This document provides a summary of the Portfolio Budget Statements 2010-11 for Health

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1 Health Portfolio Budget Statements 2010-11

The Health Portfolio Budget Statements for 2010-11 have been released and contain few surprises and even fewer mentions of private hospitals. Reforming Australia’s health system in line with the recent announcements is at the centre of the document. Following the three reviews and the consultation process, the Federal and State Governments have agreed (with the exception of WA) to establish a National Health and Hospital Network. The majority of the announcements within the budget are set against the formation of the Network. The following is a summary of the key announcements within the 800 page document.

2 Summary of funding announcements

The Australian Government will provide $7.3 billion, from 1 July 2010, for the National Health and Hospital Network package. Together with other Budget funding, the initiatives include:

- $3.5 billion to improve access to public hospital services, including $1.62 billion to deliver 1,316 subacute care beds
- $1.2 billion for the health workforce – to train more health professions and make the most of the skills of the existing workforce
- $812.9 million to improve access in the community to high-quality aged care, including $532.9 million in new funding
- $772 million to strengthen access to primary care services, including around 23 new GP Super Clinics and improved access to GP after hours services
- $466.7 million to develop and implement a national system for personally controlled electronic health records
- $449.2 million to deliver coordinated primary health care for people with diabetes
- $266 million to establish governance arrangements under the Network
- $175.8 million to improve our mental health system, including $123.2 million in new funding
- $52.6 million for prevention, including significant new initiatives to tackle smoking and binge drinking

3 Summary of policy announcements

National funding of public hospital services

The Australian Government will fund 60% of the efficient price of all public hospital services delivered to public patients. The Government will fund 60% of the capital, research and training in public hospitals,
and over time move to fund 100 per cent of the national efficient price of ‘primary care equivalent’ outpatient services’

**New Local Hospital Networks**

Responsibility for public hospital management will be devolved to new Local Hospital Networks. State and territory governments will negotiate and agree Service Agreements with Networks on the public hospital services they will deliver. Networks will manage single hospitals or small groups of public hospital services.

**Independent Hospital Pricing Authority**

Networks will be paid on the basis of a national efficient price for each service they provide. A new Independent Hospital Pricing Authority will be established to set the national efficient price for the Australian Government’s contribution to public hospital services. Through activity based funding the Australian Government will provide 60% of the efficient price for each service provided by the network.

The transition to activity based funding will take place over time, beginning with admitted patient services from 1 July 2012.

**New National Performance Authority**

There will be new Hospital Performance Reports and Healthy Community Reports on primary health care. A new, independent National Performance Authority will show how public and private hospitals perform against new national standards, and other performance indicators. This will include public hospital emergency department and elective surgery waiting times; adverse events in hospitals; patient satisfaction; and financial management.

In addition to this, new clinical safety and quality standards will be developed by a permanent Australian Commission on Safety and Quality in Health Care.

**Access to Pharmaceutical Services**

The 2008 budget measure that would have adversely affected private patients in private hospitals undertaking chemotherapy treatment has been removed. The new Community Pharmacy Agreement will see the community pharmacy retail mark-up will be replaced with a flat 1.39% private hospital mark-up and the current dispensing fee will remain consistent with that paid to community pharmacy.

**Primary health care**

The Australian Government will have funding and policy responsibility for general practice and primary health care and will establish a network of referral and connection services for patients, to be known as Medicare Locals.
Aged care
The Australian Government will also have funding and policy responsibility for aged care services

4 Access to Pharmaceutical Services

Intravenous Chemotherapy
The 2008 Budget measure under which the Commonwealth proposed to reimburse only that portion of a chemotherapy drug that was actually used, has been revised. The measure adopted is now in line with the funding proposal put to the Government by a coalition of pharmacists, clinicians, hospitals and patients, in which APHA played an active part. Pharmacists are now required to dispense individual patient doses in combinations of vial sizes that will produce “the least cost to the taxpayer”. The negative impact on patients and private hospitals has now been removed.

Remuneration Arrangements for private hospital pharmacies
The Fifth Community Pharmacy Agreement, negotiated between the Commonwealth Minister and the Pharmacy Guild, has changed the remuneration arrangements for private hospital pharmacies approved under s94 of the National Health Act. The previous wholesale mark-up of a maximum of 7.52% has been replaced with a flat storage and handling mark-up of 11.1%. The community pharmacy retail mark-up will be replaced with a flat 1.39% private hospital mark-up and the current dispensing fee will remain consistent with that paid to community pharmacy.

PBS in Private Hospitals
The review of PBS in Private Hospitals is now complete and is being considered by the Agreement Consultative Committee, comprising the Pharmacy Guild and the Department of Health. Further details will be provided as soon as possible.

