Chapter 2

Health and Ageing Portfolio

Department of Health and Ageing

2.1 This chapter outlines key issues discussed during the 2012-2013 additional estimates hearings for the Health and Ageing portfolio.

2.2 The committee heard evidence from the department on Wednesday 13 February 2013. Areas of the portfolio and agencies were called in the following order:

- Whole of Portfolio/Corporate Matters
- Australian Institution of Health and Welfare
- Population Health
- Therapeutic Goods Administration (TGA)
- National Health and Medical Research Council (NHMRC)
- Australian National Preventive Health Agency (ANPHA)
- Food Standards Australia New Zealand (FSANZ)
- Australian Commission on Safety and Quality in Health Care (ACSQHC)
- Biosecurity and Emergency Response
- Private Health
- Private health Insurance Administration Council (PHIAC)
- Hearing Services
- Health Workforce Capacity
- Health Workforce Australia (HWA)
- Aged Care and Population Ageing
- Aged Care Standards Accreditation Agency
- Acute Care
- Independent Hospital Pricing Authority
- National Health Performance Authority
- Australian Organ and Tissue Donation and Transplantation Authority
- Access to Medical Services
- Professional Services Review (PSR)
- Health System Capacity and Quality
- Primary Care

- Rural Health
- Access to Pharmaceutical Services
- Mental Health

2.3 The committee also heard evidence from the National e-Health Transition Authority (NeHTA) under the department's "Health System Capacity and Quality" area.

Cross Outcomes/Corporate Matters[1]

2.4 Proceedings commenced with questions about the provision of information on actual expense and budget estimates at the subprogram level. In this line of questioning, the committee examined the clarity around budget processes, including the financial information available at the sub-program level and the difficulties involved in discerning how money is spent at the sub-program level from the portfolio budget statements.[2] The department pointed out that activity at the sub-program level cuts across several divisions and is rarely reconcilable with the budget documents.[3] Later in the hearing the department also pointed out that sub-programs are monitored against performance indicators, but that the individual financial detail for the sub-program level is compiled manually because it does not universally align with the budget structure. The current departmental IT structure is only capable of compiling budgetary data at the outcome and program level.[4] The department does manually compile some areas of sub-program expenditure for an incoming minister or government, but these briefs do not contain everything. The department offered to compile sub-program financial information for the committee on notice in selected program areas.[5]

2.5 The department also noted that flexible funds may be a complicating factor because a lot of the sub-programs have been amalgamated into flexible funds.[6] The need to retain transparency with the move to flexible funding has been canvassed in the Community Affairs Report on Annual Reports (2013 No.1).

2.6 The committee also discussed the following items:

- Commonwealth spending in relation to the Tasmanian Health Assistance Package, in particular the Commission on Delivery of Health Services in Tasmania;

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1 *Proof Estimates Hansard*, 13 February 2013, p. 6.

2 *Proof Estimates Hansard,* 13 February 2013, p. 7.

3 *Proof Estimates Hansard*, 13 February 2013, p. 7.

4 *Proof Estimates Hansard*, 13 February 2013, p. 41.

5 *Proof Estimates Hansard*, 13 February 2013, p. 42.

6 *Proof Estimates Hansard*, 13 February 2013, p. 15.

- The alignment of responsibilities between the Australian National Health Performance Authority (ANPHA) and the department, including recommendations made by the auditor-general;
- Revenue generated by the Australian Institute of Health and Welfare.

Population Health[7]

2.7 Senator Furner asked the department to update the committee on its measures to help people give up smoking. The department noted that the arrangements for retail compliance with plain packaging of tobacco came into force on 1 December 2012. The department noted that it has encountered strong interest from overseas in the plain packaging initiative, such as the release in the United Kingdom of a discussion paper on plain packaging. Questions were also asked about research commissioned to accompany the introduction of plain-packaging.[8]

2.8 Senator Brown asked the department to provide an update on the bowel cancer program. The department provided the committee with information on bowel cancer screening programs including the public distribution of screening kits and subsequent screening participation rates by members of the public.

