



Restoring Regional Mental Telehealth Services	
Party:	Australian Labor Party
Summary of proposal: The proposal would reintroduce the recently removed item 288 in Medicare Benefit Schedule (MBS) Group A8 – Consultant Psychiatrist Attendances To Which No Other Item Applies. The detailed description of MBS item 288 is listed in the MBS book published in November 2021 ¹ . The proposal would have effect from 1 July 2022.	

Costing overview

The proposal would be expected to decrease both the fiscal and underlying cash balances over the 2022-23 Budget forward estimates period by around \$32 million, which is predominantly driven by an increase in administered expenses. The underlying cash balance impact differs slightly from the fiscal balance due to claims processing lags, which would see a small proportion of claims processed in the following year after the service is provided and the expense is recorded.

The proposal would have an ongoing impact beyond the 2022-23 Budget forward estimates period. A breakdown of the financial implications (including separate public debt interest (PDI) tables) over the period to 2032-32 is provided at Attachment A.

The financial impact is mainly driven by the increase in demand for MBS services arising from the improved convenience and accessibility of telehealth services. It also accounts for the implicit offsets from reduced volumes for related services once item 288 is restored to the MBS. Further impacts reflecting potential behavioural responses from patients switching from other services to item 288 are highly uncertain and as such have not been included in this costing. The estimated financial implications of this proposal are sensitive to the assumptions on the supply and demand of MBS telehealth services and any substitution effects on MBS services.

Table 1: Financial implications (\$m)^{(a)(b)}

	2022-23	2023-24	2024-25	2025-26	Total to 2025-26
Fiscal balance	-7.2	-7.5	-8.3	-9.1	-32.1
Underlying cash balance	-6.9	-7.5	-8.3	-9.1	-31.8

(a) A positive number represents an increase in the relevant budget balance; a negative number represents a decrease.

(b) PDI impacts are not included in the totals.

¹[http://www.mbsonline.gov.au/internet/mbsonline/publishing.nsf/Content/5CED1C3BD911E21BCA25875700113FF4/\\$File/MBS-Book-2021111.pdf](http://www.mbsonline.gov.au/internet/mbsonline/publishing.nsf/Content/5CED1C3BD911E21BCA25875700113FF4/$File/MBS-Book-2021111.pdf)

Key assumptions

The Parliamentary Budget Office (PBO) has made the following assumptions in costing this proposal.

- Demand for the reintroduced telehealth MBS service would increase due to improved convenience and accessibility under the proposal. Some patients would also substitute away from face-to-face services.
- Patients who would claim the restored item 288 would otherwise have claimed a range of other MBS items consistent with historical patterns.
- The following aspects of the proposal would be consistent with the assumptions underpinning the 2021-22 Mid-Year Economic and Fiscal Outlook (MYEFO) measure — *Guaranteeing Medicare*:
 - the projection of MBS telehealth services over the 2022-23 Budget forward estimates period
 - the transition of service volumes across the relevant MBS items resulting from behavioural responses
 - the MBS liability factor, which drives the wedge between the fiscal and underlying cash balances
 - the ratio of departmental to administered expenses.

Methodology

The financial implications to reintroduce the MBS telehealth item were calculated as the difference between the estimated aggregate MBS expenditure under the baseline and the proposal.

- The aggregate MBS expenditure was calculated by multiplying the projected MBS service volume by the estimated MBS cost per service.

The estimated departmental costs were based on the Budget measure.

Financial implications were rounded consistent with the PBO's rounding rules as outlined on the PBO Costings and budget information webpage.²

Data sources

The Department of Health provided information on the 2021-22 MYEFO measure — *Guaranteeing Medicare*.

The Department of Finance and the Treasury provided the economic parameters and population projections as at the *2022-23 Budget*.

The Department of Health provided MBS service volume projections as at *2022-23 Budget*.

Department of Health, [COVID-19 Temporary MBS Telehealth Services](#), MBS Online, 2021, accessed 6 April 2022.

Department of Health, [MBS Support for People in COVID-19 Hotspots](#), MBS Online, 2021, accessed 6 April 2022.

Department of Health, [COVID-19 Vaccine Roll-out](#), Australian Government, 22 November 2021, accessed 6 April 2022.

² https://www.aph.gov.au/About_Parliament/Parliamentary_Departments/Parliamentary_Budget_Office/Costings_and_budget_information

Australian Institute of Health and Welfare (AIHW), [Primary health care](#), AIHW website, 23 July 2020, accessed 6 April 2022.