5 Access to Medical Services

Medicare services

Build a Quality Framework for the MBS
The Australian Government has introduced post-implementation evaluations for all new MBS items that have not been considered by the Medical Services Advisory Committee. The evaluations will ensure new services meet clinical and Government expectations, and are cost-effective in contemporary clinical use. The Government has also commenced reviewing existing MBS items to ensure that they remain clinically relevant, and to ensure they are reimbursed appropriately. In 2010-11, the Department will continue to work with key stakeholders to refine the process for assessing new MBS items and to establish priorities for further reviews of existing MBS items.
A review will take place of both pathology and diagnostic imaging to investigate whether the Government is paying the appropriate amount to support access to quality pathology and diagnostic imaging services. The reviews will also consider whether the amount the MBS pays for different services should be changed to better reflect costs, and whether some elements should be reimbursed through alternatives to fee-for-service under Medicare. These reviews are being conducted in consultation with health consumers, relevant professions and other stakeholder groups. The Department will report to Government on the review outcomes, as part of the 2011-12 Budget process.

Medicare Benefits Schedule review of primary care items
During 2008-09, the Department undertook a review of the MBS primary care items in an attempt to reduce red tape, simplify the MBS and encourage preventative health care. The result was that 85 primary care items have been condensed into 33, without any reduction in patient access to services and benefits. The changes commenced on 1 May 2010.

Health technology assessments
The Government will develop a new health technology assessment framework. The new framework will be established to build evidence on health care intervention investment decisions. This will include a coordinated and streamlined interface between the Department and applicants for reimbursement. The new framework will build on current arrangements for the assessment of pharmaceuticals and medical devices, and supports the findings of the Review of Health Technology Assessment in Australia (December 2009).

Diagnostic imaging services

Encourage more effective use of diagnostic imaging
The Department will consolidate and build on its programs designed to improve the quality of diagnostic imaging services. Building on stakeholder consultation during 2009-12, the Department will develop an industry—focused program to fund projects that will improve the quality and safety of diagnostic imaging services provided in Australia.

The National Prescribing Service will promote evidence-based requests for diagnostic imaging services. The service will undertake a range of activities to improve diagnostic referral quality and consistency including: development of agreed clinical guidelines on appropriate requesting of diagnostic imaging; introduction of education and quality assurance programs for health professionals and consumers; development of referral decision support tools; and introduction of peer feedback programs among practitioners. The project is designed to contribute to the sustainability of Medicare-funded services through more appropriate use of diagnostic imaging and pathology services.

Pathology services

Access to pathology services
The National Prescribing Service will promote evidence-based requests for pathology services. This project will contribute to the sustainability of Medicare-funded services through appropriate use of pathology services. The services will undertake a range of activities to improve diagnostic referral quality and consistency. This will include development of agreed clinical guidelines on appropriate requesting of pathology, introduction of education and quality assurance programs for health professions and consumers, development of referral decision-support tools, and introduction of peer feedback programs among practitioners. The additional support and information is designed to help doctors ensure that the pathology services they request are the most beneficial for patients.
6 Aged Care and Population Ageing

Aged care workforce

Building Nursing Careers Program
There will be a new Building Nursing Careers program which will provide an additional 600 fully funded enrolled nursing places and 300 undergraduate nursing scholarships over four years

Nurse practitioners
There will be a new Aged Care Nurse Practitioner Program, through which seed funding will be provided to explore appropriate models of practice for aged care nurse practitioners. Up to 25 projects will be funded to identify appropriate models of practice and to promote access to nurse practitioners services in aged care

Training and education incentive payments
There will be bonus payments for aged care workers who study and stay in aged care; funding for training and scholarships for enrolled and registered nurses; seed funding to establish ways to better utilise nurse practitioners in aged care; and funding to develop a national scope of practice for personal care workers and assistants in nursing.

7 Primary Care

Primary care education and training

High quality general practice training
The Australian Government will support primary health care delivery through the provision of high quality general practice education and training. The number of Prevocational General Practice Placements will increase from 380 to 910. The number of places on the Australian General Practice Training placements will increase from 700 to 900. The number of places on the Remote Vocational Training Scheme will increase from 15 to 22.

Primary care financing, quality and access

Health reform to primary health care services
The Australian Government will achieve reform by assuming full funding and policy responsibility for general practice and primary health care services from 1 July 2011. A transfer of services report will be delivered to the Council of Australian Governments (COAG) in December 2010.

