

2011 FEDERAL BUDGET: ANALYSIS OF HEALTH MEASURES

1. OVERVIEW

The 2011 Federal Budget makes a significant new investment in mental health and regional health while generally maintaining existing program funding in other areas.

The total investment in mental health and rural and remote health is \$3.5bn over five years, which includes \$2.5bn in new funding. Oral health receives a small investment of \$53.1m over four years, as a pre-cursor to significant reform in 2012-13.

Some small cost-saving measures are achieved from program reforms, including pathology and hearing services. Future cost savings are anticipated from means-testing the Private Health Insurance Rebate and closing the Medicare Chronic Disease Dental Scheme.

2. SUMMARY TABLE: SELECTED HEALTH MEASURES

2011 Federal budget: headline health measures			
Funding measure	Total funding (\$)	Cost-saving measure	Total savings (\$)
Mental health (various)	\$2.2bn over 5 yrs (\$1.5bn new)	Mental health – Better Access initiative	\$580.5m over 5 yrs
Regional infrastructure	\$1.3bn over 5 yrs (\$1.0bn new)	Coordinated diabetes care deferral	\$448.4m over 4 yrs*
Medicines and immunisation	\$613m over 5 yrs	Pathology services reform	\$419m over 4 yrs
Bowel Cancer Screening	\$138.7m over 4 yrs	Aged care	\$211.7m over 5 yrs**
Diagnostic Imaging	\$104.4m over 4 yrs	Hearing services	\$122.3m over 4 yrs
Dental health	\$53.1m over 4 yrs	Administrative efficiencies	\$53.5m over 4 yrs
Medicare Locals and after-hours care	\$45.1 m over 4 yrs		

*included in the Mid-year Economic and Fiscal Outlook (MYFEO)

** From 2010-11

3. HEADLINE EXPENDITURE MEASURES

3.1. Mental health¹ - \$2.2bn over five years

The headline budget measure is the *National Mental Health Reform* package, with a total investment of \$2.2bn over five years. This comprises \$1.5bn in new funds and \$624m from previous commitments.

The funding package is allocated over five areas of reform:

¹ NCOSS acknowledges the analysis of mental health measures undertaken by Corrine Dobson, Policy Officer, ACOSS, http://www.acoss.org.au/images/uploads/2011-12_Initial_Budget_Analysis_final.pdf

1. Better care for people with severe and debilitating mental illness - \$571.3 million
More coordinated services through Medicare Locals and NGOs, and the provision of tailored multidisciplinary care plans (\$343.8m).
Expand the *Personal Helpers and Mentors* community-based support program and the *Support for Day to Day Living in the Community* respite program (\$227.6m).
2. Strengthening primary mental health care services - \$220.3m
Expand *Access to Allied Psychological Services* (ATAPS) (\$205.9m).
Establish a single national mental e-health portal.
3. Prevention and early intervention for children and young people - \$491.7m
More services with an additional 30 Headspace centres (\$197.3m), 12 Early Psychosis Prevention and Intervention Centres (\$222.4m), and 40 Family Mental Health Support Services (\$61m).
Extend Health and Wellbeing Checks to 3 year olds.
4. Encouraging economic and social participation, including jobs, for people with mental illness (\$2.4m)
5. Improving quality, accountability and innovation in mental health services (\$12.2m).
Establish a new independent National Mental Health Commission to independently monitor, assess and report on how the system is performing

The Commonwealth has also committed \$201.3 million over 5 years to provide a competitive funding pool to States and Territories through a National Partnership Agreement on Mental Health. Details of the agreement are subject to further negotiation at the Council of Australian Governments (COAG).

3.2. Rural and regional health - \$1.8bn over 6 yrs

Rural and regional areas receive a significant boost in health infrastructure funding with a total package of \$1.8bn. Over the next five years the Government will provide \$1.3 billion (\$1bn new funding) through the Health and Hospitals Fund for 63 regional health infrastructure projects. This will fund new or upgraded hospitals, sub-acute beds, dental chairs, and primary healthcare clinics. A further \$475m will be funded through a second round of grants in the sixth year.

