



Submission to the

**Finance and Public Administration References Committee's
inquiry into the outcomes of the 42nd meeting of the
Council of Australian Governments held on 1 April 2016**

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Introduction

The Australian Healthcare and Hospitals Association (AHHA) welcomes the opportunity to provide a submission as part of the Finance and Public Administration References Committee's inquiry into the outcomes of the 42nd meeting of the Council of Australian Governments (COAG) held on 1 April 2016.

The AHHA is Australia's national peak body for public hospitals and health care providers. Our membership includes state health departments, Local Hospital Networks and public hospitals, community health services, Primary Health Networks and primary healthcare providers, aged care providers, universities, individual health professionals and academics. As such, we are uniquely placed to be an independent, national voice for universal high quality healthcare to benefit the whole community.

Healthier Medicare for chronically-ill patients: Health Care Home

The AHHA welcomed the Commonwealth Government's *Healthier Medicare* package based on the recommendations from the Primary Health Care Advisory Group's report calling for reform to support the millions of people with chronic and complex health conditions. It is a welcome step in the right direction to resolving the fragmented and poorly integrated primary and acute care services for people with chronic conditions.

The AHHA strongly agrees with the recommendation that the reforms outlined in the advisory group's report be integrated with other ongoing reform processes underway across the health sector, including the Reform of Federation and the Medicare Benefits Schedule review—the current apparent disconnect must be addressed for these reforms to achieve true value.

The establishment of Health Care Homes across Australia, which the Primary Healthcare Advisory Group's report proposes will provide continuity of care, coordinated services and a team-based approach according to the needs and wishes of the patients, builds on the efforts of Primary Health Networks that are already developing such services in their areas.

It would be helpful for the Government to provide clarity on how Health Care Homes will be established, whether via Primary Health Networks or by direct payments to general practice. The selection process for the 200 general practices which will be part of the trial must also be clarified.

The key role being attributed to general practice in leading the Health Care Home model requires their active support and engagement to ensure greater use of the My Health Record. There is still much work to be done in positioning the My Health Record as critical infrastructure for all parts of the health system.

The AHHA supports the identified payment approaches which will enhance regional flexibility, equitable access, evidence-based and patient-centric care, and efficient use of resources. Similar recommendations were discussed in Dr Paresh Dawda's paper [*Bundled Payments: Their role in Australian primary health care*](#), published by the AHHA.

Payment reform is a positive way to achieve a sustainable health system. However, the funding for these reforms is linked inextricably with broader health funding arrangements, and these continue to be highly contested. Further, the allocation of \$21 million in additional funding for this two year trial of 65,000 Australians in up to 200 medical practices (or around \$300 per person targeted in this program) is simply not enough to deliver the promised reforms. Evidence from a number of AHHA

sources suggests that pricing of between \$1300 and \$2500 per person per annum would be required to truly deliver reform via a Health Care Home.

The AHHA welcomes the creation of a national minimum data set of consistent, de-identified data to assist in improving patient outcomes and informing ongoing improvements as well as the establishment of an implementation advisory group to oversee the design, implementation and evaluation of trials. However, it will take some time for this data set to be established, and the recent Commonwealth decision to cease funding of the BEACH general practice data collection will result in a critical data gap in primary care for some time.

The evaluation strategy should also focus on greater system efficiency, including the analysis of impact on avoidable hospitalisations. This will particularly be necessary to support any proposed cashing out of hospital funding to primary care.

\$2.9 billion in funding for public hospital services

COAG's 1 April communique stated first ministers agreed to a Heads of Agreement for public hospitals funding from 1 July 2017 to 30 June 2020 where the Commonwealth will provide an estimated additional \$2.9 billion in funding for public hospital services with growth in Commonwealth funding capped at 6.5 per cent a year. The communique indicated the agreement preserves activity-based funding, the national efficient price and that COAG will consider longer-term arrangements at a future date.

