

Chapter 2

Health Portfolio

Department of Health—29 May 2017

2.1 This chapter outlines the key issues examined during the committee's 2017–2018 Budget Estimates hearing for the Health portfolio.

2.2 On 29 May 2017, the committee heard evidence from the Department of Health and agencies of the Health Portfolio in the following order:

- Cross Portfolio Outcomes/Corporate Matters;
- Outcome 4: Individual Health Benefits;
- Outcome 5: Regulation, Safety and Protection;
- Outcome 1: Health System Policy, Design and Innovation;
- Australian Digital Health Agency; and
- National Health and Medical Research Council.

Cross Portfolio Outcomes/Corporate Matters

2.3 Proceedings commenced with questions on the Global Access Partners (GAP) Taskforce on Hospital Funding.

GAP Taskforce on Hospital Funding

2.4 The committee's initial questioning examined the nature of the work conducted by the GAP Taskforce on Hospital Funding (taskforce), particularly the extent to which the taskforce considered policy for the Commonwealth Hospital Benefit (CHB).¹ Mr Mark Cormack, Deputy Secretary, DOH, offered the following outline on the progression of CHB policy:

In terms of the state of development of this model—and it was the same model that was released publicly as part of the federation white paper consultation process, the discussion document on the PM&C website—that was the working hypothesis, that there were three primary sources of funding, that those three programs would be pooled and that the total funds would be redirected towards a Commonwealth hospital benefit. The working hypothesis, certainly at that stage—it has not really changed—was that, as there is no withdrawal of funding from the system, there should be no net impact on individuals. That was the working hypothesis. Having said that, it was a very preliminary model, a very preliminary program design, and it needed to be further developed, tested and worked through, and that was in many ways what the GAP process was about.²

1 *Proof Committee Hansard*, 29 May 2017, p. 6.

2 Mr Mark Cormack, Deputy Secretary, Department of Health, *Proof Committee Hansard*, 29 May 2017, p. 19.

2.5 Concurrently, the decision of the Minister for Health to rule out the CHB as Government policy was repeatedly questioned. Senator Nash provided clarification: 'The government is not in a conversation about the Commonwealth Hospital Benefits model; the Minister has ruled it out'.³ In establishing DOH's consideration of the CHB, Senators tabled several relevant documents pertaining to meetings of the taskforce, including: meeting agendas; meeting minutes; a CHB PowerPoint presentation; and particulars of DOH's contract with GAP.

2.6 Senators questioned whether the taskforce's host, GAP, could be considered independent of government when the organisation was receiving remuneration from the Government for their services in support of the taskforce.⁴ Mr Martin Bowles PSM, Secretary, DOH, assured the committee that:

GAP is an independent task force.⁵

Outcome 4: Individual Health Benefits

2.7 Consideration of Outcome 4: Individual Health Benefits saw continued questioning regarding the GAP Taskforce on Hospital Funding. Of primary interest was DOH's administration of the GAP taskforce contract.⁶

Government compacts with the health sector

2.8 The committee moved onto an extended examination of the five compacts which the Government has entered into with the Australian Medical Association, Royal Australian College of General Practitioners, Medicines Australia, the Pharmacy Guild and Generic and Biosimilar Medicines Association, as announced in the 2017–18 Budget.⁷ Of particular consideration was the nature of the Government's agreement with the Australian Medical Association;⁸ the Minister for Health's involvement in negotiating the compacts;⁹ particulars of the relationship of Pharmacy Guild's compact to the Sixth Community Pharmacy Agreement;¹⁰ and the reinvestment of savings made through the Medicines Australia compact.¹¹

3 Senator the Hon. Fiona Nash, *Proof Committee Hansard*, 29 May 2017, p. 12.

4 *Proof Committee Hansard*, 29 May 2017, p. 13.

5 Mr Martin Bowles PSM, Secretary, Department of Health, *Proof Committee Hansard*, 29 May 2017, p. 11.

6 *Proof Committee Hansard*, 29 May 2017, p. 38.

7 *Proof Committee Hansard*, 29 May 2017, p. 54.

8 *Proof Committee Hansard*, 29 May 2017, p. 54.

9 *Proof Committee Hansard*, 29 May 2017, p. 57.

10 *Proof Committee Hansard*, 29 May 2017, p. 60.

11 *Proof Committee Hansard*, 29 May 2017, p. 84.

