

Australian Medical Association
Pre-Budget Submission
2019-20



AMA

Health – the best investment that governments can make

INTRODUCTION



Budget provides opportunity for the Government to define and fund long-term healthcare vision

The 2019-20 Federal Budget on 2 April provides the Government with the ideal opportunity to unveil the details of its long-term vision for the Australian health system.

With the Federal election expected in May, there is plenty of time for the Government to roll out a series of fully-funded policies designed to meet the growing health care demands of a growing and ageing population.

The conditions are ripe for a new round of significant and meaningful health reforms, underpinned by secure, stable, and adequate long-term funding, to ensure the best possible health outcomes for the Australian population.

The 2019 Budget and the election come as the Government finalises significant reviews, most notably the Medicare Benefits Schedule (MBS) Review and the implementation of the review of the private health insurance (PHI) sector.

The AMA and the medical profession will watch closely to see which MBS Review recommendations become Government policy. It has been our view from the start that the MBS Review must not be a cost saving exercise – it needs to be a credible clinical process to produce a strong contemporary MBS.

The PHI reforms – the Gold, Silver, Bronze, and Basic policies - are already being introduced. We are yet to see how they will be accepted by the public and the health professions.

At the same time, the Government will be navigating the implementation of vital public hospital funding negotiations with the States and Territories via the Council of Australian Governments (COAG) processes. The AMA is adamant that more funding is needed to ensure hospital capacity to meet rapidly growing patient demand. We also believe that all governments – Commonwealth, State, and Territory – need to commit their fair share, and work cooperatively to build efficiencies in the system.

The Government, led by Health Minister Greg Hunt, has shown strong commitment to the Pharmaceutical Benefits Scheme (PBS), and we expect this ongoing commitment to be reflected in the Budget.

The Aged Care Royal Commission will have impacts across the health system, which the next Government will have to manage.

The key to successful health reform is keeping all the important and disparate sections of the health system linked – and the key to keeping everything working to a common goal is general practice and the local GP.

The AMA stresses that this Budget and the imminent election policies from all parties must contain a significant, long-term funding commitment to primary health care, led by general practice. This will be one of the key factors by which we will judge the Budget and the election policies.

The Government acknowledged the importance of general practice in the Mid-Year Economic and Fiscal Outlook statement in December, but the funding commitment was inadequate. More is needed.

This AMA Pre-Budget Submission sets out a range of policies and recommendations that are practical, achievable, and affordable. They will make a difference. We urge the Government to adopt them in the Budget process.

We have stuck mainly to the major pillars of the health system – public hospitals, the private health sector, the PBS, and primary care – in this Submission.

We have also highlighted emerging policy priority areas such as aged care, mental health, and medical research.

The AMA will release a broader policy agenda - encompassing Indigenous health, public health, prevention, and other issues - ahead of the election.

Health should never be considered an expensive line item in the Budget. It is an investment in the welfare, wellbeing, and productivity of the Australian people.

Health is the best investment that governments can make.



Dr Tony Bartone
President

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1

GENERAL PRACTICE AND PRIMARY CARE

Primary health care (PHC) is the front line of the healthcare system and usually the first level of contact for individuals, the family, and the community with the health system.

General practice is the cornerstone of successful primary health care, which underpins population health outcomes and is key to ensuring we have a high-quality, equitable, and sustainable health system into the future.

GPs have a profound influence on both health outcomes and health expenditures. It is estimated that primary health care professionals control or influence approximately 80 per cent of health care costs, which means that they have an important role to play in ensuring that health expenditure remains sustainable.

To ensure that general practice is equipped to meet the challenges of providing care to an ageing population and the growing burden of complex and chronic disease, the Commonwealth needs to deliver real resources to frontline GP services.

Spending on general practice services currently represents around eight per cent of total Government spending on health, and this proportion has remained relatively stable despite a growing workload.

The AMA believes this figure should be lifted, over time, to around 10 per cent as part of an effort to re-orientate the health system to focus more on general practice, with long-term savings to the health system anticipated in return.

