

Senate Standing Committee on Finance and Public Administration

**BUDGET ESTIMATES – 27 MAY 2010
ANSWER TO QUESTION ON NOTICE**

Human Services Portfolio

Topic: Costings – health programs

Question reference number: HS29

Senator: FIERRANVANTI-WELLS

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Question:

Senator FIERRAVANTI-WELLS—I would ask you to go back, have a look and take it on notice. I would like to know when you were first asked in relation to all those matters listed at pages 82 to 83. Please provide me with the date when you were first asked and the assumptions that underlie the costings that you have come up with. You have obviously got a system where, when you have a new program, you go through these procedures et cetera. So you have obviously had a lot of experience with this through PBS and MBS and established procedures?

Ms Briggs—Yes.

Answer:

Please refer to Attachment A.

HS29 - COSTINGS – HEALTH PROGRAMS

1. Addressing domestic violence - continuing training for health workers in regional and rural areas

Medicare Australia was formally advised of the continuation of this initiative on 21 October 2009. The program will continue to make quarterly payments for the Practice Incentives Program Domestic Violence Incentive in 2010–11 under existing funding arrangements. Assumptions provided by the Department of Health and Ageing require Medicare Australia to continue processing services volumes, payments and enquiries.

2. Fifth Community Pharmacy Agreement - More efficient funding of community pharmacies

Medicare Australia was advised on 23 July 2009 of the commencement of negotiations between the Department of Health and Ageing and the Pharmacy Guild of Australia for the Fifth Community Pharmacy Agreement. Medicare Australia received formal advice on 4 January 2010 to prepare costings in response to the outcome of the negotiations.

There are a number of initiatives under the Fifth Community Pharmacy Agreement designed to facilitate payments to pharmacies for new programs and changes to some existing programs. Assumptions provided by the Department of Health and Ageing require Medicare Australia to construct new systems, implement changes to existing systems, communications to pharmacies, enquires, processing of service volumes and payments, compliance activities and ongoing system maintenance.

3. Medicare Benefits Schedule (MBS) - restructure of items to provide better primary care services, new and revised listings and revision of access for specialist consultation items

Restructure of items to provide better primary care services

Medicare Australia commenced a formal costing process for this initiative on 3 March 2009 to change the wording of a number of MBS items to prevent unintentional misuse. Assumptions provided by the Department of Health and Ageing require Medicare Australia to reduce service volumes for Medicare resulting in reduced processing.

New and revised listings

Medicare Australia was formally advised of this initiative in December 2008 and formal costings occurred progressively between December 2008 and October 2009. Assumptions provided by the Department of Health and Ageing require Medicare Australia to marginally reduce service volumes for Medicare, resulting in reduced processing.

Revision of access for specialist consultation items

Medicare Australia commenced a formal costing process for this initiative on 30 October 2009. Assumptions provided by the Department of Health and Ageing require Medicare Australia to increase service volumes for Medicare resulting in increased processing.

4. National Health and Hospitals Network

Medicare Australia entered into discussions with the Department of Health and Ageing soon after the release of the National Health and Hospitals Reform Commission Report in June 2009. A formal costing process commenced on 9 October 2009 for a range of identified initiatives.

The following initiatives were announced in the 2010–11 Budget:

Aged care – improving access to general practice and primary health care

Medicare Australia commenced a formal costing for this initiative on 7 January 2010 to make changes to the Practice Incentives Payments system to enable payments to general practitioners that provide a required number of eligible Medicare Benefits Schedule (MBS) services in a Commonwealth-funded

residential aged care facility. Assumptions provided by the Department of Health and Ageing require Medicare Australia to undertake system changes, communication to providers, service volumes and payments for up to 1200 additional general practitioners expected to receive the incentive over four years.