GP Super Clinics and primary care infrastructure
The Australian Government will continue to invest in the construction of around 23 new GP Super Clinics. It will also upgrade and extend approximately 425 existing primary health care facilities to improve team-based care and extend the delivery of GP Super Clinic style services across Australia. These clinics will provide a wider range of services in a single location and will be open for extended hours.
Establish a network of Medicare Locals

In 2010-11, the Australian Government, through the National Health and Hospitals Network, will provide funding to establish a network of Medicare locals. These will be independent legal entities, with strong links to local communities, health professionals, service providers and non-government organisations. Medicare Locals will promote regional integration, one of the key building blocks in the National Primary Health Care Strategy.

Medicare Locals will make it easier for patients to navigate their way through the health system. They are designed to improve the planning and coordination of services at the local level, support the delivery of a range of primary health care initiatives, including addressing service gaps and inequities, and improve collaboration between practitioners and services providers across the health system. Medicare Locals will also improve patients’ access to after-hours primary care services.

Access to after-hours primary care

The Government, through the National Health and Hospitals Network, aims to improve community access to after-hours primary care services throughout Australia. In 2010-11, the Department will work to establish a telephone-based GP medical advice and diagnostic service as an add-on to healthdirect Australia, a 24-hour, nurse-based telephone health triage, advice and information service. From 1 July 2011, anyone needing to see a GP at night or on the weekend when their usual GP practice is closed will be able to contact their local GP practice and have the call referred as necessary to the Network. A nurse, and if necessary a GP, will assess the patient’s needs. If needed, the GP will arrange for the call to be seen as soon as possible by a local primary health care provider.

Incentive payments to support practice nurses

The Australian Government, through the National Health and Hospitals Network, aims to expand and enhance the role of practice nurses by reforming support and through funding nurse positions in general practice. From 2011-12, the Government will introduce a new Practice Nurse Incentives program, which will provide funding to practices to support the employment of practice nurses. This funding will be available to all accredited practices across Australia. In 2010-11, the Department will commence program design and implementation activities in consultation with Medicare Australia and key stakeholders.

8 Private Health

The Government is committed to ensuring that Australians have access to private health insurance through a viable and cost-effective private health industry. With incentives such as private health insurance rebates, the Medicare levy Surcharge and Lifetime Health Cover, the Government will encourage and support individuals and families to purchase private health insurance.

Private health insurance

Ensure the sustainability of the private health insurance rebate

The private health insurance rebate is the fastest growing component of Australian Government health expenditure. In 2010-11, the Department will support the Government to implement means testing.

Note that this measure remains in the budget portfolio statement as it is still before the Senate. It is not expected to be reintroduced this year.
**Promote an affordable and sustainable private health insurance sector**

The Australian Government will continue to review private health insurance premium and ensure that they are kept to a minimum. The Government will improve transparency of the premium-setting process by providing consumers with a better understanding of the Government’s role in assessing and approving proposed premium increases. To improve transparency, the Department will provide consumers with information about the premium assessment process and average increases for individual insurers, with this information will be published on the Department’s website.

In 2010-11, the Government will monitor and review the impact on public hospitals of the 2008 increase to the income thresholds for the Medicare Levy Surcharge. As required under the legislation, the Department will arrange for an independent review of the impact of the changes (if any) on public hospitals, and review the regulatory impact of the changes to the legislation.

**Improve the regulatory framework**

The Australian Government will work with stakeholders from the private health insurance industry, prostheses manufacturers and suppliers, consumers, surgeons and private hospitals, to implement the recommendations of the Review of Commonwealth Health Technology Assessment. Working with these stakeholders the Department will streamline prostheses listing processes for private health insurance benefits.

**Improve information for consumers**

In 2010-11, the Department will introduce fee-for-service charges for the annual Lifetime Health Cover (LHC) mail-out. The annual mail-out is undertaken by the Department with the assistance of Medicare Australia. Individual insurers will be charged for the costs of the mail-out based on their membership market share. This will ensure the mail-out continues into the future.

**Information on private hospital performance**

Very little detail is given in the portfolio statement on this, other than that the Department will publish information on private hospital performance against national hospital performance indicators. The Department aims to increase this reporting from the current 75% of all private hospitals, to 90% by 2010-11, and 100% for 2011-12 onwards.

**The total number of insured persons**

The Department’s policies are estimated to keep the number of privately insured persons at the present level of 9.8 million for the next four years.

# 9 Health System Capacity and Quality

**e-Health implementation**

**National eHealth leadership**

The Australian government promote to the community the benefits of e-health. The Department will work with state and territory governments, professional groups and consumers, to support the development and implementation of e-health capabilities.

The Australian Government, in partnership with state and territory governments, will support the National E-Health Transition Authority (NEHTA) by funding it to develop national e-health standards. NEHTA will
deliver key e-health building blocks to support the safe and secure electronic exchange of patient information and will develop e-health standards to enable the compatibility of e-health systems.