The AMA calls on the Government to:

- **implement a program for patients with chronic disease who are most at risk of unplanned hospitalisation (including readmission), providing a quarterly 'care coordination' payment to GPs to support a more pro-active and team-based approach to care. This would supplement existing Medicare funding arrangements and operate in a similar way to the Department of Veterans' Affairs Coordinated Veterans' Care program;**
- **provide additional funding for the Practice Incentive Program (PIP) to properly support the May 2019 introduction of the PIP Quality Improvement Incentive (PIPQII) and avoid the loss of other key PIP incentives. A well-funded PIPQII represents a significant opportunity to promote improved patient care and better target population health planning;**
- **retain the Aged Care Access Incentive (ACAI), which is scheduled for abolition from 1 May 2019;**
- **increase support for longer GP consultations through the introduction of an 'extended' Level B MBS consultation item that recognises the extra work involved for those GPs who spend more time with their patients;**

GENERAL PRACTICE AND PRIMARY CARE

- **improve access to after-hours GP services for patients by bringing forward the Medicare definition of after-hours in-rooms consultation items so that they commence at 6.00pm on weeknights and 12 noon on a Saturday;**
- **introduce specific MBS rebates for GP telehealth consultations provided by a patient's usual GP for:**
 - + **after-hours services,**
 - + **patients with a GP Management Plan,**
 - + **patients with mobility problems, and**
 - + **patients in residential aged care facilities;**
- **support patients with hard-to-heal wounds by funding the costs of dressings for patients who:**
 - + **have a diabetic foot ulcer or diabetic leg ulcer; or**
 - + **have a venous or arterial leg ulcer; or**
 - + **are 65 years of age and over;**
- **support enhanced access to GP-led team-based care for patients by lifting the caps on subsidies available through the incoming Workforce Incentive Program, better supporting the employment of nurses, pharmacists, and allied health professionals in general practice.**

2**PUBLIC HOSPITALS**

Public hospitals are a critical part of our health system. The doctors, nurses, and other staff who work in them are some of the most skilled in the world. The most recent available data shows that in 2016-17, public hospitals provided more than six and a half million episodes of admitted patient care and in 2017-18 managed over eight million emergency presentations.

Despite their importance, and despite our reliance on our hospitals to save lives and improve quality of life, they have been chronically underfunded for too long.

The AMA calls on the Government to:

- **boost funding for public hospital services beyond levels set out in the 2020-2025 agreement, and lift public hospitals out of their current funding crisis, which is putting doctors and patients at risk;**
- **stop penalising hospitals for adverse patient safety events, and fully fund hospitals so they can improve patient safety and build their internal capacity to deliver high value care in the medium to long term;**
- **include an explicit ongoing Commonwealth contribution above and beyond the activity-based formula, to fund the obligations on jurisdictions to deliver integrated care post discharge to prevent avoidable re-admissions; and**
- **include an explicit ongoing Commonwealth contribution above and beyond the activity-based formula, to fund the obligations on jurisdictions to reduce potentially avoidable admissions for patients with complex and chronic disease as specified in the 2020-25 agreement.**

3

A FUTUREPROOFED MEDICARE

The AMA supports a Medicare Benefits Schedule (MBS) system that reflects contemporary best practice – one that provides for the innovations and improvements that have been made in medicine, and the opportunities that technological advancements can offer. One based on robust research and a strong evidence base. It also needs to be one that provides adequate patient rebates so that we don't end up with a two-tier system – those who can afford treatment and those who can't.

In 2015, the medical profession made a commitment to work with the MBS Review and the many Clinical Committees and Working Groups working under the Review Taskforce. The medical professionals on the many Clinical Committees and Working Groups continue to provide their time and expertise to the task of modernising the MBS.

The AMA called for a review process that is transparent, throughout the full lifespan of the review. This includes consultation and feedback on proposed implementation plans and consideration of the overall impacts on health funding, and on viable service delivery. It also includes clinicians who have the right experience – those who work with and use the MBS daily.

The AMA also stated the MBS Review must not be a savings exercise.