ANZ-Melbourne Institute, [The impact of COVID-19 on GPs and non-GP specialists in private practice](#), Health Sector Report, ANZ-Melbourne Institute, 2020, accessed 6 April 2022.

Attachment A – Restoring Regional Mental Telehealth Services – financial implications

Table A1: Restoring Regional Mental Telehealth Services – Fiscal balance (\$m)^(a)

	2022-23	2023-24	2024-25	2025-26	2026-27	2027-28	2028-29	2029-30	2030-31	2031-32	2032-33	Total to 2025-26	Total to 2032-33
Expenses													
<i>Administered</i>	-7.1	-7.4	-8.2	-9.0	-9.9	-10.8	-11.8	-12.8	-14.0	-15.3	-16.7	-31.7	-123.0
<i>Departmental</i>	-0.1	-0.1	-0.1	-0.1	-0.1	-0.1	-0.1	-0.1	-0.1	-0.2	-0.2	-0.4	-1.3
Total – expenses	-7.2	-7.5	-8.3	-9.1	-10.0	-10.9	-11.9	-12.9	-14.1	-15.5	-16.9	-32.1	-124.3
Total (excluding PDI)	-7.2	-7.5	-8.3	-9.1	-10.0	-10.9	-11.9	-12.9	-14.1	-15.5	-16.9	-32.1	-124.3

(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 negative number for the fiscal balance indicates a decrease in revenue or an increase in expenses or net capital investment in accrual terms.

Table A2: Restoring Regional Mental Telehealth Services – Underlying cash balance (\$m)^(a)

	2022-23	2023-24	2024-25	2025-26	2026-27	2027-28	2028-29	2029-30	2030-31	2031-32	2032-33	Total to 2025-26	Total to 2032-33
Payments													
<i>Administered</i>	-6.8	-7.4	-8.2	-9.0	-9.8	-10.7	-11.7	-12.8	-14.0	-15.3	-16.7	-31.4	-122.4
<i>Departmental</i>	-0.1	-0.1	-0.1	-0.1	-0.1	-0.1	-0.1	-0.1	-0.1	-0.2	-0.2	-0.4	-1.3
Total – payments	-6.9	-7.5	-8.3	-9.1	-9.9	-10.8	-11.8	-12.9	-14.1	-15.5	-16.9	-31.8	-123.7
Total (excluding PDI)	-6.9	-7.5	-8.3	-9.1	-9.9	-10.8	-11.8	-12.9	-14.1	-15.5	-16.9	-31.8	-123.7

(a) A positive number for the underlying cash balance indicates an increase in receipts or a decrease in payments or net capital investment in cash terms. A negative number for the underlying cash balance indicates a decrease in receipts or an increase in payments or net capital investment in cash terms.

Table A3: Restoring Regional Mental Telehealth Services – Memorandum item: Public Debt Interest (PDI) impacts – Fiscal and underlying cash balances (\$m)^{(a)(b)}

	2022-23	2023-24	2024-25	2025-26	2026-27	2027-28	2028-29	2029-30	2030-31	2031-32	2032-33	Total to 2025-26	Total to 2032-33
<i>Fiscal balance</i>	-0.1	-0.2	-0.4	-0.6	-0.9	-1.2	-1.5	-1.9	-2.4	-3.0	-3.7	-1.3	-15.9
<i>Underlying cash balance</i>	-0.1	-0.2	-0.4	-0.6	-0.8	-1.1	-1.5	-1.9	-2.4	-2.9	-3.6	-1.3	-15.5

- (a) As this table is presented as a memorandum item, these figures are not reflected in the totals in the tables above. This is consistent with the approach taken in the budget where the budget impact of most measures is presented excluding the impact on PDI. If the reader would like a complete picture of the total aggregate, then these figures would need to be added to the figures above. For further information on government borrowing and financing please refer to the PBO's online budget glossary³.
- (b) 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 negative number for the fiscal balance indicates a decrease in revenue or an increase in expenses or net capital investment in accrual terms. A positive number for the underlying cash balance indicates an increase in receipts or a decrease in payments or net capital investment in cash terms. A negative number for the underlying cash balance indicates a decrease in receipts or an increase in payments or net capital investment in cash terms.

³ [Online budget glossary – Parliament of Australia \(aph.gov.au\)](https://aph.gov.au)