2.9 The committee also discussed the national strategy documents between the Commonwealth and all states and territories on HIV, noting that whilst the documents contain principles of best practice, the states face different challenges and need to implement their own strategies.

2.10 The committee also discussed the funding allocated to palliative care under the Tasmanian Health Assistance Package.

Therapeutic Goods Administration[9]

2.11 Senators Fierravanti-Wells and Di Natale had a discussion with the Therapeutic Goods Administration (TGA) about the registries that the TGA maintains for high-risk implantable devices, clinical evidence advice, risk communication, and the potential adverse impacts of high-risk implantable devices. The TGA noted that they are still finalising recommendations to government on options for the introduction of registries, and outlined for the committee some of the key advantages and disadvantages of the different types of registries.[10]

2.12 The TGA took a question on notice from Senator Xenophon concerning a possible inconsistency between a response to an earlier question on notice regarding urogynaecological mesh, and the TGA's response to the ABC's *7:30* program on the

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7 *Proof Estimates Hansard*, 13 February 2013, pp. 13–27.

8 *Proof Estimates Hansard*, 13 February 2013, p. 23.

9 *Proof Estimates Hansard*, 13 February 2013, pp. 27–31.

10 *Proof Estimates Hansard*, 13 February 2013, p. 28.

product.[11] The committee also discussed TGA recommendations on the regulation of complementary medicines.

National Health and Medical Research Council (NHMRC)[12]

2.13 Senator Fierravanti-Wells asked the NHMRC about an article appearing in the *Sunday Age* on 27 January 2013 concerning drug trials in India. The NHMRC confirmed it was aware of the article and undertook to provide detail on notice to the committee on the proportion of funding spent on overseas trials. The NHMRC also noted that they have followed up with the university that conducted the trial to ensure ethical guidelines were adhered to.

2.14 Senator Fierravanti-Wells also asked questions about the development of the Australian Guide to Healthy Eating. The NHMRC explained that the basis of the guidelines is an examination of 50 000 new pieces of evidence since the development of the last guidelines in 2003.

2.15 Senator Di Natale inquired into the NHMRC's role in providing advice on antimicrobial resistance. The NHMRC noted that their role changed when they ceased to be a division of the department and referred the majority of questions to the department.

Australian National Preventative Health Agency (ANPHA)[13]

2.16 The committee had a discussion with ANPHA about a report on public interest case for minimum floor price of alcohol. ANPHA confirmed that the report is due to government in the first quarter of 2013 and that they are on target to provide this to the Minster by the due date. The Minister will then decide whether the report is to be made public.

2.17 Senator Fierravanti-Wells asked additional questions of ANPHA concerning protocols on conflicts of interest in awarding research grants, ANPHA's interaction or coordination with NHMRC and the department, and recommendations from the Auditor-General for ANPHA to 'actively review the alignment of (their) responsibilities.'[14] ANPHA took a number of these questions on notice.

Food Standards Australia and New Zealand (FSANZ)[15]

2.18 Senator Sinodinos inquired into FSANZ's cost recovery fees. FSANZ pointed out that they have a legislative obligation to recover costs, and therefore have to

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11 *Proof Estimates Hansard*, 13 February 2013, p. 29.

12 *Proof Estimates Hansard*, 13 February 2013, pp. 31–37.

13 *Proof Estimates Hansard*, 13 February 2013, pp. 37–40.

14 *Proof Estimates Hansard*, 13 February 2013, p. 38.

15 *Proof Estimates Hansard*, 13 February 2013, pp. 43–49.

comply with government guidelines about review of their cost recovery process. Although historically FSANZ have not reviewed their cost recovery fees annually, they have now discussed whether to do so. FSANZ also provided the committee with information on the numbers of staff involved in cost recovery work as opposed to other work.

2.19 Senator Di Natale put further questions to FSANZ about anti-microbial resistance issues relating to a risk assessment done on New Zealand apple orchards.

2.20 Senator Whish-Wilson questioned FSANZ about its reviews of low-THC hemp for food. FSANZ noted that its more recent review further explored economic and cost impacts on the regulatory system, and that they engaged in a lot of consultation with international bodies. Senator Whish-Wilson noted that the COAG legislative and governance forum on food regulation requested a review of FSANZ's decision. FSANZ indicated that the reasoning underpinning the request for review concerned enforcement issues, and potential conflicts with current legislation.

