ABN 64 051 645 674
www.healthreform.org.au

BUDGET 2016/17: ANALYSIS AGAINST AH CRA PRINCIPLES

ACCESS

Health care is a right and should be available on the basis of need not the ability to pay.

All should have access, in a timely manner, to services that maintain and support health and offer quality health care to those in need.

Revenue from taxation should be used to fund health care services that provide equity of access and outcomes.

Overall the Budget does little to improve access to health care to the most vulnerable consumers and in a number of ways adds to the cost barriers faced by many people when accessing care.

POSITIVES

The move to allow GP registrars training through the Australian College of Rural and Remote Medicine's (ACRRM) Independent Pathway to access MBS benefits while training will help support GP Registrars training in rural and remote areas, and thus help attract more young doctors to the bush.

There are some individual measures which should help support access to care for Indigenous Australians. These include the extension of the Government's Rheumatic Fever Strategy and an expansion of a program targeting communicable and chronic diseases in the Torres Strait.

NEGATIVES

The continuation of the MBS rebate freeze could reduce the rate of bulkbilling and increase gap payments for privately billed services. This increase occurs in conjunction with the additional \$5 payment for PBS drugs, possible increases in pathology and diagnostic imaging fees (due to the removal of bulkbilling incentives) and the changes to Medicare safety-net and private health insurance thresholds. Cumulatively these changes could result in substantial increases in out-of-pocket costs for consumers and those most affected will be people with chronic conditions requiring complex and ongoing care.

No modelling has been done by the Department on the impact of the above changes on out-of-pocket costs and there is an expectation that the MBS rebate freeze will be absorbed by doctors without passing the costs onto consumers.

There was also little in the Budget to improve access to care for people living in rural and remote areas and Indigenous Australians. The Government's focus on the "Smart Cities" plan drew resources to urban-based programs and there was less attention paid to rural initiatives. Some of the savings measures, such as the MBS rebate freeze are likely to have a greater impact on consumers in rural areas due to the lower rates of bulk billing.

While there were some individual measures which will assist some rural and remote and Aboriginal and Torres Strait Islander consumers, overall the Budget lacked a cohesive vision for narrowing the gap between rural and urban and Indigenous and non-Indigenous Australians.

PRIMARY HEALTH CARE

Modern health care systems should be designed to optimise the utilisation of health promotion and preventive strategies and those that allow early diagnosis and treatment to minimise the development of chronic disease.

Health care systems should provide support so that individuals can optimise their own health.

The Budget sends a confused message about the importance and role of primary health care. On the one hand the Government is investing in a pilot to trial new ways of funding and delivering care for people with chronic diseases. At the same time it is removing almost \$1 billion of funding from Medicare, thus reducing the level of support for doctors responsible for this role.

POSITIVES

The Government's proposal to run a 'Health Care Homes' pilot was generally well received by stakeholders as a promising strategy to improve the management of chronic disease in the community. However, concerns were raised about the level of funding for the pilot (\$21.2 million) and the short timeframe for reporting back to Cabinet on its outcomes (18 months). There are a number of questions yet to be resolved about the pilot, including whether or not it will include private health insurance rebates and funding from state governments.

NEGATIVES

The MBS rebate freeze will take almost a billion dollars out of Medicare over the next four years. This will put additional pressure on doctors who have not received a rebate increase since 2012. Those doctors working in low income communities and areas in which consumers are less likely to afford to pay gap payments will be particularly affected by this measure as they have less scope than their colleagues in other areas to raise their fees.

There is also no overall vision articulated for primary health care stated in the Budget and no attempt to integrate prevention and health promotion into primary health care services in order to provide more comprehensive care.

COMMUNITY ENGAGEMENT

Health care systems must be built on a partnership between the Australia Community and consumers.

Health care policy must be grounded in and measured against community values; and changes to the health care system must be derived from the Australian community to ensure that they are informed and ready to embrace change.

The Government appears prepared to consult with consumers and interested stakeholders on individual programs and policies and in some cases is responding to the issues they raise. However, there is no systematic approach to community engagement on 'big picture' health issues or in setting principles to guide future health care reform.

POSITIVES

There are a number of measures in the Budget which have arisen from the consultation processes and reviews that the Government has initiated. These include changes to the pricing of prostheses and a streamlining of regulatory processes by TGA.

The Government also appears committed to involving consumers in new measures announced, such as the Health Care Homes pilot and the Private Health Committee.

NEGATIVES

There is no overall commitment to involving the community in setting guiding principles for health reform or in debating options for some of the most fundamental and structural issues in our health system that need to be resolved. These include the role of private health insurance, the limitations of fee-for-service funding, the inequitable distribution of health services, and the division in responsibilities for funding and service delivery between the Commonwealth and the states/territories.

EQUITABLE OUTCOMES

Inequity and injustice in the delivery of health care are undermining Australia as a nation and must be reversed.