The AMA calls on the Government to:

- **establish a Medicare Reinvestment Fund – one that ensures every cent taken out of the MBS Reviews is reinvested in new and improved items recommended by the Committees, and kept separate from the funding needed to fund indexation and increased volume; and**
- **ensure there is a robust and transparent implementation process, with appropriate time to ensure decisions taken in the MBS Review do not have unintended consequences for patients, and that the MBS Review does not become a mechanism for shaping the scope of practice.**

4**MEDICAL CARE FOR OLDER AUSTRALIANS**

Older Australians all too frequently do not have the same access to medical care as other age groups - a longstanding result of inadequate funding and coordination in the aged care and health systems.

This inequity will likely only grow as the Australian population ages, with more complex, chronic medical conditions. This population group will require more medical attention than ever before, and we need to improve the system to cope with this demand.

Over the past financial year, we have seen extensive consultation with stakeholders and consumers on the future of our aged care system, via numerous reviews. Now is the time for action.

The AMA calls on the Government to:

- **take responsibility to ensure quality of, and timely access to, specialist support and allied health in all aged care settings. This includes palliative care, mental health care, physiotherapy, audiometry, dentistry, optometry, and occupational therapy;**
- **introduce a mandatory minimum staff to resident ratio that reflects the level of care needs and ensures 24 hour registered nurse availability;**
- **provide better funding support for services being delivered on site (such as mobile radiology services), which can save on costly hospital transfers; and**
- **introduce specific MBS rebates for GP telehealth consultations provided by a patient's usual GP.**

5**PRIVATE HEALTH**

The AMA believes in a simpler and fairer private health insurance system to better support the Australian private health system. Without the private system, the public system would likely collapse. Already we have struggling public hospitals - we can't allow this to get any worse.

It was impossible for consumers to understand the multiplicity of carveouts, restrictions and exclusions of the 70,000 variations of policies, that made up our Private Health Insurance system. Something had to change. This is the reason the AMA supported the Government's reforms of Private Health Insurance, including the concept of developing the Gold, Silver, Bronze, and Basic health insurance products – but we believe we must go further.

The AMA has been at the table for private health insurance reforms working alongside insurers, hospital groups, consumer groups, and Government on an approach we can all agree on, and we have been at the table on out-of-pocket costs. But there is no doubt that further reform is needed, and it needs to consider the full range of underlying concerns our patients have.

The AMA calls on the Government to:

- **ensure that any move to establish a fee transparency website is helpful to patients. Patients want to know what their out of pocket cost will be for a health procedure. A website that only shows doctors' fees will not deliver this. To determine an out of pocket cost, patients need to know what rebates they will receive from their health insurers – some are certainly far better than others;**
- **fully fund an extensive consumer education campaign on the Private Health Insurance Reforms, and provide further funding to the Private Health Insurance Ombudsman (PHIO) to monitor the rollout and transition to protect patients;**
- **increase the lead time it provides before new MBS items take effect; and**
- **provide the methodology and logic behind the changes, to give the funds the chance to consider and make appropriate changes, and to guard against funding reductions.**

6**DIAGNOSTIC IMAGING**

Government spending on quality diagnostic imaging services that reflect best clinical practice is an investment.

High quality and timely diagnostic imaging prevents much higher downstream costs to the health system - costs that arise from more expensive hospital stays and higher cost medical care.

However, Medicare rebates for diagnostic imaging services have not been indexed for nearly 20 years. The Government announced in 2017 that rebates will rise slightly in 2020 for a small number of services, but most diagnostic imaging rebates will remain frozen.

Policies, regulations, and funding should support the right patients getting the right service at the right time.

The AMA calls on the Government to:

- **ensure that Medicare rebates for diagnostic imaging services are adequately funded so that patients receive quality medical services;**
- **introduce new MBS rebates for clinically appropriate, evidence-based diagnostic imaging services, reflecting current practice;**
- **introduce a billing system to allow patients to pay just the gap up front;**
- **scrap the MRI licensing system; and**
- **fund referral arrangements that support better access to high quality, timely, and affordable services in regional and remote Australia.**

7**PATHOLOGY**

Pathology services are the lifeblood of the Australian health system.