2.21 FSANZ also took questions on notice from Senator Fierravanti-Wells regarding food on international cruise ships and the use of carbon monoxide in fish.

Australian Commission on Safety and Quality in Health Care (ACSQHC)[16]

2.22 The committee inquired into the progress of the ASCQHC's three year data plan, and other activities of the ACSQHC in the aged care and mental health spaces including the development of a national aged care residential medication chart, which was tabled during the hearing.

2.23 Senator Di Natale had further questions for ACSQHC and the department on anti-microbial resistance, and the government's approach to addressing the issue. There was a discussion about coordination of effort between departments and agencies, and the issue of antibiotic usage and anti-microbial resistance in animals does not currently appear to have been explored to the same degree as anti-microbial resistance in humans. Ms Halton provided an update on activities in this area including an agreement with Andrew Metcalfe, secretary of DAFF about the coordination of activities between DoHA and DAFF from a policy and regulatory perspective, and the development of a new steering group comprising the Chief Medical Officer, Chief Veterinary Officer, Ms Halton and Mr Metcalfe.

Biosecurity and Emergency Response[17]

2.24 The committee's questions under this outcome focused on the department's emergency response plans in the case of extreme weather events. The department outlined the Commonwealth's role in coordinating a response to natural disasters

16 *Proof Estimates Hansard*, 13 February 2013, pp. 49–54.

17 *Proof Estimates Hansard*, 13 February 2013, pp. 54–55.

including in relation to aged-care facilities, mental health, outbreaks of infectious diseases and pharmacies.

Private Health[18]

2.25 Following on from the committee hearing on Friday 8 February into the proposed legislative changes to the Private Health Insurance Rebate, the committee had further questions about the consultation process and the projected impacts of the legislative changes.

Private Health Insurance Administration Council[19]

2.26 Senator Fierravanti-Wells inquired into comments made by PHIAC in relation to people downgrading their level of private health insurance cover, and the effects of pre-paying for cover. Senator Fierravanti-Wells asked PHIAC to provide the committee with any further comments they may have on notice.

Hearing Services[20]

2.27 The department undertook to provide the committee with an update on progress in this outcome beyond that documented in the report on the committee's Inquiry into Hearing Health in Australia.[21] The committee established that the department does not collect information on the impact of industrial hearing impairments.

Health Workforce Capacity[22]

2.28 Senator Fierravanti-Wells raised questions about the review of the Australian Standard Geographical Classification for Remoteness Areas (ASGC-RA). The department confirmed the government has asked Ms Jenny Mason to complete a general review of health workforce programs, including ASGC-RA. The report is expected to be finalised at the end of March 2013.

2.29 The department undertook to provide list of programs that have been moved into the Health Workforce Fund on notice. The department also took further questions on notice in relation to the allocation of monies from this fund and the financial years involved.

2.30 The committee also discussed the evaluation of the National Partnership Agreement on hospital and health workforce reform, which will cease to be funded on

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18 *Proof Estimates Hansard*, 13 February 2013, pp. 55–57.

19 *Proof Estimates Hansard*, 13 February 2013, pp. 58–59.

20 *Proof Estimates Hansard*, 13 February 2013, pp. 59–61.

21 Community Affairs References Committee, *Hear Us: Inquiry into Hearing Health in Australia*, May 2010.

22 *Proof Estimates Hansard*, 13 February 2013, pp. 61-63.

1 July 2013, and the dental relocation grant scheme, due to commence in the new financial year.

Health Workforce Australia (HWA)[23]

2.31 HWA and the department provided information to the committee on the Rural Health Professionals Program, including the location of funding for the program in the budget papers and a list of relocation grants allocated by profession.

Aged Care and Population Ageing[24]

2.32 Senator Fierravanti-Wells led questions on this outcome, beginning with questions on recent financial modelling and recommendations from the Productivity Commission in its Caring for Older Australian's report.[25] The committee established that the department had done its own subsequent modelling and analysis of the report.

