



Australian Government

Australian Government response to the Senate Select Committee on Health First Interim Report

December 2017

Senate Select Committee on Health First Interim Report

Recommendation 1

The committee recommends that the government should immediately abandon its plan to implement the \$7 co-payments.

Agreed.

There is no plan to implement the \$7.00 co-payment.

Recommendation 2

The committee notes the evidence of the negative implications of the government's:

- *changed hospital funding indexation arrangements that will see public hospitals funded on the basis of population growth and CPI;*
- *cuts to the National Health Reform Agreements and associated National Partnership Agreements; and*
- *lack of commitment to Activity Based Funding.*

The evidence points to a significant loss of health services in Australia's public hospitals if these changes proceed.

On the basis of the evidence to the committee, the government should restate its commitment to Activity Based Funding and associated reforms.

Support in-principle.

As announced in the Budget 2017-18, the Australian Government will deliver an overall investment of over \$10 billion in the Long-Term National Health Plan – based on the four pillars of Guaranteeing Medicare and access to medicines; Supporting our hospitals; Prioritising mental health, preventive health; and sport; and Investing in medical research.

The Commonwealth's contribution to public hospital services has experienced significant growth since the 2014-15 Budget. Between 2014-15 and 2015-16, Commonwealth funding for public hospitals under the NHRA increased from \$15.5 billion to \$17.2 billion, representing growth of \$1.7 billion or 11.1 per cent. Further to this, Commonwealth funding for public hospitals continues to grow over the forward estimates from \$18.5 billion in 2016-17 to \$22.7 billion in 2020-21, representing growth of \$4.2 billion or 22.8 per cent.

Since the release of this interim report, a Council of Australian Governments (COAG) *Heads of Agreement on Public Hospital Funding* (HoA) was signed on 1 April 2016, which effectively reversed the decision of the 2014-15 Budget to index hospital funding by CPI and population growth from 2017-18. As part of the first wave of reform under the Long-Term National Health Plan, to give effect to the HoA, an Addendum to the National Health Reform Agreement (NHRA) began on 1 July 2017.

The HoA retains important parts of the existing public hospital funding arrangements under the NHRA, including Activity Based Funding (ABF), which provides transparency of the services delivered, and the pricing of hospital services at a National Efficient Price (NEP). The HoA also introduces a national cap on growth in the Commonwealth contribution to public hospital services. This cap, set at 6.5 per cent per annum, demonstrates the Commonwealth's commitment to sustainable growth in hospital funding and will encourage the states and territories to do all they can to reduce costs and improve efficiency.

Recommendation 3

The committee recommends that, based on the evidence before it, and the demonstrated benefits arising from the work of the Australian National Preventive Health Agency (ANPHA) and the National Partnership Agreement on Preventive Health, the government should drop its plans to abolish ANPHA and reinstate the National Partnership Agreement on Preventative Health.

Not Agreed.

Preventive health measures formerly administered by ANPHA were transferred to the Department of Health on 1 July 2014. The Department continues to support the effective delivery of preventive health measures to reduce health related risk factors within the Australian population. It is not possible to fully quantify funding on the Department's prevention activities, as measures can have a broad remit. For example, preventive health can include guidance to clinicians, support for health service provision, support for the work of peak bodies and non-government organisation (NGO) groups, research and monitoring, and intervention and disease management components that cannot be disaggregated. The Commonwealth continues to work with key health stakeholders, including the states and territories.

As announced in the Budget 2017-18, the Australian Government will deliver an overall investment of over \$10 billion in the Long-Term National Health Plan (the Plan) – based on the four pillars of Guaranteeing Medicare and access to medicines; Supporting our hospitals; Prioritising mental health, preventive health; and sport; and Investing in medical research. The Plan, increases investment in health, aged care and sport to \$94.2 billion in 2017-18. The funding will enable targeted investment, with a focus on high value clinical care, promotion of good health and collaboration with the health sector.

With heart disease, cancer and mental illness accounting for almost half the burden of disease in Australia, the Government is funding initiatives to support healthy lifestyles, prioritising mental health, preventive health and sport. Examples of such initiatives include:

- \$64.3 million to continue mammograms services for women aged 70 to 74 years under the BreastScreen Program, which complements the BreastScreen Australia services being provided for women aged 59 to 60.
- \$41.6 million for the Victorian Cytology Service to continue research and quality services for cervical cancer.
- \$40 million per calendar year to increase sport participation in schools via the *Sporting Schools* initiative.

- \$20.3 million for National Sporting Organisations to increase participation in sport.
- \$20 million for preventive health and research translation projects under the Medical Research Future Fund.
- \$15.5 million to maintain sporting grounds and services for over 2,000 athletes.
- \$10.8 million to fight childhood cancer through research and clinical trials.
- \$10 million to the Heart Foundation for the Prime Minister's Walk for Life Challenge.
- \$5.9 million to expand the Prostate Cancer Nurse program
- \$5 million to Royal Australian College of General Practitioners to develop education and training material for GPs to support Australians to achieve a healthy lifestyle through increased physical activity and better nutrition.

Recommendation 4

If the goal of better integration of primary care is to be achieved, the committee recommends that the Primary Health Networks tender must include:

- *a clear statement of the population health needs to be addressed, including clear outcome measures;*
- *a statement of the population health data expected to be collected or used;*
- *a statement on the outcomes Primary Health Networks will be expected to achieve to improve access to primary care and improve primary care integration for the whole population, in particular for disadvantaged groups; and*
- *a requirement that the integrity of the data collected by Medicare Locals will be preserved.*

In considering the applications for funding for Primary Health Networks the government should have a mind to the success of Medicare Locals in:

- *reducing hospitalisations*
- *improving access to after-hours primary care services*
- *reducing rates of chronic disease*
- *reducing smoking rates*
- *increasing immunisation rates*
- *improving access to mental health services*
- *improving access to allied health services*

Agreed.

