

Briefing Paper

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AUSTRALIAN FEDERATION OF AIDS ORGANISATIONS INC.
PO BOX 51 NEWTOWN NSW 2042 AUSTRALIA
PH +61 2 9557 9399 FAX +61 2 9557 9867
Email: afao@afao.org.au

www.afao.org.au



COAG and the future of HIV funding

Background

- In January 2008 the Rudd government announced its intention to reduce the number of Specific Purpose Payments made to the States and Territories. This will mean that smaller Commonwealth payments to the States will be rolled into fewer, but larger, Commonwealth-State agreements.
- In Health, this reform coincides with the expiry of the Australian Health Care Agreement (AHCA). This is the major agreement through which the Commonwealth provides funding to the States for public hospitals. Historically a five-year agreement, the current AHCA had been due to expire on 30 June 2008. However, in March COAG announced that the current health funding arrangements would be extended until 30 June 2009, pending negotiation of a new National Health Care Agreement (NHCA).
- The new Agreement is due to be signed in December this year. It will likely include a broader range of health services than the former AHCA. Other health reform processes, such as the National Health and Hospitals Reform Commission and the National Preventative Health Taskforce, are expected to feed into the new Agreement.
- The federal government has also announced its intention to develop a small number of National Partnership Programs (NPPs). In the Health portfolio, these are likely to include prevention initiatives that will be funded separately – and in addition to – the National Health Care Agreement.

Issue:

- AFAO and other public health organisations have expressed concerns about the possibility of public health and prevention funding being incorporated into the National Health Care Agreement. Incorporation of public health programs into hospital funding has the potential to reduce focus and expenditures on public health – at both the agency level and system level. This is because any health agency inevitably faces greater pressure to address immediate clinical needs and divert attention and resources from prevention and public health needs.
 - The history of previous broad-banding of HIV funding in 1997 and its subsequent reduction in most jurisdictions (including the Commonwealth), provides a clear basis for these concerns.
 - The Commonwealth Government has a strong interest in maintaining funding for HIV prevention, as most costs of treatment for people with HIV falls to the Commonwealth through Medicare and, in particular, the Pharmaceutical Benefits Scheme (PBS).
 - The broad-banding of health funds also has the potential to create competitive pressure within State and Territory health agencies, as non-hospital health programs and services are forced to 'compete' for available funds.
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Current Situation:

- At this stage it is unclear how HIV and related programs will be funded in these new arrangements. It is possible that funding for public health initiatives – including HIV programs – will be incorporated into the National Health Care Agreement. Alternatively, it is possible that prevention programs – including HIV and communicable diseases – will be funded separately as part of a National Partnership Program.
- Representatives from AFAO and NAPWA met with Nicola Roxon (Minister for Health) and Jan McLucas (Parliamentary Secretary for Health and Ageing) on 27 August, and lobbied the Minister for establishment of a National Partnership Program. Minister Roxon stated that an NPP relating to prevention is currently under consideration. Decisions are expected to be made at the next COAG meeting on 2 October.

Key Stakeholders

- Council of Australian Governments (COAG)
- Heads of Treasury Departments
- Officers responsible for co-ordinating COAG government positions across Departments (usually in Premier's Departments)
- COAG Health and Ageing Working Party (health ministers)
- Heads of state health authorities
- BBVSS representatives.

Key dates

- COAG is meeting in Perth on 2 October.
- AHMAC (Australian Health Ministers Advisory Council) is due to meet in Brisbane on 28 November.