General practice and primary health care – coordinated diabetes care

Medicare Australia commenced a formal costing for this initiative on 12 March 2010 to introduce a new chronic disease management program for improved diabetes management to replace the Practice Incentive Program diabetes incentive payments. Assumptions provided by the Department of Health and Ageing require Medicare Australia to undertake system changes, registration processing for up to 260 000 patients with diabetes over four years, communications to 21 100 practices, process service volumes and make associated payments, compliance activities and ongoing system maintenance.

General practice and primary health care – improved access to after hours primary care

Medicare Australia commenced a formal costing for this initiative in October 2009 to cease the Practice Incentives Program after hours incentive payments. Assumptions provided by the Department of Health and Ageing require Medicare Australia to undertake system changes, communication to providers, reduce service volumes and associated payments. It is expected that 4750 practices will be affected from 1 July 2011 and a further 3100 practices affected from 1 July 2013.

Mental health – flexible care packages for patients with severe mental illnesses

Medicare Australia commenced a formal costing for this initiative in March 2010 to remove a number of MBS items for occupational therapists and health workers. The assumption provided by the Department of Health and Ageing is a reduction in service volumes and associated payments.

Workforce – more general practice training rotations for junior doctors

Medicare Australia commenced a formal costing for this initiative in March 2010 to increase an existing program to process applications for provider numbers. The assumptions provided by the Department of Health and Ageing are increased provider registrations, service volumes and associated payments for 1950 new general practice training rotations for junior doctors over four years.

Workforce - more places on the General Practice Training Program

Medicare Australia commenced a formal costing for this initiative in March 2010 to continue an existing program to process applications for provider numbers. The assumptions provided by the Department of Health and Ageing are increased provider registrations, service volumes and associated payments for 2040 general practitioner training places over four years.

Workforce – support for practice nurses

Medicare Australia commenced a formal costing for this initiative on 11 March 2010 to provide payments to accredited practices to offset the cost of employing a practice nurse. The assumptions provided by the Department of Health and Ageing requires Medicare Australia to undertake system changes, registrations for 4400 practices over four years, process increased service volumes and associated payments, enquiries and compliance activities.

5. Pharmaceutical Benefits Scheme (PBS) - minor new listings

Medicare Australia was formally advised of five new items progressively from August 2009 (one month prior to the official listing date for each item) with a formal costing then undertaken for each item. The assumption provided by the Department of Health and Ageing requires Medicare Australia to process a small increase in service volumes and associated payments.

6. Practice Incentive Program - changes to incentive payments for cervical cancer screening

Medicare Australia commenced a formal costing for this initiative on 27 April 2010 to enable incentive payments to increase the Cervical Screening Incentive outcomes target from 50 per cent of practices' eligible female patients to 65 per cent. The assumptions provided by the Department of Health and Ageing require Medicare Australia to undertake system changes, process increased service volumes and associated payments and enquiries.

7. Private Health Insurance - supporting lifetime health cover

Medicare Australia was formally advised of the continuation of this existing initiative on 27 April 2009 with some variations and a formal costing process commenced in October 2009. This requires Medicare Australia to continue an annual mail out, on behalf of the Department of Health and Ageing, to eligible clients under a new funding arrangement.

8. Revised arrangements for efficient funding of chemotherapy drugs

Medicare Australia commenced a formal costing for this initiative on 4 January 2010 to ensure that pharmacists are remunerated appropriately for dispensing chemotherapy drugs. Assumptions provided by the Department of Health and Ageing require Medicare Australia to undertake system changes, processing of increased service volumes and associated payments, enquires, compliance activities and ongoing system maintenance.

9. Medicare Australia - continuation of funding for Medicare Australia Access Points

Medicare Australia will continue this measure under existing funding arrangements for Medicare claiming at 800 self access points in rural, remote and metropolitan areas where there is limited or no access to a branch office. This requires Medicare Australia to continue processing service volumes, payments and enquiries.

10. Migration Program – allocation of places for 2010-11

Medicare Australia commenced a formal costing for this initiative in March 2010 to account for the 2010–11 Migration Program impact on Medicare and PBS service volumes and associated payments for 168 700 places.