

A U S T R A L I A N

Medicine

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Federal Budget 2018

AMA looks
at Health



AMA



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Managing Editor: John Flannery
Editor: Chris Johnson
Contributors: Candice Day
Odette Visser (photos)
Graphic Design: Streamline Creative, Canberra

Advertising enquiries

Streamline Creative
Tel: (02) 6260 5100

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42 Macquarie St, Barton ACT 2600
Telephone: (02) 6270 5400
Facsimile: (02) 6270 5499
Web: www.ama.com.au
Email: ausmed@ama.com.au

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Dr Michael Gannon



Vice President
Dr Tony Bartone

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This is a special post-budget mini edition of *Australian Medicine*.

Cover: Federal Treasurer Scott Morrison and AMA President Dr Michael Gannon on Budget night.

Health Budget steady as she goes



AMA President Dr Michael Gannon discusses the Federal Budget with the media.

The AMA has labelled the 2018-19 Health Budget as “safe and steady”, but adds that it is notable as much for what is not to be found in it as it is for what is included.

Treasurer Scott Morrison has delivered a Federal Budget with an eye on the next federal election, promising tax relief for middle Australia, significant infrastructure investment and more funding for aged care.

On the health front, the establishment of a new 21st century medical industry plan to create more jobs and support more medical research projects is a major commitment.

This Budget includes an extra \$1.4 billion for listings on the PBS, including medicines to treat spinal muscular atrophy, breast cancer, refractory multiple myeloma, and relapsing-remitting multiple sclerosis, as well as a new medicine to prevent HIV.



Health Budget steady as she goes

... from p3

The Government will also provide \$154 million to promote active and healthy living, including \$83 million to improve existing community sport facilities, and to expand support for the Sporting Schools and Local Sporting Champions programs.

It has dismissed a proposal for a single and separate Murray Darling Medical School, in favour of a network, in what AMA President Dr Michael Gannon has described as a better approach.

Mr Morrison said the plan was to get more doctors to where they are needed through a new workforce incentive program.

“This plan includes the establishment of a new network of five regional medical schools within the broader Murray Darling Region,” Mr Morrison said when delivering his Budget Address to Parliament on May 8.

Dr Gannon said many of the rural health initiatives outlined in the Budget are a direct response to AMA rural health policies and the AMA Budget Submission.

“We welcome the Government’s strong focus in this Budget on improving access to doctors in underserved communities, particularly rural Australia,” Dr Gannon said.

“The decision to reject the proposal for a stand-alone Murray Darling Medical School, in favour of a network, is a better approach with the Government instead pursuing a policy that builds on existing infrastructure to create end-to-end medical school programs.

“However, while the Government has made a welcome commitment not to increase Commonwealth-supported medical school places, it has taken the unnecessary step of compensating medical schools with additional overseas full-fee paying places.

“This will not address community need, and instead simply waste precious resources.”

Dr Gannon said overall, the Government had delivered a safe and steady Health Budget, which outlines a broad range of initiatives across the health portfolio.

Necessary funding to aged care, mental health, rural health, the PBS, and medical research, were all welcome commitments.

“But some of the bigger reforms and the biggest challenges are yet to come,” he said.

“Due to a number of ongoing major reviews, this Budget is notable as much for what is not in it as for what is in it.

“The major reviews of the Medicare Benefits Schedule (MBS) and private health are not yet finalised, and the ensuing policies will be significant.

“We are pleased that indexation has been restored to general practice and other specialty consultations, but new and considerable investment in general practice is missing.

“Also, the signature primary care reform – Health Care Homes – did not rate a mention.”

Health Minister Greg Hunt described the Budget as a “record investment in health” and pointed to a previously announced commitment from the Federal Government to public hospitals.

“The Government will deliver more than \$30 billion in additional public hospital funding under a five-year National Health Agreement, with funding increasing for every State and Territory, every year,” Mr Hunt said.