2.33 The committee had a number of questions concerning reviews of and changes to the Aged Care Funding Instrument (ACFI). The committee discussed issues around the department's response to high levels of inaccurate claiming, and the department clarified its role in monitoring and investigating the detail of payments, as opposed to the role of the Department of Human Services in 'looking at the integrity of the payments themselves'.[26] The department took a question on notice to clarify the information it is able to provide to the committee surrounding ongoing fraud investigations against providers. The department outlined some of the factors that may be attributed to the high levels of inaccurate claiming, such as the increasing use of consultants without a clinical background. The department also noted that a proportion of down-graded claims are overturned because evidence is subsequently provided by the facility to back up the unusual claims.

2.34 The committee also discussed the recent set of changes to the ACFI and the potential impacts these changes may have on remote and regional aged care homes and smaller aged care homes. The department took a question on notice to explain the application process for the viability supplement for these facilities.

2.35 The committee also discussed aged care approval rounds, Home and Community Care (HACC) funding, the Living Longer, Living Better package, assistive technology, no-interest loans for aged care providers, non-operational bed licences, occupancy rates, complaint schemes, transport, aged care facility assessors and Meals on Wheels funding. Questions on notice were taken in relation to forward estimates funding for aged care, and the aged care assessment program.

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23 *Proof Estimates Hansard*, 13 February 2013, p. 63.

24 *Proof Estimates Hansard*, 13 February 2013, pp. 64–78.

25 Productivity Commission, *Caring for Older Australians*, Report No. 53, Final Inquiry Report, 2011.

26 *Proof Estimates Hansard*, 13 February 2013, p. 65.

Health System Capacity and Quality[27]

2.36 Questions under this outcome largely concerned the progress of the Personally Controlled Electronic Health Records system. The committee established that the initial sign-up target of 500 000 by 2013 would not be met, as to date there had been only 56 761 sign-ups to the system. The department noted, however, that the registration phase was the last in a series of steps to establishing the system and that there had not yet been a big push for registration. The department also answered questions relating to the methods by which consumers can register with the PCEHR, funding for Medicare locals to promote a PCEHR registration process, software compatibility, and security and privacy in relation to the e-health record.

2.37 Senator Brown sought information from the department on electronic advance care programs in Tasmania. The department noted that it is still in consultation with Tasmanian government over an expanded rollout of the advance care planning facility that is already in place in the Cradle Coast connected care e-health site. While funding will be available for the rollout on 1 July 2013, the department noted that there are currently no agreed timeframes or implementation plans. The department also outlined the e-health initiatives that are funded under the Tasmanian health assistance package. It was noted that NeHTA would coordinate and facilitate a number of these initiatives.

2.38 The committee also discussed and placed questions on notice about visits from overseas delegations and the projects funded by the Health Hospitals fund.

Acute Care[28]

2.39 The department provided the committee with the latest figures on organ donation, noting that while there has been growth in organ donation there is much more capacity to continue to increase the rate of organ donation in Australia. The committee also discussed training being conducted around the family donation conversation. The department took questions on notice concerning state by state figures for organ donation.

2.40 Ms Halton and Ms Flanagan explained the operation of the indexation formula that resulted in the reduction of funding in the forward estimates. Ms Flanagan and Ms Anderson told the committee that 712.79 of a target of 1 325 beds or their equivalents have been delivered nationally. Ms Anderson took a question on notice regarding the mental health component of these beds. Ms Flanagan clarified details of National Emergency Access Target (NEAT) reward funding.

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27 *Proof Estimates Hansard*, 13 February 2013, pp. 78–92.

28 *Proof Estimates Hansard*, 13 February 2013, pp. 92–99.

National Health Performance Authority[29]

2.41 The Authority outlined for the committee information on performance of emergency departments contained in its recent report, and noted that it will be releasing reports for both hospitals and healthy communities for each of the quarters in 2013.