Pathology generates savings to the healthcare system and the economy by enabling early diagnosis, and therefore intervention and management of health conditions. Pathology services are a critical element in preventing much higher costs in acute care from undiagnosed disease and illness.

Pathology underpins and is central to Australia's outstanding record of cancer diagnosis and survival.

At the same time, pathology providers must provide quick and efficient services with many operating 24 hours a day, 7 days a week, to underpin the care of critically ill patients, surgical emergencies, and emergency obstetrics. This responsiveness comes at an increased cost.

But essential support for these cost-effective services is eroding. Government rebates for pathology services have not been indexed in two decades. In addition, cuts to pathology services arising from the MBS Review are still looming.

The AMA calls on the Government to adequately support pathology services by:

- **ensuring that Medicare rebates for pathology services are adequately funded so that patients receive quality services;**
- **investing in a sustainable, diverse pathology workforce, including in regional areas; and**
- **increasing investment in the development of genomics, which has the potential to revolutionise medicine.**

8**HEALTH AND MEDICAL RESEARCH**

As the professional organisation for medical practitioners across all disciplines in Australia, the AMA has a strong interest in ensuring that Australia's capacity to be among the world leaders in health and medical research is recognised and properly supported.

Currently, this potential is not being appropriately resourced and, consequently, Australia will fall behind in the context of global research, discovery, and innovation.

Health and medical research funded through the National Health and Medical Research Council (NHMRC), the Medical Research Future Fund, the Australian Research Council, other Commonwealth and State government agencies, charitable foundations and our universities is crucial to ensuring best practice health and medical care in Australia.

The AMA calls on the Government to make a more substantial investment in fundamental health and medical research. In comparison to other OECD countries, Australia is mid-table for investment in health and medical research.

However, with Australia's general prosperity, strong economy, and track record in innovation, Australia should be aiming for leadership.

The 2018-19 Budget revealed that NHMRC funding is falling in real terms. Funding for NHMRC's research programs is \$829 million for 2018-19, with estimates for the following three years remaining virtually stable with increases of roughly 1.5 per cent each year (compared to CPI, which was 1.9 per cent for the year to 31 March 2018).

In the 2017 MYEFO, the Government announced a two-year freeze on the Commonwealth Grants Scheme to universities and a cap on funding for student places.

In 2018, it added to these cuts to universities by announcing a plan to remove \$328.5 million over four years from the Research Block Grants scheme.

The AMA calls on the Government to:

- **immediately restore the funding removed from MYEFO to the Research Block Grants program;**
- **increase funding to the NHMRC for investment in fundamental health and medical research; and**
- **bring investment in research and development in Australia to the OECD average of 2.36 percent of GDP (currently, Australia has fallen to 1.88 per cent).**

9**MENTAL HEALTH**

Australia currently lacks an overarching mental health 'architecture' that includes agreement on national policies and structures to facilitate prevention and proper care for people with mental illness.

Mental health and psychiatric care are grossly underfunded when compared to physical health.

The AMA believes that a multipronged strategy is required to improve access and care to this very vulnerable group of Australians. This strategy should encompass:

- improved service delivery;
- significantly increased funding;
- improved coordination;
- robust workforce and infrastructure solutions;
- prevention, education and research; and
- e-health/telemedicine solutions.

The AMA calls on the Government to:

- **ensure that the National Disability Insurance Scheme (NDIS) is properly and adequately resourced so that patients are not left without support or care for their mental health issues;**
- **fund and resource an appropriately sized, skilled, and resourced mental health workforce – addressing workforce gaps should be a priority;**
- **ensure workforce and services for the delivery of mental health care for those living in regional and remote areas;**
- **commit to a level of funding that allows for a mix in the range and level of mental health care available for all Australians, regardless of their geographical location, level of income, and ethnic background; and**
- **provide increased access to e-health and telemedicine for service delivery.**