Medicare rebate indexation

2.9 The gradual unfreezing of the Medicare rebate index was broadly canvassed by the committee and touched on: indexation rates for general practitioners (GPs);¹² the chronology of the Government's Medicare rebate freeze;¹³ and the forward time line for restoring Medicare rebate indexation of specialist medical services.¹⁴

Private Health Insurance

2.10 The committee sought detailed information regarding the state of private health insurance (PHI). Central to the committee's consideration of PHI were increases to premiums and the profitability of insurance providers.¹⁵ Senators queried the company structures of PHI providers and noted the effect that company structure had on the public reporting requirements of PHI providers. The committee sought further clarification on the transparency of insurer information available to the Minister for Health when making PHI related decisions on behalf of the Government.¹⁶

Other matters

2.11 Other matters that were examined under Outcome 4 include:

- Medicare Guarantee Fund;¹⁷
- rates of bulk billing;¹⁸
- Medicare Benefits Schedule review;¹⁹ and
- dental benefits.²⁰

Outcome 5: Regulation, Safety and Protection

Medicinal cannabis

2.12 Discussion in Outcome 5: Regulation, Safety and Protection centred on the availability of medicinal cannabis and the associated regulatory approvals process. Adjunct Professor John Skerritt, Deputy Secretary, DOH, provided the committee with an update on applications for medical cannabis received by the Therapeutic Goods Administration (TGA), following regulatory changes to the Special Access Scheme in late 2016:

12 *Proof Committee Hansard*, 29 May 2017, p. 68.

13 *Proof Committee Hansard*, 29 May 2017, p. 71.

14 *Proof Committee Hansard*, 29 May 2017, p. 74.

15 *Proof Committee Hansard*, 29 May 2017, pp. 88–89.

16 *Proof Committee Hansard*, 29 May 2017, pp. 90–91.

17 *Proof Committee Hansard*, 29 May 2017, p. 66.

18 *Proof Committee Hansard*, 29 May 2017, p. 68.

19 *Proof Committee Hansard*, 29 May 2017, p. 77.

20 *Proof Committee Hansard*, 29 May 2017, pp. 98–102.

I actually have seen acceleration since the regulatory changes in the number of applications per month. To answer your question, since 1 January 2016 to 26 May 2017, last Friday, we have had 66 approvals. Of those, 34 are still pending, where we have asked for further information... We have had 19 applications withdrawn—by the doctor, not by us. That brings it to a total of 119.²¹

2.13 The committee noted an apparent difficulty for clinicians in understanding the pathways available for accessing medicinal cannabis. Adjunct Professor Skerritt informed the committee of progress made by the TGA to increase clinicians' awareness of access pathways. This included increased advertising of relevant TGA contact points and increased consultation with clinicians, including meetings held with senior state and territory clinical representatives.²² Further discussion on medicinal cannabis focussed on: the particulars of access pathway provisions; the number of authorised prescribers in Australia; the clinical profile of authorised prescribers; and the treatments for which medicinal cannabis is prescribed.²³

Other matters

2.14 Other matters that were examined under Outcome 5 include:

- Therapeutic Goods Amendment (2016 Measures No. 1) Bill 2016;²⁴
- E-cigarette policy in Australia, and comparative policy development in comparable countries;²⁵
- introduction of a ban on cosmetic testing on animals;²⁶ and
- availability of the Meningococcal vaccine, Bexsero.²⁷

Outcome 1: Health System Policy, Design and Innovation

Medical Research Future Fund

2.15 Disbursements made under the Medical Research Future Fund (MRFF) were the principal area of the committee's focus in Outcome 1: Health System Policy, Design and Innovation. The committee queried the administrative process for decision making on who should receive grants under the MRFF, Ms Erica Kneipp, Assistant Secretary, DOH, summarised:

The announcement on budget night of \$65.9 million includes eight strategic programs. As Deputy Secretary Cormack said, there are a range of different

21 Adjunct Professor John Skerritt, Deputy Secretary, Department of Health, *Proof Committee Hansard*, 29 May 2017, p. 102.

22 *Proof Committee Hansard*, 29 May 2017, p. 103.

23 *Proof Committee Hansard*, 29 May 2017, p. 108.

24 *Proof Committee Hansard*, 29 May 2017, p. 112.

25 *Proof Committee Hansard*, 29 May 2017, p. 112.

26 *Proof Committee Hansard*, 29 May 2017, p. 121.