Australian Organ and Tissue Donation and Transplantation Authority

2.42 The Authority gave some context to organ donation targets and the rate that was achieved in 2012. Ms Cass noted that while the target of 16.3 donors per million people (DPMP) was not achieved, the achieved rate of 15.6 still represented a third year of consecutive growth, and that there had actually been agreements with enough donor families to have reached the target, explaining the difference between consented and actual donors. Ms Cass also pointed out that 6 of 8 jurisdictions achieved a donation rate outcome above 16.3 DPMP in 2012. The committee was interested to elaborate on the different achievements across jurisdictions and Ms Cass provided some possible reasons for the difference including that the smaller jurisdictions are easier to influence and achieve change in practice.

Primary Care[30]

2.43 Mr Booth confirmed that outcomes will be monitored throughout and at the end of the diabetes coordinated care trial.

2.44 The majority of questions directed to the department under this outcome concerned Medicare Locals. Mr Butt clarified some aspects of funding for Medicare Locals, noting that the funding that each gets will vary, as 'there is a whole range of programs that have been rolled out through all of them. The difference will be based on their weighted population.'[31] Ms Kneipp also outlined the after-hours funding directed through the Medicare Local flexible fund, Rural GP locum funding, and some key aspects of the formula used to allocate core funding to Medicare Locals. The department took a question on notice to provide the total amount of core funding for Medicare locals to the committee, and to provide a breakdown of funding delivered in terms of program.

2.45 Senator Fierravanti-Wells inquired into a workshop being advertised at two Medicare Locals promising to 'double (a General Practitioner's) income'. Ms Halton agreed that the language used to advertised the workshop was inappropriate and affirmed that the department would look into the workshop and particularly the advertising around it. The department agreed to find out on notice whether any funding from the department was being used to pay for the workshops. The

29 *Proof Estimates Hansard*, 13 February 2013, pp. 97–98.

30 *Proof Estimates Hansard*, 13 February 2013, pp. 99–115.

31 *Proof Estimates Hansard*, 13 February 2013, p. 101.

committee also discussed the Medicare Locals forum, fit-outs for Medicare Locals, staff numbers in the Medicare Locals branch of the department, and the ability of Medicare Locals to contract out their services. In relation to staff numbers, Ms Halton gave a breakdown of the reduction in departmental staff working in primary care from 2009-10 to 2012-13.

2.46 The committee then discussed and clarified reasons for delay in construction of various GP superclinics, such as the Redcliffe and Wannaroo Superclinics. Mr Butt noted that the plan is to have all superclinics built in five years, but acknowledged that problems such as floods and rezoning of land that may delay the construction of some of the superclinics. Ms Faichney ran the committee through some of the examples, provided a list of the 15 superclinics that have not yet begun construction, provided more information on the 4 that are yet to sign a funding agreement.

Rural Health[32]

2.47 The department confirmed that the Rural Health Outreach fund is on track to be implemented by July 1 2013 and that there have been no changes to the fund's guidelines. The department also confirmed that they envisage that $9 million or $10 million will be available for the seventh round of the National Rural and Remote Health Infrastructure Program. Ms Faichney confirmed that the majority of approved projects from previous funding rounds have been completed or are due for completion within their planned budget and frameworks.

Access to Pharmaceuticals[33]

2.48 The committee first discussed official listing times for medicines, and Ms McNeill and Mr Learmonth provided the committee with information about the reduction in time taken between approval for listing of high-cost medicines by the Pharmaceutical Benefits Advisory Committee (PBAC) and when the Minister announces that there has been cabinet approval for listing of the medicines.

2.49 Ms McNeill noted that:

> The government made a commitment under the memorandum of understanding that it would use its best endeavours to consider medicines worth over $10 million in any financial year within six months of the pricing being agreed.[34]

2.50 Senator Di Natale queried the meaning of 'best endeavours' and tabled an analysis of listing times for high-cost medicines which indicated that while the time between PBAC approval and the ministerial announcement has significantly decreased, the time between announcement and actual listing has significantly

32 *Proof Estimates Hansard*, 13 February 2013, pp. 115–116.

33 *Proof Estimates Hansard*, 13 February 2013, pp. 116–124.