But Shadow Health Minister Catherine King said the Budget failed the health test.

The Government was persisting with a plan to cut \$715 million from hospitals over the next two years, she said.

“Their hospital cuts are putting doctors, nurses and hospital staff under increasing pressure; forcing delays in surgeries; and making emergency department waiting times even worse,” Ms King said.

CHRIS JOHNSON

Looking forward to more significant announcements

AMA President Dr Michael Gannon said while there were “many significant and worthy announcements” in the Federal Budget, the bigger structural health reform announcements were yet to come.

He said the public hospital funding announcement was consistent with the COAG National Health Agreement, but the *AMA Public Hospital Report Card* shows how more funding will be needed over the long term.

“This will involve the States and Territories doing their bit to work with the Commonwealth to increase the funding to appropriate levels,” Dr Gannon said.

“The Government is to be congratulated on its ongoing commitment to medical research, and for its positive contribution to improving Indigenous health, especially eye health, ear health, and remote dialysis.

“The investments in aged care and mental health must be seen

as down-payments with more attention needed in coming years and decades as community demand drastically increases.

“We need to see a more concerted approach from the Government in prevention. We need to keep people fitter and healthier and away from expensive hospital care.

“Good health policy is an investment, not a cost. We look forward to the finalisation of the private health and MBS reviews, and the reforms that will flow from those processes.

“We expect to see any savings from the MBS Review reinvested into the MBS in the form of new and improved items in a transparent way.

“We anticipate more significant health policy funding announcements ahead of the next election.”

CHRIS JOHNSON

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Reducing the intake of GPs trained overseas



The biggest single saving of the Federal Budget will be achieved by axing 200 places from Australia's intake of overseas-trained GPs.

The total number to be granted visas will now be 2,100. The move, beginning in January, is expected to save more than \$400 million over the forward estimates and reduce the demand on Medicare and PBS-listed medicines.

The initiative is also designed to address what the Government describes as an over-supply of medical graduates in urban areas.

The Government insists the savings will be redirected to fund health policy priorities.

Improved targeting of visas, it says, will see overseas-trained GPs directed to areas where there are doctor shortages, such as regional and rural Australia.

"By better managing the total number of doctors entering the system and directing them to areas of need has made available \$415.5 million over four years," Budget papers say.

AMA President Dr Michael Gannon said the full intent of the Government's plan needed further explaining.

"We really appreciate the contribution made by international medical graduates in the past, and in the present, and in the future to rural Australia," he told ABC Radio.

"But the ultimate aspiration has to be self-sufficiency in medical graduates, and we applaud the Government in at least starting to introduce some evidence-based measures... that are likely to increase the number of doctors who settle in rural areas, in the regions.

"If you take people who went to high school in the regions, if you train them in the country, they are far more likely to make their careers there. We think they have got it right in this workforce package.

"So basically we've got a Health Budget which points to \$4.8 billion extra investment, and we've got a saving in the Immigration Home Affairs portfolio.

"So, we're still trying to work that one out. Obviously the idea is that those services are provided under the Medicare system by Australian-trained doctors.

"The reality is that the vast majority of doctors given visas under district of workforce shortage provisions end up working in our major cities; they end up in the middle of Sydney, the middle of Melbourne, the middle of Perth.

"We are interested in measures that are likely to deliver doctors to the bush in a sustained manner. We simply can't have the situation where people are recruited to jobs in the country or often in the outer suburbs of our metropolitan areas, and find their way into private hospital jobs in the middle of our cities. That's not a workforce strategy."

CHRIS JOHNSON

Rural health focus welcomed



The AMA welcomes the Budget announcement of a range of initiatives to improve access to health services for rural and regional Australians.

AMA President Dr Michael Gannon said many of the initiatives outlined in the *Stronger Rural Health Strategy* as part of the Health Budget – are a direct response to AMA rural health policies and the AMA Budget Submission.

