



Policy costing request—during the caretaker period for a general election

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| Name of policy: | Implementing Primary Health Care |
| Person requesting costing: | Senator Di Natale |
| Parliamentary party: | Australian Greens |
| Date of request to cost the policy: | 29 June 2016 |
| <i>Note: This policy costing request and the response to this request will be made publicly available.</i> | |
| Has a costing of this policy been requested under Section 29 of the Charter of Budget Honesty (ie from the Treasury or the Department of Finance)? | No |
| Details of the public release of this policy (Date, by whom and a reference to that release): | 27 May 2016; Richard Di Natale http://greens.org.au/primary-care |
| Description of policy | |
| Summary of policy (as applicable, please attach copies of relevant policy documents): | <p>Doctors will be paid \$1000 per enrolled patient on an annual basis in return for enrolling patients who need ongoing management of a chronic disease condition. The payments will go to GP practices annually to compensate the doctor for time spend managing, planning and coordinating the care of the patient including with allied health providers, and are conditional on benchmarks (set by the Department and local PHN) being met.</p> <p>This funding is an addition to existing fee-for-service payments. However, policy also phases out existing chronic disease management payments over 2 years listed below.</p> <p>10986 Health assessment kids check 701 Health assessment brief 703 Health assessment standard 705 Health assessment long 707 Health assessment prolonged 715 Health assessment ATSI 721 Chronic disease plan 723 Team care coordination 729 Contribution to team care (health) 731 Contribution to team care (aged) 732 Review of GP management plan</p> |

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| <p>What is the purpose or intention of the policy?</p> | <p>As part of our health reform package, we wish to move doctors to a blended payments model, where they receive fee-for-service payments under Medicare as now, but also receive payments for a cohort of patients enrolled with their practice. This will lead to better management of chronic disease in our primary care sector.</p> |
| <p>What are the key assumptions that have been made in the policy, including:</p> | |
| <p>Is the policy part of a package? If yes, list the components and interactions with proposed or existing policies.</p> | <p>Yes. Combines with the below to form Greens Primary Care reform policy:</p> <ul style="list-style-type: none"> - Managing Chronic Disease - Primary Health Networks – Funding |
| <p>Where relevant, is funding for the policy to be demand driven or a capped amount? If a capped amount, are the costs of administering the policy to be included within the capped amount or additional to the capped amount?</p> | <p>The funding is capped at \$1000 per enrolled patient. Enrolment is capped at 1 million patients enrolled per year</p> |
| <p>Will third parties (for instance the States/Territories) have a role in funding or delivering the policy? If yes, is the Australian Government contribution capped, with additional costs to be met by third parties, or is another funding formula envisaged?</p> | <p>N/A</p> |
| <p>Are there associated savings, offsets or expenses? If yes, please provide details.</p> | <p>Our policy would phase out the below payments.</p> <ul style="list-style-type: none"> 10986 Health assessment kids check 701 Health assessment brief 703 Health assessment standard 705 Health assessment long 707 Health assessment prolonged 715 Health assessment ATSI 721 Chronic disease plan 723 Team care coordination 729 Contribution to team care (health) 731 Contribution to team care (aged) 732 Review of GP management plan <p>MBS data shows that benefits claimed against these items amounts to approximately \$900m per annum.</p> <p>These would be phased out as follows:</p> <ul style="list-style-type: none"> Year 1 – Full retention of items Year 2 – 50% removal of items (in consultation) Year 3 – 100% removal of items |

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| Does the policy relate to a previous budget measure? If yes, which measure? | No | | | |
| If the proposal would change an existing measure, are savings expected from the departmental costs of implementing the program? | N/A | | | |
| Will the funding/program cost require indexation? If yes, list factors to be used. | No | | | |
| Expected impacts of the proposal | | | | |
| If applicable, what are the estimated costs each year? If available, please provide details in the table below. Are these provided on an underlying cash balance or fiscal balance basis? | | | | |
| Estimated financial implications (outturn prices)^(a) | | | | |
| | 2016–17 | 2017–18 | 2018–19 | 2019–20 |
| Underlying cash balance (\$m) | -717.5 | -572.5 | -117.5 | -117.5 |
| Fiscal balance (\$m) | -717.5 | -572.5 | -117.5 | -117.5 |
| (a) A positive number for the fiscal balance indicates an increase in revenue or a decrease in expenses or net capital investment in accrual terms. A positive number in the underlying cash balance indicates an increase in revenue or a decrease in expenses or net capital investment in cash terms. | | | | |
| What assumptions have been made in deriving the expected financial impact in the party costing (please provide information on the data sources used to develop the policy)? | <p>Assume:</p> <ul style="list-style-type: none"> - A cap of 1 million enrolled patients with chronic disease, representing those needing the most active management - Year 1 – 70% enrolled – 700,000 patients - Year 2 – 100% enrolled – 1 000 000 patients - Savings from existing chronic disease management payments incrementally introduced as above - Administration cost of \$70m (PBO) | | | |
| Has the policy been costed by a third party? If yes, can you provide a copy of this costing and its assumptions? | No | | | |
| What is the expected community impact of the policy? How many people will be affected by the policy? What is the likely take up? What is the basis for these impact assessments/assumptions? | By year 2 we expect 1 million Australians to enrol with a general practitioner and access improved management of chronic disease. | | | |

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| Administration of policy: | |
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| Who will administer the policy (for example, Australian Government entity, the States, non-government organisation, etc)? | Department for Health |
| Please specify whether any special administrative arrangements are proposed for the policy and whether these are expected to involve additional transactions/processing (by service delivery agencies). | N/A |
| Intended date of implementation: | 1 July 2017 |
| Intended duration of policy: | Ongoing |
| Are there transitional arrangements associated with policy implementation? | Yes – phasing out of existing chronic disease management payment items as above. |
| List major data sources utilised to develop policy (for example, ABS catalogue number 3201.0). | N/A |
| Are there any other assumptions that need to be considered? | See attached. The following provides background: https://grattan.edu.au/report/chronic-failure-in-primary-care/ |
| <p>NOTE:</p> <p><i>Please note that:</i></p> <p><i>The costing will be on the basis of information provided in this costing request.</i></p> <p><i>The PBO is not bound to accept the assumptions provided by the requestor. If there is a material difference in the assumptions used by the PBO, the PBO will consult with the requestor in advance of the costing being completed.</i></p> | |