34 *Proof Estimates Hansard*, 13 February 2013, p. 116.

increased. The department had not seen this analysis, and disputed it, wanting to know which drugs were included in the analysis. The Senator noted that it concerned high-cost drugs, and Ms Halton noted that that she "would want to look at the particular circumstances of what is in which category because, if there is a statistical issue… I bet you I can explain it based on exactly the drugs."[35] The Senator asked the department to look at this analysis and provide the committee with a response. The committee clarified exactly the phase of time being discussed in the memorandum of understanding.

2.51 The committee also discussed details of the listing process for a selection of specific medicines, including one rejected for the Pharmaceutical Benefits Scheme (PBS) and partially rejected for the life-saving drugs scheme. Mr Learmonth and Ms McNeill explained the rationale for the life-saving drugs program and some of the processes that PBAC go through when deciding whether to recommend a medicine for listing.

2.52 Ms McNeill outlined aspects of post-market reviews of PBS listed medicines including where to view the frameworks and procedures put in place to manage post-market reviews, how stakeholders are notified and identified and variation in timeframes for reviews. Ms McNeill highlighted how the independence of PBAC is maintained during the review process, noting that secretariats and independent evaluators actually do the work for the PBAC in evaluating and putting review material together. The work to date conducted around post-market reviews has cost $1.1 million.

2.53 The committee also discussed the statutory price reduction triggered when a medicine moves from an F1 formula to an F2 formula under section 99ACB of the *National Health Act 1953* (Cth). Senator Di Natale was interested in how this price reduction applies when a company releases the same medicine with different delivery mechanism, rather than when a generic is introduced into the market. Ms McNeill, Ms Halton and Mr Learmonth explained that sometimes a company will introduce a slightly different product onto the market to eat up or retain market share before the introduction of a generic, and often also remove the original product from sale, to hamper the introduction of a generic. The department took questions on notice about current annual expenditure for F1 drugs expected to come off patent and trigger the statutory price reduction, the estimated saving to government over forward estimates due to the statutory price reduction, and the number and detail of cases where the originator company with a product in F1 introduced a new mechanism that triggered a statutory price reduction.

35 *Proof Estimates Hansard*, 13 February 2013, p. 117.

Mental Health[36]

2.54 The committee discussed the progress of negotiations around the Early Psychosis Prevention and Intervention Centres (EPPICs), and recommendations in the National Mental Health Commission's report card. Ms Campion noted that the process for COAG to prepare a response to the report card will follow through this year.

2.55 The committee clarified that the programs listed in Minister Plibersek's brief remain unchanged aside from the introduction of the Mental Health Reform Package.

2.56 Senator Wright focused on the Mental Health Nurse Incentive Program. Ms Campion noted for the committee that there are currently 434 organisations participating in the program. Mr Nicholls took on notice to provide information on how many organisations have left the program since 9 May last year, or for the financial year. The department also took a number of questions on notice relating to the session allocations for the program.

2.57 In response to Senator Wright's question concerning whether there were arrangements in place to provide services where organisations have used up their allocation or are about to do so, Ms Nicholls and Ms Campion clarified that organisation in the program are given an opportunity to ask for review of the allocations. The majority of requests for reviews seeking increases to session allocations are granted, and the program allows for unused sessions to be transferred to organisations seeking extra sessions, or to organisations seeking to enter the program. The department agreed to provide the committee with information about whether any organisations had given up un-used sessions on notice. Ms Nicholls also clarified that the client's GP or psychiatrist is actually the primary care provider, and that the mental health nurse works alongside the GP or psychiatrist.

2.58 The committee finally discussed the representation of people with mental illness, carers and from the non-government sector in the Mental Health and Drug and Alcohol Principal Committee and the Working Group on Mental Health Reform, two national advisory structures in mental health reporting to COAG. Ms Huxtable explained that Committee is comprised of state and Commonwealth officials, but that the Committee is able to engage with stakeholders before its meetings. The working group is made up of health departments and first ministers, but is supported by an expert reference group. States are currently in the process of nominating representatives for this group, and the nominations that the department have seen thus far indicate that some consumers and carers are being nominated.

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36 *Proof Estimates Hansard*, 13 February 2013, pp. 124–130.