



**The Hon Greg Hunt MP  
Minister for Health and Aged Care**

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State and Territory Health Ministers' Forum  
Level 7, 1 Reserve Road  
St Leonards NSW 2065  
ATT: S&T HMF Secretariat

6 October 2021

Dear Ministers

I refer to your correspondence of 17 September 2021 and 30 September 2021 concerning funding arrangements under the 2020-25 Addendum to the National Health Reform Agreement (NHRA).

I want to thank all of the states and territories for their partnership during the course of the COVID-19 pandemic. The measure of our achievement in saving lives and protecting lives is that Australia has one of the three lowest per capita losses of life in the OECD both in 2021 and across the entire pandemic. This has led to a saving of over 30,000 lives in Australia compared with the OECD average and 45,000 lives by comparison with the US and the USA.

All states and territories signed the NHRA in May 2020, in recognition of the strong support it offered to our public health and hospital system in the context of the challenges of COVID-19. To supplement this support, the Australian Government also provided the minimum funding guarantee, which ensured that despite some jurisdictions delivering less hospital services in 2019-20, Australian Government funding was maintained. The same arrangements will apply for the 2020-21 reconciliation of NHRA funding. To date the Australian Government has provided \$531.8 million to states and territories under the minimum funding guarantee.

Through the NHRA, the Australian Government provides a significant funding contribution to assist states and territories with the costs of delivering public hospital services. Under the 2020-25 Addendum, which we all agreed, Australian Government funding for public hospital services in all states and territories is estimated to increase from \$103.0 billion between 2015-16 and 2019-20 to \$135.4 billion between 2020-21 and 2024-25. Under the 2020-25 Addendum, annual funding will increase from \$13 billion in 2012-13 to \$26 billion in 2021-22, to \$27 billion, to \$29 billion to \$30 billion per annum in 2022-25.

Since 2012-13, Australian Government NHRA funding has grown by 71 per cent, compared to the growth in payments by all states and territories of only 44 per cent as reported by the Administrator of the National Health Funding Pool. The Australian Government would warmly welcome it if states and territories were to match the increase in Australian Government funding since 2012-13.

Through the NHRA, the Australian Government contributes funding for all in-scope public hospital activity, which includes the entire admission period for long-stay patients, including additional funding the longer the patient stays in hospital, and for Hospital in the Home admissions.

In addition to the NHRA, the Australian Government has also provided funding of over \$6.3 billion under the National Partnership on COVID-19 Response to directly assist with the

additional costs of testing, diagnosing and treating COVID-19 and of measures to reduce the spread. This Partnership remains in place as we work together to address the pressures of COVID-19.

I would also note that through this Partnership, the Australian Government is providing a 100 per cent contribution for the Private Hospitals Viability Guarantee to ensure that private hospital beds, workforce and other resources are available for use by states and territories during the COVID-19 pandemic.

In total, the Australian Government has committed more than \$30 billion in additional health expenditure in the response to COVID-19. This has included the Government paying for 100 per cent of the cost of the purchase of the vaccinations, and cost-sharing arrangements through the National Partnership on COVID-19 Response to contribute towards state and territory costs in administering the vaccination program, and \$2.3 billion

I would also note that the Australian Government has also contributed \$2.1 billion in additional COVID-19 funding for residential aged care. We also cover 100 percent of the cost of infection control as agreed with the states and territories.

In the 2021-22 Budget, the Australian Government announced an additional \$2.3 billion investment in the National Mental Health and Suicide Prevention Plan to lead landmark reform, including increasing the availability of community-based services. This is in addition to the substantial investment in mental health and suicide prevention in response to the COVID-19 pandemic. The Australian Government's total investment in mental health and suicide prevention is an estimated \$6.5 billion in 2021-22 in the health portfolio alone. As you would be aware, many of these reforms and new services require collaboration with state and territory governments, and a number of these are being pursued jointly through the new National Mental Health and Suicide Prevention Agreement and bilateral discussions. The Australian Government looks forward to finalising these negotiations with all states and commencing implementation of these services to address the mental health needs of our communities.

The Government's response to COVID-19 has included significant investments in primary care. Importantly, we rapidly expanded access to telehealth services under the Medicare Benefits Schedule (MBS), to support safe access to services. There have also been 15.8 million COVID-19 pathology tests funded through the Medicare Benefits Schedule. The Government has also arranged for 1.7 million assessments and 1.5 million tests to be delivered through its GP respiratory clinics. This work has built on the Government's record levels of Medicare funding and services, with 88 per cent of these services now bulk-billed. I note that while healthcare is a state and territory responsibility the Australian Government meets 100 per cent of the costs of Medicare and I am not aware that any jurisdiction is proposing to share that funding responsibility.

I note that all jurisdictions are currently working together, at the request of National Cabinet, to understand the implications for our health system as we implement the National Plan to transition Australia's National COVID-19 Response.

Yours sincerely



Greg Hunt

cc: **Senator the Hon Richard Colbeck, Minister for Senior Australians and Aged Care Services, Minister for Sport**  
**Senator the Hon Linda Reynolds CSC, Minister for the National Disability Insurance Scheme, Minister for Government Services**  
**The Hon David Coleman MP, Assistant Minister to the Prime Minister for Mental Health and Suicide Prevention**