27 *Proof Committee Hansard*, 29 May 2017, p. 124.

approaches to granting that money under those programs. The MRFF Act allows some flexibility as to how the disbursements can be administered. It can use the expertise and skills of the National Health and Medical Research Council, which it is going to do for the clinical trials registry grant program, as well as the clinical research fellowships, as well as the targeted call for antimicrobial research. It can also directly fund other Commonwealth entities, states or territories, or institutions that operate competitive approaches and respond to competitive approaches to market.²⁸

National Health and Medical Research Council grant funding

2.16 The National Health and Medical Research Council (NHMRC) responded to questions from the committee regarding its grants profile. The committee heard that over 80 per cent of grant applications to the NHMRC were declined, due to the competitive nature of the applications process.²⁹ The committee discussed NHMRC's approach to dividing the grant funding budget. NHMRC noted that grants are structured in such a way that—following the assessment of a peer review panel—the research project is funded at an amount which enables the research outcomes to fully delivered.³⁰

Other matters

2.17 Other matters that were examined under Outcome 1: Health System Policy, Design and Innovation include:

- functionality of the My Health Record program;³¹ and
- Myalgic encephalomyelitis/Chronic Fatigue Syndrome research.³²

Department of Health—30 May 2017

2.18 On Tuesday 30 May 2017, the committee heard evidence from the Department of Health and agencies of the Health Portfolio in the following order:

- Outcome 2: Health Access and Support Services;
- National Mental Health Commission;
- Independent Hospital Pricing Authority;
- Outcome 6: Ageing and Aged Care;
- Australian Aged Care Quality Agency;
- Australian Aged Care Complaints Commissioner;
- Outcome 3: Sports and Recreation;

28 Ms Erica Kneipp, Assistant Secretary, Department of Health, *Proof Committee Hansard*, 29 May 2017, p. 128.

29 *Proof Committee Hansard*, 29 May 2017, p. 136.

30 *Proof Committee Hansard*, 29 May 2017, p. 137.

31 *Proof Committee Hansard*, 29 May 2017, p. 128.

32 *Proof Committee Hansard*, 29 May 2017, p. 139.

- Australian Sports Anti-Doping Authority; and
- Australian Sports Commission.

Outcome 2: Health Access and Support Services

2.19 The committee resumed proceedings with the examination of funding measures for psychosocial support services.

Psychosocial support services

2.20 DOH responded to numerous questions from Senators regarding the allocation of \$80 million in the 2017–18 Budget to provide psychosocial support services for people ineligible for assistance under the NDIS. Questions went particularly to the funding of the Partners in Recovery and Day to Day living programs. In response, the committee received updated funding figures and information on the particulars of the division of the funding responsibility for psychosocial support services between the Commonwealth and the states and territories.³³

2.21 Senators discussed an apparent gap in psychosocial support delivery and DOH acknowledged a potential service gap in the area.³⁴ Consequently, Senators queried whether \$80 million was an adequate funding level to address the gap.³⁵ Mr Cormack offered the following context to the psychosocial services funding:

This is an important policy matter for the government. The minister has been very clear about it. Mental health and preventive care are one of his clearly stated four pillars in his long-term health plan. I can honestly say that there is not a precise formula that is available to be applied, based on the information that we have from our modelling, that would land a figure that we think is going to be exactly right, not enough or too much. What it does is to put a significant amount of additional money in the system, recognising that this is a fluid space and recognising, as both you and Senator O'Neill have mentioned, that historically this has been an area with some gaps in services—again, predominantly a state and territory responsibility, but the Commonwealth has also invested in this area. It is a significant amount of money that should be able to start to address problems as and if they emerge.³⁶

Drug rehabilitation and testing

2.22 DOH was questioned regarding wait times for access to drug and alcohol rehabilitation services and associated service delivery arrangements through the Private Health Networks (PHNs).³⁷ The committee progressed to question DOH's involvement with the Better Targeting of Assistance to Support Jobseekers 2017–18

33 *Proof Committee Hansard*, 30 May 2017, p. 4.

34 *Proof Committee Hansard*, 30 May 2017, p. 6.

35 *Proof Committee Hansard*, 30 May 2017, pp. 8–9.

36 Mr Mark Cormack, Deputy Secretary, Department of Health, *Proof Committee Hansard*, 30 May 2017, p. 9.

37 *Proof Committee Hansard*, 30 May 2017, p. 46–48.

Budget measure. DOH reported to the committee that they had provided advice to the Department of Social Services (DSS) on the measure, however this advice was preliminary and 'went to the nature and location of alcohol and drug services that are provided potentially through the PHNs or other things that the department provides in contract directly...'³⁸ Senators further queried whether DSS had requested DOH to provide data regarding clients who received support under DOH' drug programs; DOH advised they had not provided this data.³⁹

Other matters

2.23 Other matters that were examined under Outcome 2 include:

- location and funding arrangements for Headspace centres;⁴⁰
- NDIS transition arrangements for mental health services;⁴¹
- suicide prevention efforts in the Kimberley region;⁴²
- Fifth National Health Plan;⁴³
- reducing seclusion and restraint in mental health care;⁴⁴
- service and policy gaps regarding the rural health workforce;⁴⁵
- wait times for access to drug and alcohol rehabilitation service;⁴⁶
- tobacco regulation;⁴⁷ and
- nationally consistent indicators for PHNs.⁴⁸
- Outcome 6: Ageing and Aged Care