In NSW the priority projects are:

- Bega Valley Health Service Development (\$160.1m)
- Port Macquarie Base Hospital Expansion (\$96.0m)
- Tamworth Redevelopment Stage 2 (\$120.0m)
- Wagga Wagga Base Hospital Redevelopment (\$55.1m)
- Dubbo Base Hospital Redevelopment (\$7.1m)
- Cancer Centre services for the Wingecarribee Shire (Bowral) (\$0.5m)
- Dalmeny Dental (\$0.2m)
- Walgett Aboriginal Medical Service Multidisciplinary Health Care Centre & accommodation (\$3.0m)
- Wagga Wagga Drug & Alcohol Service — Detoxification & Rehabilitation (\$3.4m)
- Our House — Lismore Patient & Carer Accommodation (\$1.0m)

3.3. Dental health - \$53.1m over 4 years

Oral health receives a small amount of funding of \$53.1m over 4 years as the first steps to future reform. This will primarily fund a voluntary Dental internship year at a cost of \$52.6m. The scheme will support up to 50 dental graduates per year from 2013 (with a maximum of 150 internship places) mainly within the public sector. It also provides for mentoring positions and infrastructure upgrades.

The remaining funding (\$0.5m) will establish a National Advisory Council on Dental Health in 2011-12. It will provide advice to the Minister on the dental health system, including prioritizing areas for improvement. The Council will be a non-statutory, time-limited body, comprised of members with expertise on dental health care in Australia.

3.4 Aboriginal health

As part of a broad range of measures to close the gap, there is some specific funding for indigenous health. The Government will provide \$39.1m over 4 years to continue the *Bringing them Home* and *Link Up* programs that provide counselling, family tracing and reunion services for the Stolen Generation that were due to end in 2011-12.

The Government has allocated an additional \$35m over four years to the *Establishing Quality Health Standards* program that supports Aboriginal health organisations achieve accreditation. However the Budget Papers record this measure as providing a net saving of \$10.8m over 4 years due to a number of organisations having achieved accreditation since it was costed in the forward estimates.

The regional Health and Hospitals Fund (see above) includes an identified funding component of \$113.4 million for 15 new or expanded Indigenous health clinics and 40 new renal dialysis chairs. In mental health, there is \$34.9m indigenous-specific funding as part of the additional funding for the *Access to Allied Psychological Services* (ATAPS). The additional funding for the *Personal Helpers and Mentors Program* will also deliver more specialist remote services that focus on cultural, mental and physical healing for Indigenous people.

As part of Departmental administrative efficiency measures several existing programs, including the majority of initiatives under the Indigenous Chronic Disease Package, will be consolidated into a new Aboriginal and Torres Strait Islander Chronic Disease Fund. The aim of this fund is to improve the prevention, detection, and management of chronic disease in Aboriginal and Torres Strait Islander peoples to increase life expectancy.

3.5 Other headline measures

Other major budget initiatives include a Diagnostic Imaging Review Reform package of \$104.4m over 4 years to improve early detection of disease through greater access to MRIs, \$138.7m over 4 years to continue the *National Bowel Cancer Screening Program*, and additional funding of \$613m over 5 years for medicines and immunisations.

4. COST-SAVINGS MEASURES

4.1. Mental health - \$580.5m over 5 years

Cost savings of \$580.5m over 5 years will be made by rationalising the Better Access Program. The Medicare rebate for GP mental health care plans will be reduced and the

maximum number of allied health treatment sessions will be cut from 12 to 10 per year. Funds from will be re-directed to the new mental health package.

4.2. Diabetes care - \$448.4m over 4 years

The Government has deferred full implementation of the Coordinates Diabetes initiative pending outcome of a trial. This will save \$448.4m over 4 years from 2010/11. The initiative is part of the national health and hospital network measures announced in the previous 2010 Budget. The savings are not separately costed in the budget papers as they were included in Mid Year Economic and Fiscal Outlook as a *decision taken but not announced*.

4.3. MBS Pathology Services - \$419m over 4 years

Funding reform of the Pathology Services Agreement will save \$419m over 4 years.

4.4. Hearing Services - \$122.3m over 4 years

Program reforms to better target hearing services will deliver savings of \$122.3m over 4 years.