The AHHA welcomed the funding agreement reached by the Commonwealth, states and territories at the 1 April COAG meeting. The additional \$2.9 billion per annum in funding from 2017–2020 is a welcome partial turnaround from the \$57 billion cuts to health funding imposed in the 2014 Budget.

The AHHA strongly supports the ongoing commitment to activity-based funding and the national efficient price, particularly in the context of greater focus on improving safety, quality and efficiency, and reducing preventable hospitalisations.

The AHHA calls on the state, territory and Commonwealth governments to proceed carefully in their continuing deliberations on tax reform. There must be national consistency in the capacity of the states and territories to fund health into the future. However taxes are raised, health system funding must be durable and sustainable, ensuring accessible and equitable care for all Australians.

While the improved support for hospital funding until 2020 has provided some relief for the health sector, the Prime Minister's unveiling of the *Healthier Medicare* package highlights funding challenges in the primary care sector which remain unaddressed.

Child and Adult Public Dental Scheme

The AHHA welcomed the Commonwealth's 23 April announcement of a Public Dental Scheme for children and adults through one single national agreement with the states and territories. However the funding is neither as generous as suggested in the announcement, nor will it underpin equitable access to care.

Australians should have access to affordable dental care because good oral health is important for our health and wellbeing. However, affordability challenges mean many people miss out.

Whether the Child and Adult Public Dental Scheme assists in addressing these challenges will be highly dependent on the detail: many of the people who will be eligible for the new program are already eligible for public dental services but face long waits for care. This funding stream from the Commonwealth may contribute to easing waiting times, but it will be dependent on the calculation methodology for the efficient price the Commonwealth has indicated it will pay, and the capacity of the states and territories to meet co-funding requirements. This creates a real risk of variation across Australia in the availability of care.

Adults with high immediate needs for dental treatment will be competing for public funded care with children requiring preventive care, as a result of the move away from the previous scheme which promoted better dental care in childhood. Administrative processes will need to align with service requirements and support access to care, particularly for vulnerable population groups and to ensure that children remain in scope for care.

It is also important to ensure clarity around the quantum of funding for this initiative. This funding measure is a step forward in recognising that dental care must be part of the public-funded health system, conflating the funding for this initiative with the private health insurance subsidy and funding for in-hospital services is not helpful.

Other COAG issues

The focus of COAG on a number of additional matters is also welcomed by the health sector, including acknowledgement of the disproportionately high incarceration rates for Indigenous Australians, the need to reduce violence against women and their children, streamlining of NDIS decision-making, redress for survivors of institutional child sexual abuse, and facilitation of patient access to medicinal cannabis.

Ongoing work in these areas will contribute to better health outcomes for many vulnerable and disadvantaged Australians, and assist COAG in achieving its priority of universal health care for all Australians.

Conclusion

The AHHA urges the Commonwealth to consider other options for funding the welcome measures of *Healthier Medicare*, including drawing the money from the Medical Research Future Fund to support and evaluate the trials. The AHHA seeks clarification on the Commonwealth's plan for immediate and longer-term funding sources. The AHHA also seeks clarification on the role Primary Health Networks, states and territories will play in the trials and upscaling across the country after two years.

The AHHA also urges governments to work together on a longer-term vision for public hospital funding post 2020.

Additionally, further work needs to be progressed urgently to ensure the Medicare Benefits Schedule meets contemporary requirements and that Australia's system of private health insurance meets the health needs of consumers and provides value for money.

As we approach the May 3 budget, it is important to ensure clarity around the quantum of funding for specific budget initiatives in a clear and transparent manner.

The AHHA is concerned that the various reviews processes and Government responses underway within the health portfolio, in addition to the Government's major white paper processes on reform of the Federation and of the tax system, be considered together and in a coordinated manner. Fragmented and piecemeal reform will not optimise the health system, and must be avoided in order to ensure improved services for all Australians and a sustainable healthcare system.

The AHHA advocates for health reforms that maintain and improve health outcomes, and support equity, accessibility and sustainability of the broader Australian health system to the benefit of the whole community.