2.24 The committee's examination of Outcome 6: Ageing and Aged Care focused on Aged Care Assessment Team (ACAT) assessments. DOH provided the committee with an update on the timeliness of ACAT assessments.⁴⁹ The committee noted that, in some instances, ACAT assessments were conducted in a tardy fashion. The

38 Mr David Laffan, Assistant Secretary, Department of Health, *Proof Committee Hansard*, 30 May 2017, p. 54.

39 *Proof Committee Hansard*, 30 May 2017, p. 60.

40 *Proof Committee Hansard*, 30 May 2017, pp. 15-20.

41 *Proof Committee Hansard*, 30 May 2017, p. 23.

42 *Proof Committee Hansard*, 30 May 2017, p. 24.

43 *Proof Committee Hansard*, 30 May 2017, p. 29.

44 *Proof Committee Hansard*, 30 May 2017, p. 38.

45 *Proof Committee Hansard*, 30 May 2017, p. 43.

46 *Proof Committee Hansard*, 30 May 2017, p. 46.

47 *Proof Committee Hansard*, 30 May 2017, p. 48.

48 *Proof Committee Hansard*, 30 May 2017, p. 69.

49 *Proof Committee Hansard*, 30 May 2017, p. 78.

committee subsequently discussed the efforts of DOH to ensure that state and territory ACAT providers are compliant with Commonwealth agreements.

2.25 Following questions regarding Commonwealth regulatory accreditation processes and the Oakden aged-care facility in South Australia, DOH provided detailed evidence on accreditation methodologies, including unannounced inspections and interviews with residents and their families.⁵⁰ The committee heard that DOH has commissioned an external review of the accreditation of the Oakden aged-care facility, which is due by the end of June 2017, and expected to be made publically available in early July 2017.⁵¹

2.26 Other matters that were examined under Outcome 6 include:

- My Aged Care service provisions;⁵²
- rates of packages initiated under the Home Care Packages program;⁵³
- staffing levels in aged-care facilities;⁵⁴ and
- better access to mental health care for older people.⁵⁵

Outcome 3: Sports and Recreation

2.27 Senators' consideration of Outcome 3: Sports and Recreation focused on the funding arrangements for the National Sports Plan (NSP).

National Sports Plan funding

2.28 The committee initially examined funding arrangements for sport in the Health Portfolio and noted an apparent funding reduction of \$41 million over the next four years.⁵⁶ Subsequently, funding for the NSP was examined and the committee noted that a national lottery was being considered as a prospective revenue measure. The Australian Sports Commission (ASC) informed the committee that they had received preliminary advice from the Solicitor-General's Office regarding a national lottery and this advice suggested that there are 'constitutional considerations' in conducting the lottery.⁵⁷ ASC further outlined its investigation of the lottery model and commented that, based on preliminary assessments, the measure may raise between \$30 million to \$70 million in revenue.⁵⁸

50 *Proof Committee Hansard*, 30 May 2017, p. 113.

51 *Proof Committee Hansard*, 30 May 2017, p. 111.

52 *Proof Committee Hansard*, 30 May 2017, p. 91.

53 *Proof Committee Hansard*, 30 May 2017, p. 98.

54 *Proof Committee Hansard*, 30 May 2017, p. 115.

55 *Proof Committee Hansard*, 30 May 2017, p. 96.

56 *Proof Committee Hansard*, 30 May 2017, p. 117.

57 Dr Lisa Studdert, Acting Deputy Secretary, Department of Health, *Proof Committee Hansard*, 30 May 2017, p. 122.

58 *Proof Committee Hansard*, 30 May 2017, p. 124.

2.29 Other matters that were examined under Outcome 3: Sports and Recreation included:

- DOH's approach to the NSP consultation process;⁵⁹
- staffing arrangements at the ASC and Australian Institute of Sports;⁶⁰
- intra-department funding arrangements for service delivery in support of the 2018 Gold Coast Commonwealth Games;⁶¹ and
- the Australian Anti-Doping Authority's anti-doping efforts regarding the 2018 Commonwealth Games.⁶²

59 *Proof Committee Hansard*, 30 May 2017, p. 126.

60 *Proof Committee Hansard*, 30 May 2017, p. 128.

61 *Proof Committee Hansard*, 30 May 2017, p. 129.

62 *Proof Committee Hansard*, 30 May 2017, p. 131.