“The evidence shows that selecting medical students with a rural background and providing high quality training in rural areas are the most effective policy measures to address workforce maldistribution,” Dr Gannon said.

“With medical graduate numbers in Australia at record numbers, well above the OECD average, there is a strong emphasis in this Budget on building a rural training pipeline so that it will be possible for doctors to complete their medical degree in a rural area – and then continue to be able to work and train in these areas.

“We welcome the decision to create a pool of medical school places that can be reallocated over time, a nimble way of better responding to community need.

“The AMA has championed a Community Residency Program, focusing on rural areas, and the significant expansion of

pre-vocational training places in general practice announced delivers on that policy proposal.

“The decision to set aside funding for an extra 100 GP training places from 2021, earmarked for the proposed National Rural Generalist Pathway (NRGP), is a good first step in supporting its rollout.

“This will build on the work of the Rural Health Commissioner, who is currently consulting on the design of the NRGPs.

“It is also good to see that the Government is funding support for non-vocationally registered doctors to progress to College Fellowship. Rural areas are very reliant on International Medical Graduates (IMGs) to deliver care, and this decision will help them in continuing to deliver high quality care for patients.

“The AMA is also pleased to see the Government take the decision to completely overhaul the bonded medical graduate programs, which have so far largely failed to deliver extra doctors to needy communities.

“The new arrangements will be more flexible, and provide greater career certainty for doctors who have signed up for these programs.”

JOHN FLANNERY

Budget's rural health initiatives from medical students' viewpoint



AMSA's Candice Day, Joel Selby, Alex Farrell (Pres) and Victoria Cook (Vice Pres) with Dr Bill Glasson (former AMA Pres), Dr Michael Gannon (AMA Pres) and Dr Tony Bartone (AMA Vice Pres) on Budget night.

AMSA Rural Health (Australian Medical Students' Association rural health division) welcomes the rural health workforce measures outlined in the 2018-19 Federal Budget, but meets the announcement of a new medical school network with cautious optimism.

The \$83.3 million Stronger Rural Health Strategy to address access to medical care by rural and regional Australians is an important step towards health equity in rural and regional Australia.

Murray Darling Medical School Network

The announcement of the Murray Darling Medical School Network, accompanied by \$95.4M in funding, represents a welcome focus on rural medical education. However, AMSA Rural questions what the network means for overall medical student numbers, and the impact it will have on rural health workforce shortages.

"While there will be no new Commonwealth Supported Places (CSPs), the inclusion of two more universities within the network – Charles Sturt and La Trobe – means the existing universities will replace redistributed places with full fee-paying places. We

are concerned the introduction of a new school in Orange that has been allocated 30 of the existing CSP will open the door to future increases in student numbers," said AMSA Rural Co-Chair Nic Batten.

"The overall number of medical students will increase as these universities will replace lost income by recruiting more international students, which will only worsen the oversupply of medical graduates and bottlenecks in further training," said AMSA Rural Co-Chair, Gaby Bolton.

"In Victoria alone there will be 100 more graduating doctors than internship places for 2019, and most of those missing out will be Australian trained international students. It is unethical to continue to encourage international students to study in Australia if they will be unable to work here as doctors after graduation - this loophole must be closed," said Ms Bolton.

All sites in the network – Bendigo, Albury-Wodonga, Shepparton, Wagga Wagga, Orange, and Dubbo – already teach medical students within Rural Clinical Schools. However, the funds for the network will allow expansion of existing infrastructure to enable end-to-end rural medical school training.



Budget's rural health initiatives from medical students' viewpoint

... from p8

"We hope that the network model translates into more doctors committed to rural practice, and that the university partnerships involved will enable greater recruitment of and support for students of rural background to study medicine," said Ms Batten.

"While we welcome the network model over a large new stand-alone medical school, these funds could be better spent in addressing the issue of too few vocational training spots for doctors who want to work, train and live in rural and regional areas, and are currently forced to return to metro areas to complete specialty training."