4.5. Portfolio administrative arrangements review - \$53.5m over 4 years

Improved Departmental efficiencies will deliver savings of \$53.5m over 4 years. This will include the consolidation of 159 existing grants programs into 18 larger, flexible Funds.. All organisations currently receiving grant funding through one or more of the consolidated programs will continue to be funded until 30 June 2012, unless their current agreement expires earlier. Further funding grants will need to be applied for under the new Funds. The proposed list of consolidated programs is at:

[http://www.health.gov.au/internet/budget/publishing.nsf/Content/673376782D27CBEACA257881000680FD/\\$File/2011-12_Health_PBS_38_Appendix1StrategicReviewConcordance.pdf](http://www.health.gov.au/internet/budget/publishing.nsf/Content/673376782D27CBEACA257881000680FD/$File/2011-12_Health_PBS_38_Appendix1StrategicReviewConcordance.pdf)

4.6. Future measures (un costed)

Means-testing the Private Health Insurance Rebate.

The Government will seek to means test the 30 per cent rebate on private health insurance coverage. It will re-introduce legislation based on the Fairer Private Health Insurance Incentives Bill 2009 after stakeholder consultation in 2011-12.

Closure of the Medicare Chronic Disease Dental Scheme.

Government will seek to close the scheme by the end of 2011 and redirect funding to the Commonwealth Dental Health Program. This would fund state and territory governments for up to 1 million additional public dental services over three years and provide nationally comparable health data.

The Government has previously estimated that abolishing the scheme would save \$63 million a month.

5. COMMENTARY

The Government has delivered a politically pragmatic health budget. It invests in high profile issues (mental health) and high stakes issues (regional health, .i.e. the Independents), whilst generally maintaining the status quo in other areas.

After years of under-funding, mental health has received the largest ever investment from the Government in response to a sustained public campaign and high-profile lobbying. Mental health experts and peak organisations have supported the reform package, which focuses on early intervention and prevention, community-based services, and greater service integration and co-ordination. It also includes targeted interventions for at-risk groups. They have also welcomed the whole-of-government approach and the development of a ten-year mental health plan to be overseen by an independent National Mental Health Commission.

The increased investment in regional health and hospital infrastructure has been broadly welcomed to address some of the inequities in access to services in rural and remote areas, including indigenous communities. However, the majority of project funding is directed to hospitals. Only a relatively small proportion of funds are allocated to primary health care projects which are critical to improving health outcomes long term.

The comparatively small investment in oral health is disappointing, although not unexpected. Oral health was unlikely to get funding precedence in the context of limited health funds and a strong mental health campaign. The dental internship program and Advisory Council are both positive measures that the Government says are the first steps towards more significant reform in the 2012-13 Budget. However, this effectively removes the imperative for State Governments to adequately fund public dental services in the interim, and will do little for the millions of Australians who delay or go without dental treatment due to cost.

The Government's plans to close the Chronic Diseases Dental Scheme (CDDS) could also result in a substantial funding cut to oral health. While NCOSS supports re-directing the funding to a population-based oral health program targeting those most in need, the Government's proposed alternative of the Commonwealth Dental Health Program is costed against the original budget for the CDDS of \$377m. However the scheme has cost more than four times that amount, funding in excess of \$1.4bn worth of dental services over four years. Closing the scheme in the absence of comprehensive reform or a commensurately funded program will leave a significant gap in funding.

Primary health care reforms are another area where funding fell short. This budget brought forward the establishment of additional 15 Medicare Locals, but it is questionable whether the original funding allocation for primary health care organisations is sufficient to support their broad remit for meeting the health needs of their local communities or coordinating services in order to deliver a fully integrated healthcare system.

Despite these gaps, this budget has made considerable progress in addressing the key areas of inequity in the health system identified by the National Health and Hospital Reform Commission as priorities in 2009. Comprehensive measures to address these systemic inequities have been largely absent from the national health reforms and previous budgets. NCOSS hopes that the 2012 budget continues to redress these inequities and provide comprehensive funding for oral health in partnership with the States and Territories.

For more information, see the 2011-12 Health and Ageing Portfolio Budget Statements. Available at: http://www.health.gov.au/internet/budget/publishing.nsf/Content/2011-2012_Health_PBS