The appalling health status of Australia's Indigenous community must be addressed urgently

An equitable health care system will ensure that those with special needs, including, for example, people with disabilities and those whose access to healthcare is restricted by cultural, linguistic or geographic factors enjoy health outcomes equivalent to that of the general community.

Social determinants (from poverty to the state of the environment) impact on the health of an individual or community. Investment to address these determinants must be built into Australia's planning for healthcare.

Equity does not appear to be a major goal of the Government in the health portfolio. While there are some small-scale measures to reduce inequities in access to care in some areas there is no attempt to address the underlying causes of inequality, such as through focussing on the social determinants of health.

POSITIVES

There are some individual measures which target groups with unequal access to health care and poorer health status, such as a program to reduce Foetal Alcohol Spectrum Disorder and an initiative focussed on reducing sexually transmitted diseases in communities in the Torres Strait.

The new dental program may increase access to dental care for some Australians.

NEGATIVES

There is no recognition by the Government in the Budget of the broad and persistent inequities in access to care and health outcomes across the Australian population.

The Government does not appear to see reducing these inequities as a major goal of health policies and programs.

Apart from Indigenous Australians and people in rural and remote areas, there is no acknowledgement in the Budget of groups experiencing barriers to accessing care within our current system, such as people with disabilities, people with mental illness and people from diverse cultural and linguistic backgrounds.

Where inequity of health outcomes is addressed it is done so in relation to a specific condition or disease, rather than as a function of underlying disadvantage. There is no attempt to adopt a social determinants of health approach to understanding inequities in access to care and health status.

The new dental program may not deliver the outcomes expected by the Government if the states and territories are not able to meet the expected demand for care.

WORKFORCE

Australia must have a policy that extends beyond 'self sufficiency' to see us not only capable of training the health professionals needed to care for our community but also able to contribute to the health of our region of the world.

Health workforce planning should result in the development of professionals who can provide quality services in a culturally sensitive manner to cater for the diversity that characterises modern Australia.

Workforce issues are not a focus of this Budget and the Government has not articulated an overall vision for the reforms required to ensure our health workforce can meet future demands for care.

POSITIVES

The rural health sector welcomed the move to allow GP registrars training through the Australian College of Rural and Remote Medicine's (ACRRM) Independent Pathway to access to GP-related Medicare benefits for the services they provide while training. They stated that this would help to

level the playing field for GP Registrars training in rural and remote areas, and thus help attract more young doctors to the bush.

The Health Care Homes pilot may support a more flexible and dynamic approach to the primary health care workforce.

NEGATIVES

Workforce reform is largely absent from this Budget and there is no mention of key health workforce issues, such as the need to support the development of an Aboriginal and Torres Strait Islander health workforce and to improve the distribution of the specialist medical workforce throughout Australia.

EFFICIENCY

Health care reform must remove the jurisdictional inefficiencies associated with the divided health care responsibilities of our State and Federal governments.

Health care should be based on the best available evidence and delivered by the most appropriately skilled health professional.

Short-term cuts rather than longer-term efficiencies are the focus of this Budget. There is some attempt to reduce funding for low-value services however any gains from this process will be undermined by the lack of a comprehensive approach to prevention.

POSITIVES

The move towards activity-based funding for hospitals should help drive efficiencies in the public hospital sector.

The Budget contains the first round of recommendations from the MBS Review Taskforce which at just over \$5 million from 2016-17 to 2019-20 is a well short of the \$500 million a year savings predicted prior to the Review. This modest dividend raises questions about how effective the Review is likely to be in practice in reducing low-value Medicare spending.

There are some individual measures which should improve the efficiency of specific areas of the health system and address threats to its future performance. These include the establishment of a National Cancer Screening Register and funding to reduce the impact of anti-biotic resistance.

There are some individual programs the focus on prevention and public health, such as the continuation of the food 5-star rating system and the vaccine preventable disease surveillance program. If successful these should increase overall efficiency of the health system through preventing or delaying the development of disease. Also supported by public health groups as an effective preventive health measure was the increase in tobacco excise. However, the Public Health Association of Australia criticised the Government for not investing the estimated \$4.7 billion raised from this measure back into preventive health.

There are some measures which attempt to rationalise funding across the Commonwealth and State/Territory divide, including the dental program, hospital funding and some public health programs.

There is a modest reduction in funding for the inefficient Private Health Insurance Rebate.

NEGATIVES

Short term cuts, such as the MBS rebate freeze, which reduce access to care are likely to result in longer term costs as health problems go untreated and become more serious.

There is a lack of focus on cost-effective preventive health measures, in particular targeting key issues such as overweight and obesity.

The bulk of inefficient spending on the Private Health Insurance Rebate has been left untouched.

There is no attempt to fundamentally reform Commonwealth and State/Territory funding arrangements for health care which is the underlying cause of much inefficiency within the health system.