Junior Doctor Training Program

The Junior Doctor Training Program, which includes an increase of 300 rural places for junior doctors, represents the beginning of a clear pathway for rural practice. Details, including a possible expansion of internship rotations in rural general practice, are yet to be outlined.

"For medical students wanting to practice in rural areas, and particularly those who aim for careers in rural generalism, this is an invaluable program," Ms Bolton said.

Ms Batten said: "PGY1-3 is where many doctors who have trained in Rural Clinical Schools are lost to metro hospitals. This initiative will help stem this barrier to rural practice."

Rural Generalism

AMSA Rural is pleased to see commitment to the National Rural Generalist Pathway with 100 additional vocational training places to be administered by Australian GP Training (AGPT), beginning in 2021. This comes off the back of a historical agreement between RACGP and ACRRM earlier in the year, facilitated by the Rural Health Commissioner Professor Paul Worley.

"We are excited to see this measure devoted to addressing rural training pathways. Many of our members are keen to work in this area, so this is will be a great step to increase the number of rural doctors," said Ms Bolton.

"While we would have liked to see more funding towards the National Rural Generalist Pathway, this is an important move towards increasing the number of rural GPs, and recognises the special skill-set required of doctors working in rural and remote areas," said Ms Batten.

Rural Specialty Training

In comparison to funding for rural generalism training places, no announcement was made of an expansion of the Specialty Training Program. AMSA Rural hopes the release of further information after the Budget will include support for specialty training within the Regional Training Hubs.

"Access to further rural opportunities for specialty training is key to retention of these doctors in rural and regional areas. This will help to address the maldistribution of certain specialities as well as provide necessary additional specialty training places," Ms Batten said.

Bonding

AMSA Rural Health welcomes the changes relating to rural bonding contracts.

"The return of service obligations have not been fulfilled by many rural bonding contract holders, and have only damaged perceptions of living and working within rural communities," said Ms Batten.

"Bonding contracts have not been administered in a way which encourages doctors to fulfil their obligations to work in a rural location," Ms Bolton said.

"The changes announced in the Budget will provide a flexibility around training that will encourage more doctors to complete their return of service and work in a rural location."

Summary

AMSA Rural enthusiastically supports the changes to rural bonding and the opportunities presented by the Junior Doctor Training Program and the National Rural Generalist Pathway. Whilst the MDMS network may represent an expensive mis-step in addressing rural health workforce shortages, with funds better spent on rural Specialty Training Places, the announcement of better targeting, monitoring and planning for future rural workforce needs is encouraging. Overall, AMSA Rural welcomes the government's renewed focus on health equity for rural and regional communities, and looks forward to hearing more details of the Stronger Rural Health Strategy.

.....
 CANDICE DAY
 VICE CHAIR AMSA RURAL HEALTH

Excerpts from Treasurer Scott Morrison's Budget Speech 2018-19

Delivered on May 8, 2018 in the House of Representatives, Parliament House, Canberra.

Our national economy is strengthening, but it is also true that the benefits are yet to reach everyone. This will take more time. That is why it is important to stick to our plan. There is more to do. We cannot take a stronger economy for granted. We live in a very competitive world. If we make the wrong calls, other countries will 'cut our lunch'. There is a lot to gain and much to lose. We can't ease off.

In this year's Budget there are five things we must do to further strengthen our economy to guarantee the essentials Australians rely on.

1. Provide tax relief to encourage and reward working Australians and reduce cost pressures on households, including lowering electricity prices,
2. Keep backing business to invest and create more jobs, especially small and medium sized businesses,
3. Guarantee the essential services that Australians rely on, like Medicare, hospitals, schools and caring for older Australians,
4. Keep Australians safe, with new investments to secure our borders, and, as always,
5. Ensure that the Government lives within its means, keeping spending and taxes under control.

That's our plan.