**Promote the use of Healthcare identifiers**
The Department will promote the use of Healthcare Identifiers and develop and implement a legislative framework to support their use in health services delivery. The Department, through NEHTA, has contracted Medicare Australia to manage the Healthcare Identifiers service and assign identifiers to all Australian residents, health care providers and health care organisations during 2010-11.

**Support the design and development of a personally controlled electronic health record system**
The Australian Government will provide $466.7 million over two years to establish the national components of a secure national system for personally controlled electronic health records. This will provide the national core infrastructure, governance standards and tools to enable all Australians who choose to participate to register online from 2012-13.

**Research capacity**

**Improve safety and quality in health care**
The Australian government, in conjunction with states and territories, will establish the Australian Commission on Safety and Quality in Health Care as a permanent body with an expanded range of functions. Through this, the Australian Government will continue its commitment to driving improvements in safety and quality in health care. The permanent Commission is expected to commence operations on 1 July.

As part of the National Health and Hospitals Network Agreement, the Australian Government will require strong National Standards and transparent reporting in the health system. The Commission will develop and monitor National Clinical Safety and Quality Standards, and work with clinicians to identify best practice clinical care. Private hospitals will be expected to report data on these standards. Expansion of the Commission’s functions beyond 2010-11 is contingent on the states and territories collectively matching the Commonwealth’s funding contribution.

**Health Workforce Capacity**

**Rural Workforce**

**Increase the supply of health professionals in regional, rural and remote Australia**
The Australian Government will improve health workforce supply through 2009-10 with spending of $134.4 million on the Rural Health Workforce Strategy. From 1 July 2010 the Government will introduce the General Practice Rural Incentives program which aims to recognise and retain long-serving doctors in rural and remote communities.

The Department will consolidate and expand the National Rural Locum program and the newly implemented Rural Locum Education Assistance program, which encourages urban GPs to expand their skills base.
The Government will also provide an additional 100 clinical placement scholarships each year to enable allied health students experience rural based practice and contribute to improving workforce capacity in these areas.

**Workforce**

*Medical education and training*

The Australian Government will continue to implement and expand the existing consolidated Specialist Training program to 900 placements per annum from 2014 and deliver 680 more specialist doctors in the next decade. The Specialist Training program supports training outside traditional public teaching hospitals. The Department will expand the program in 2010-11, with priority given to specialties with identified workforce and training place shortages. The Australian Government will provide clinical supervision and infrastructure support for private sector training providers.

The Australian Government will make a $1.2 billion investment to train more doctors, nurses and allied health professionals to meet the growing need for health and hospital services across the country.

This will result in 1,375 more GPs practising or in training by 2013. There will be 975 places each year for junior doctors to experience a career in general practice during their postgraduate training period. Funding will also be made available to train 680 more specialist doctors in the next decade, with the delivery of training in rural areas being a priority under the Specialist Training program.

*Recruitment and retention of health professionals*

The Australian Government aims to increase access to health services by supporting the recruitment of appropriately skilled overseas-trained doctors to work in out metropolitan regional, rural and remote locations. Through the Scaling of Rural Workforce program, overseas-trained medical practitioners will be able to reduce their ‘return of service obligation’, by choosing to live and work in the most rural and remote locations. From 1 July 2010, Australian and overseas-trained doctors, who are subject to restricted practise, will have the opportunity to reduce their obligation if they choose to work in a regional, rural or remote location.

*Nursing workforce supply*

The Australian Government will continue to implement the Nurse Practitioner program. From 1 November 2010, eligible nurse practitioners will be able to provide services that attract an MBS rebate to private patients, and prescribe medicines subsidised under the PBS.

A new rural locum scheme will enable 3,000 nurses to access continuing professional development. The Practice Nurse Incentive Program will also free up the time of GPs and enable them to focus on more complex care by providing funding to general practices to employ practice nurses.

*Allied health workforce*

There will be an addition 400 clinical training scholarships to strengthen the allied health workforce. These will be made available over the next four years.
Acute Care

Public hospitals and information

National funding of public hospital services
The Australian Government will fund 60% of the efficient price of all public hospital services delivered to public patients. The Government will fund 60% of the capital, research and training in public hospitals, and over time move to fund 100 per cent of the national efficient price of ‘primary care equivalent’ outpatient services.

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Elective surgery
The Australian Government will implement access targets for elective surgery. Where patients have waited longer than the Elective Surgery Access Guarantee they will have the opportunity to have their surgery conducted elsewhere in either the public or private sectors.

The Australian Government will provide $652.2 million over four years to implement these targets and guarantees which are expected to support an additional 22,000 elective surgery procedures each year by 2013-14, and will provide a further $150.7 million for elective surgery capital to support the construction of facilities such as day surgery centres, elective surgery centres, and information technology to reform clinical and management systems.