



Federal Budget 2016-2017: Overview of health and foreign aid measures

This briefing outlines key measures announced in the Federal Government's 2016-2017 Budget relevant to communities affected by HIV. The information is drawn from material supplied at the Department of Health Budget Lock-up and information separately released by the Departments of Health and Foreign Affairs and Trade, and health and community sector peak organisations.

Overview

The 2016-2017 Federal Budget creates some positive opportunities for communities affected by HIV:

- the creation of Health Care Homes aimed at improving care for people with complex and chronic conditions
- funding for reform to TGA processes, which should go some way to addressing community concerns about the slow approval of devices and medications.

There were announcements, unfortunately, of increased out of pocket expenses for GP visits and an increase to the threshold for the Medicare Safety Net, new charges for MBS and PBS data requests, and a likely reduction in coverage of publically subsidised dental care.

Primary care

The Government announced the creation of Health Care Homes initiative to improve primary care for people with complex and chronic conditions, including by bundling payments and incentives for GPs working with enrolled patients (as opposed to the existing fee for service model)¹.

A pilot program will involve 65,000 people across 200 primary care practices. The trial will initially run in seven Primary Health Network regions. Once these regions are known, relevant local HIV organisations will be able to engage with the PHN(s) in their region to advocate that people with HIV have the options of early access as the program is piloted. The Labor Opposition has indicated its support for the program.

At the Budget Lock-up, AFAO discussed with senior Departmental officials involved in the program the reasons why the inclusion of practices that see people with HIV is important, and we will continue to advocate for this. As part of AFAO's Election Survey, AFAO has called for political parties to ensure that practices that see people with HIV are included in the pilot of this initiative.

Medicare costs

The Government has announced the extension of the Medicare Benefits Schedule fees indexation pause until 2020, with the intention of saving of \$925.3 million over two years from July 2018 to July 2020. This is on top of the \$1.3 billion already removed in previous years, increasing financial pressure on GPs and resulting in reduced bulk billing and the charging of gap fees. Previous

¹ <https://www.health.gov.au/internet/ministers/publishing.nsf/Content/health-mediare-l-yr2016-ley021.htm>

speculation that some MBS items relating to BBVs and STIs would be cut seem not to have come to pass, with a range of obsolete MBS items removed but none specific to our programs.

PBS Co-payment and safety net threshold

The 2014 Budget measures to increase PBS co-payments and thresholds for safety nets will remain in place. This will translate to a cut of \$815m over 2016-2018. There will be changes to the Extended Medicare Safety Net by way of increased thresholds and reduction in payments, which translates to a cut of \$266m over five years.

MBS and PBS data recovery

The Department of Health will now be able to charge for MBS and PBS data requests 'at true cost'. According to the Government, this will bring arrangements for MBS and PBS data extracts from the Department of Health into line with arrangements in the Department of Human Services. The Government will also investigate publishing a full suite of confidentialised MBS and PBS data for public access in line with the Australian Government Public Data Policy.

To date, we have struggled to access data from the PBS and MBS in a timely way, despite it being essential to monitoring the National BBV and STI Strategies, so the addition of any cost barrier is unfortunate. AFAO is planning a submission to the Productivity Commission's *Data Availability and Use Inquiry* and has asked that the issue be placed on the inter-governmental Blood-borne Viruses and STIs Standing Committee (BBVSS) agenda.

Regulatory/TGA

In response to recommendations made by the *Expert Panel Review of Medicines and Medical Devices Regulation*, the Government will provide \$20.4 million over four years from 2016-17, including \$9.5 million in capital funding, to improve the regulation of therapeutic goods in Australia. According to the Government, the funding will improve access to therapeutic goods for consumers and introduce more flexible and timely regulatory processes for the therapeutic goods industry.

AFAO hopes this announcement will allow the fast-tracking of drug and medical device approvals through the regulatory process where required. Following through on recommendations of the *Expert Panel Review of Medicines and Medical Devices Regulation* is important for us and goes to the heart of delays we experienced with TGA processing of HIV rapid test applications even after trusted regulators overseas had approved products and devices, as argued in AFAO's submission to this review. It will be necessary to monitor to see how this proceeds, but it is encouraging to see the Government moving in this direction.

Changes to Health Flexible Funds

There are administrative changes being made to what were previously called the Health Flexible Funds, through which AFAO, NAPWHA and Hepatitis Australia receive Health Peak and Advisory Body funding. This is expressed as a reclassification to 'better align with outcomes'. What is currently known as the Communicable Disease Prevention and Service Improvements Grants Fund (through which AFAO has received its program grants to date) will now be part of Outcome 5 'Regulation, Safety and Protection' under the sub-category of 'Health Protection and Emergency Response' (alongside health emergency funding, biosecurity and other health protection programs). We

understand that funds for community programs will continue to be protected within this new program. There is considerable funding pressure on this program from previous budget cuts ('pausing indexation and achieving efficiencies'), but this Budget contained no new cuts.

In addition to the pause on indexation, some programs will be cut by 3%. These previous announcements will see cuts of \$31.9m in 2017/18, \$57.8m in 2018/19 and \$92.4m in 2019/20, totalling \$182.2m. Since HIV programs were broadbanded, it has been more difficult to 'follow the money' and to know when and where overall cuts to HIV programs are being made. It will be a priority for AFAO to try to make sense of the overall size of the HIV program, and recent year cuts, so that we can protect against future cuts.

