

Summary of Commonwealth Budget 2015-16

12 May 2015

General overview

Unfortunately, despite appeals from the states and stakeholders including the VHA, the Government has not reinstated the funding formula for health services as set out in the *National Health Reform Agreement 2011* and will push ahead with its plans from 2017-18 to index its contribution to hospitals funding by a combination of the Consumer Price Index and population growth.

Additionally, the Commonwealth Government has not reversed its decision to cancel the *National Partnership Agreement on Preventative Health* before its expiry in 2018 and with it, an investment over four years of almost \$370 million nationally. It was from this funding pool that Victoria drew to support its 'Healthy Together Victoria' health prevention program. In the absence of a Commonwealth funding commitment, the Victorian Government has not confirmed its support or otherwise for the continuation of this program.¹

The Commonwealth Government has further reduced its projected Specific Purpose Payments (SPP) to the states for National Health Reform funding, public hospitals funding and various other national partnership payments for health. In 2015-16, the Commonwealth will deliver \$310 million less in health SPPs than funds flagged in the *Mid-Year Economic and Fiscal Outlook 2014-15*, and \$671 million less in 2017-18. Across the forward estimates, the Commonwealth will achieve savings of \$1.3 billion nationally to projected health SPPs.

The Budget commits \$13.99 billion towards ageing, aged care and home care, an increase of 6 per cent from last year. Within the allocation for residential care, funding for flexible places has increased by more than 30 per cent, a welcome development from the estimates outlined in last year's budget, which foreshadowed a reduction.

New measures previously unannounced

The Budget introduces a range of previously unannounced measures:

- Cuts of almost \$1 billion over five years by 'rationalising and streamlining' health program funding, including:
 - the Health Portfolio Flexible Funds
 - dental workforce program
 - preventative health research
 - GP Super Clinics which have not yet commenced construction
- \$10.2 million over two years to improve organ and tissue donation and transplantation, which includes funding to deliver clinical education to hospitals.

¹ See page 864 of Parliamentary Debates (Hansard), Legislative Council Questions on Notice 17 and 18 March 2015 (Extract from book 4), available at <http://hansard.parliament.vic.gov.au/isysquery/4ad64eee-f3b6-45aa-a8e6-9dc219f176a/1/doc/>

- The reprioritisation of funds from existing medical training programs to expand the *General Practice Rural Incentives Programme* and the amalgamation of nine health workforce scholarships programs.
- Removal of an 'anomaly' that has allowed Cohealth Ltd clients to pay an annual prescription fee to fill prescriptions rather than a co-payment each time they fill a prescription.
- A pause on the indexation of the Department of Veterans Affairs dental and allied health provider payments until 1 July 2018, producing savings of \$69.6 million.
- \$144.6 million of savings by removing the 'current duplication between health assessments under the MBS and the child health assessments already provided by the states and territories.'
- \$20 million over two years to renew the National Drugs Campaign which promotes the avoidance and cessation of illicit drug use.
- Continued funding for the Royal Flying Doctor Service for a further two years.
- \$2.5 million to continue support for access to healthcare on Phillip Island.
- \$73.7 million to provide additional Home Care Packages from 1 February 2017 as well as to increase the functionality of the My Aged Care Gateway to manage the allocation of Home Care Packages to consumers (rather than through service providers in the Aged Care Approvals Round).
- A new fee schedule for aged care accreditation from 1 July 2016 that will 'recover the full operating costs of accreditation, education and training' performed by the Australian Aged Care Quality Agency' resulting in savings of \$30.7 million.
- \$33.7 million to create a national gateway for carers to access information, support and referral to carer specific supports and services.
- \$114.80 million for funding for disability and carer support in 2015-16, an increase of \$88.5 million from \$26.3 million in 2014-15.
- More than \$209 million for Victoria to meet the wage increases from the Social and Community Services Equal Remuneration Order.
- A funding reduction of around \$40 million for the Aged Care Workforce Fund, which will be redesigned and renamed the Aged Care Workforce Development Fund from 1 January 2016.



- \$143 million to establish a new ICT system to operate the full National Disability Insurance Scheme.

Confirmation of measures revealed prior to the Budget

The majority of the health related measures were revealed publicly prior to the release of the Budget, and were confirmed tonight. They include:

- No GP co-payment (which was meant to be established on 1 January) and a reversal of changes to GP rebates announced in the *Mid-Year Economic and Fiscal Outlook 2014-15*.
- \$200 million to reform dental services over the next year, including a new 12 month *National Partnership Agreement on Dental Health* worth \$155 million and continued access to the Commonwealth Child Dental Benefits Scheme (CDBS). With respect to the CDBS, the Budget identifies savings of \$125.6 million by 'aligning indexation arrangements for both the benefits payable and the benefits cap' with indexation arrangements for other health benefits programs. The new agreement will replace '*National Partnership Agreement for Adult Public Dental Services*' deferred in the 2014-15 Budget with savings of \$390 million.
- \$485 million over four years to establish a new electronic health system 'My Health Record' (previously the Personally Controlled Electronic Health Record) and the replacement of the National E-Health Transition Authority with an 'Australian Commission for e-Health.'
- \$1.3 billion to list on the Pharmaceutical Benefits Scheme (PBS) new medicines and vaccines relating to melanoma, breast cancer and blindness as well as free vaccines for the shingles virus to Australians aged 70 to 79. This will accompany other PBS changes (including removing subsidies from a range of 'over the counter' medicines).
- A review into Medicare that will look at the Medicare Benefits Schedule primary care models, compliance rules and benchmarks.
- A \$26 million boost to the child immunisation program through a range of activities, including funding incentives to health providers and GPs.
- That \$10 million from the Government's \$20 billion Medical Research Future Fund will be allocated towards medical research in 2015-16; [media](#) reports indicate that the Government will introduce legislation to Parliament to see it established on 1 August.
- A twelve month extension worth \$300 million for mental health services to continue service delivery pending the outcome of a review into mental health.



- An extension of funding of \$87 million for another 12 months for alcohol and drug treatment organisations while longer term plans are developed.
- A \$5,000 cap on the meals and entertainment allowance under fringe benefits tax arrangements.
- A \$600 million 'cancer fighting package' that will include a new cervical cancer screening program and the establishment of a National Cancer Screening Register.
- Cuts of \$113 million to the Department of Health through efficiencies in contractor, staff and property costs and consolidation of Therapeutic Goods Administration corporate and legal services into the Department.
- \$15.3 million for research into exotic disease threats to Australia and the region.
- \$1 million in 2014-15 to the Wimmera Health Care Group to support the redevelopment of the oncology, dialysis and community palliative care centre in Horsham.
- \$55 million to establish 'Severe Behaviour Response Teams' to provide advice to residential aged care providers on the care needs of people with the most severe behavioural and psychological symptoms of dementia.

Conclusion

The VHA will provide further detail on the Budget and its implication for Victorian health services as more information comes to hand. We will host a post Budget breakfast briefing exclusively for members on Thursday 14 May. [Click here](#) for further information and registration details.