In 2014-15, the Australian Government selected organisations to establish and operate 31 Primary Health Networks (PHNs) through an open competitive funding round. As part of the PHN Invitation to Apply in December 2014, applicants needed to demonstrate their capacity and capability to undertake the role of a PHN, including:

- relevant subject matter expertise; and
- specific examples of similar activities that demonstrated experience and capacity.

This process clearly articulated that the 31 PHNs, established on 1 July 2015, were to increase the efficiency and effectiveness of primary healthcare services for patients,

particularly those at risk of poor health outcomes; and improve coordination of care to ensure patients receive the right care, in the right place, at the right time.

Under the PHN program, PHNs also have a core set of six priorities, which are: mental health, Aboriginal and Torres Strait Islander health, population health, health workforce, digital health and aged care.

Each PHN has undertaken population health planning, including needs assessments and associated market analyses, as well as stakeholder consultations to identify service gaps, and major health and system capacity issues. This information is used by PHNs to determine their priorities and to develop activity work plans, which describe how the PHN will commission and coordinate services to address those priorities. When this process identifies needs and activities which align with work undertaken by Medicare Locals, PHNs may commission activities to continue to address their community's health needs.

A dedicated data webpage is accessible on the PHN website, (<http://www.health.gov.au/internet/main/publishing.nsf/Content/PHN-Home>), which provides geographic-level health and demographic data specific to each PHN region.

The PHN program is actively improving the coordination and integration of a wide range of primary health services. PHNs also play an important role in providing education, training and support to general practice, as a key part of strengthening the primary health care system.

The Government provides funding to PHNs to lead mental health and suicide prevention planning at a regional level. Through a new flexible primary mental health care funding pool, PHNs in partnership with relevant services will improve outcomes for people with, or at risk of, mental illness and/or suicide.

To support PHNs in meeting their performance objectives for immunisation, the Department of Health recently engaged NPS Medicine Wise (in collaboration with the National Centre for Immunisation Research and Surveillance) through a competitive process to develop and implement a PHN Immunisation Support Program.

The Program, which commenced in June 2017, will deliver a national and coordinated approach for assisting PHNs in supporting a range of immunisation providers including GPs, nurse immunisers, community health clinics, Aboriginal Medical Services, local councils and pharmacies, in delivering immunisation programs to their patients and communities, consistent with the Australian Immunisation Handbook and National Immunisation Program.

Under the Primary Health Care Development Program, PHNs will continue to ensure patients in their local communities can access after-hours primary health services and maintain continuity of services. PHNs received funding of \$145.5 million from 2015-16 to 2016-17, to implement innovative and locally tailored after-hours solutions based on community need, recognising that all PHN regions are different.

Recommendation 5

The committee expresses its concern that the government's decision to abolish 61 Medicare Locals and establish 30 new Primary Health Networks is resulting in loss of frontline services and will see significant cuts to services and programs at the local level that are aimed at improving population health, better integration of primary care services and keeping people out of hospital.

Not Agreed.

Funding for frontline services delivered through the Medicare Local Program has been maintained through PHNs.

Further to this, increased funding has been provided to PHNs to support them to take on a larger role in commissioning mental health care services and drug and alcohol treatment services following the Government's response to the *National Mental Health Commission's Review of Mental Health Programmes and Services*, and the *National Ice Taskforce's Final Report*.

Recommendation 6

The committee recommends that the government, as a matter of urgency, ensures certainty in regards to the maintenance of the suite of services supplied by Medicare Locals, particularly in areas of rural and remote Australia where access to medical facilities and services is less comprehensive than the level of access in metropolitan areas.

Agreed.

In the establishment of PHNs, service continuity was a priority and PHNs have managed a smooth transition of services from Medicare Locals.

Further information on this recommendation is provided under recommendation 4.

Recommendation 7

The committee recommends that the government must take immediate steps to reinstate funding to indigenous health organisations and ensure that the particular health challenges facing Aboriginal and Torres Strait Islander Australians are effectively analysed and responded to.

Not agreed.

Overall funding levels for Indigenous health are growing. From 2017-18 to 2020-21 the Government will invest \$3.6 billion, through the Indigenous Australians' Health Programme, in Indigenous specific health programmes and activities - an increase of over \$724 million compared to the previous four years (2012-13 to 2016-17). This does not include funding provided through Medicare and access to pharmaceuticals through the PBS.

To ensure continuity of access to primary health care for Aboriginal and Torres Strait Islander peoples, funding that had been allocated to Medicare Locals prior to 1 July 2015 was transitioned to PHNs established in these regions. These PHNs were funded to deliver primary health care and *New Directions: Mothers and Babies* services during the transition period.

On 28 January 2016, the Department of Health approached the market with an Invitation to Apply for the continuation of services in the nine regions where PHNs were still being funded to deliver primary health care and *New Directions* services. Successful applicants from this process began a transition period to the full delivery of services from 1 January 2017.

Through the 2017-18 Budget, the Government has expanded activity in the key areas of child and maternal health, and chronic disease prevention and management. For example, the Rheumatic Fever Strategy was strengthened and expanded, with funding totalling \$18.8 million over four years from 2017-18.

Recommendation 8

The committee recommends that the government should cease its planned merger of the Organ and Tissue Authority and the National Blood Authority.

Agreed.

In December 2015, the Government decided not to proceed with the merger of the National Blood Authority and the Organ and Tissue Authority, as previously announced in the 2014-15 Budget.

Government Senator's Dissenting Report

Recommendation 1

That Coalition members of the Committee recommend that the Senate support reforms to improve the sustainability of health expenditure as provided for in the 2014-15 Budget.

Noted.