National BBV and STI Strategies

The 2016-2017 Department of Health Budget Statement Outcome 5 – Regulation, Safety and Protection places BBVs within 5.2: Health Protection and Emergency Response. As in previous years, the relevant programme objective is to 'reduce the incidence of blood borne viruses and sexually transmissible infections'. It states:

'In 2016-17, the Australian Government will continue to implement its contribution to the National Strategies 2014-2017 for HIV, hepatitis B, hepatitis C, STI, and Aboriginal and Torres Strait Islander BBV and STI. The National Strategies guide policies and programs related to the prevention, testing, management and treatment of BBV and STI. The Australian Government will continue to work with States and Territories to encourage increased testing and uptake of treatment for STI and BBV among priority populations.

In 2016-17, the Department will also continue to support quality assurance programs for medical laboratories using in-vitro diagnostic devices, and the Australian Red Cross for the screening of fresh blood donations.'

Aboriginal and Torres Strait Islander populations

There will be continued support for the delivery of health services by Queensland Health to Papua New Guinea (PNG) nationals who travel through the Torres Strait Protected Zone (TSPZ) and access health facilities in the Torres Strait and elsewhere within the Queensland health system, under the National Partnership Agreement.

E-health

The new Australian Digital Health Agency (ADHA) will have an operating budget of \$156.5 million in its first year, the bulk coming from the federal government, and will be required to submit a work program for the coming two years to the COAG Health Council in October 2016.

Hepatitis C treatment

The Government, as anticipated, has announced funding for the new hepatitis C treatments.² Department of Health Secretary Martin Bowles made particular mention of the Government's funding of hepatitis C treatments in order 'to eliminate hepatitis C within a generation', and this is also highlighted in Budget papers.

² <http://www.health.gov.au/internet/budget/publishing.nsf/Content/budget2016-factsheet25.htm>

NDIS

The Government announced the creation of the National Disability Insurance Scheme Savings Fund Special Account to assist in meeting the future costs of the National Disability Insurance Scheme (NDIS). In the 2016-17 Budget, the Government will credit \$2.1 billion to the fund.

This will be funded through savings measures in the social services portfolio, including:

- Closing carbon tax compensation for new welfare recipients from 20 September 2016 at a saving of \$1.3 billion over five years.
- Closing carbon tax compensation for those single income families not already in the welfare system but who will enter the welfare system from 1 July 2017, with a saving of \$67.2 million over five years.
- Additional reviews for Disability Support Pension recipients, with a saving of \$62.1 million over five years

People with Disability Australia has welcomed the new funding, but has strongly rejected the Budget measures that link a fully funded NDIS with the need to cut welfare spending³.

Dental health

The national Child and Adult Public Dental Scheme was announced, to commence operation on 1 July 2016. The Scheme will replace the Child Dental Benefits Schedule and the National Partnership Agreement on Adult Dental Services introduced under the previous Labor Government. Some commentators, including the National Oral Health Alliance (NOHA), have expressed concerns that this new scheme represents a cut to public dental programs, rather than an improvement⁴. NOHA says that those who will miss out are likely to reside in rural and remote areas, where there are often limited public dental services.

Medical research

The Government has recommitted to the \$20bn Medical Research Future Fund. AFAO included in our Election Survey an ask that 'infectious diseases', including BBVs and STIs, be recognised as a priority research category for this and other research funds. This will be funded by savings to the PBS and cuts to, among other things, Health Flexible Funds.

Overseas aid

The overseas aid budget will fall from \$4.052 billion in 2015-2016 to \$3.828 billion in 2016-2017. This reduction of \$224 million will see Australia's aid contribution fall from 0.25% of Gross National Income (GNI) to just 0.23% – representing the lowest level in Australia's history. This follows a cut of \$1.0 billion to the aid program in the 2015-2016 Budget – the single biggest in-year cut to aid – diminishing the aid budget by 20% in one year.

A significant proportion of the \$224 million cut came from the Global Health Programme's allocation which funds, among other things, the Global Fund to Fight AIDS, TB and Malaria and GAVI, the Global Vaccine Alliance. The Government rationalised this reduction by indicating that in future years Australia will catch up on its multi-year commitment. For the Global Fund, this is a

³ <http://ymlp.com/zCeYqC>

⁴ <http://www.hcasa.asn.au/documents/177-new-federal-plan-is-trying-to-do-dental-care-using-smoke-and-mirrors/file>

replenishment year, and AFAO and others have called on political parties to commit to increase Australia's contribution to \$100m per year, for three years.

There is some limited funding to civil society organisations provided through Australia's UNAIDS contribution – cut by 40% in the previous budget. This funding is intended to be split between the UNAIDS Geneva and Bangkok offices, with some allocation to Asia Pacific regional networks. As announced in the previous financial year, the regional HIV capacity building program has ended, with no further DFAT funding for partnerships between Australia and regional peer HIV organisations. Australia's contribution to regional HIV responses forms part of AFAO's 2016 Federal Election Survey.

Budget summaries

Public Health Association of Australia: phaa.net.au/documents/item/1415

Consumer Health Forum: chf.org.au/pdfs/chf/MEDIA-RELEASE-BUDGET-Tuesday-3-May-2016.pdf

ACOSS: acoss.org.au/media-releases/?media_release=some-positive-directions-but-budget-locks-in-harsh-cuts-with-more-likely-to-come

Australian Health and Hospitals Association: ahha.asn.au/federal-budget-2016

Australian Council for International Development:

<https://acfid.asn.au/sites/site.acfid/files/ACFID%20FY2016-17%20Budget%20Analysis%20%28FINAL%29.pdf>