Tonight we announce a new 21st century medical industry plan to create more jobs in this fast growing sector of our economy. The health sector represents 7 per cent of our economy and 14 per cent of jobs. Our plan will provide more support for medical research projects, new diagnostic tools, clinical trials of new drugs, scientific collaboration, and development of new medical technologies that can be sold overseas. In particular we will back in Australian medical scientists through the largest single investment of the Medical Research Future Fund to date of \$500 million over ten years for Australia to become a world leader in genomic research. This is about building another strong and competitive industry in Australia that will generate income and jobs, from the white coats in the labs to the workers making new medical devices on the shop floor.



Treasurer Scott Morrison

In rural and regional areas we have funded a plan to get more doctors to where they are needed through a new workforce incentive program. This plan includes the establishment of a new network of five regional medical schools within the broader Murray Darling Region. And we have moved to guarantee rural and remote access to dental, mental health and emergency medical services through increased financial support for the Royal Flying Doctor Service. Indigenous Australians also benefit from our \$550 million commitment to address remote housing needs in the Northern Territory and \$1.7 billion through our primary health care model. Our veteran centric reform package will continue with a planned additional \$112 million in this Budget, as will our support for ongoing veterans' mental health and employment initiatives. Finally, every dollar and every cent committed to delivering the National Disability Insurance Scheme remains in place and always will.

Our new five year hospitals agreement, which is being signed onto by the States and Territories, will deliver \$30 billion in



Excerpts from Treasurer Scott Morrison's Budget Speech 2018-19 ... from p10

additional funding, a one third increase over the previous five years. And following last year's Budget, funding for Medicare and the Pharmaceutical Benefits Scheme or PBS has been guaranteed in legislation. This Budget includes an extra \$1.4 billion for listings on the PBS, including medicines to treat spinal muscular atrophy, breast cancer, refractory multiple myeloma, and relapsing-remitting multiple sclerosis, as well as a new medicine to prevent HIV. Lifeline Australia will receive additional support as will funding for Mental Health Research, with \$125 million over 10 years from the Medical Research Future Fund.

The Government will also provide \$20.9 million to support parents and infants by funding tests for new conditions and ensure that debilitating conditions are picked up at the earliest opportunity. The Government will provide \$154 million to promote active and healthy living, including \$83 million to improve existing community sport facilities, and to expand

support for the Sporting Schools and Local Sporting Champions programs.

Just because you are getting older does not mean you should have to surrender your dignity or your choices. We're living longer. It's a good thing. We want to preserve and increase the choices of older Australians. To support the choice of older Australians who wish to stay at home and avoid going into residential aged care the Government will be increasing the number of home care places by 14,000 over 4 years at a cost of \$1.6 billion. By 2021-22, over 74,000 high level home care places will be available, an increase of 86 per cent on 2017-18. We will also be providing \$146 million to improve access to aged care services in rural, regional and remote Australia. We will also provide \$83 million for increased support for mental health services in residential aged care facilities, especially to combat depression and loneliness.



Dr Gannon meets separately with Health Minister Greg Hunt and Indigenous Health Minister Ken Wyatt to discuss the Budget.

Health Budget at a glance



- 1** The Medicare levy increase from 2 per cent to 2.5 per cent announced in last year's Budget has been dropped. NDIS funding will now be reliant on ongoing revenue instead of the \$12.8 billion projected to be raised by the levy increase over the forward estimates.
- 2** Medicare funding to increase by \$4.8 billion.
- 3** The \$30 billion five-year public hospital funding agreement.
- 4** A \$500 million 10-year medical research fund.
- 5** A \$83.5 million investment from (2017-18 to 2021-22) for a new rural health initiatives that include a Junior Doctor Program, additional Royal Flying Doctor service funding and establishing a Murray-Darling medical schools network.
- 6** An extra \$1.4 billion for listings on the Pharmaceutical Benefits Schedule.
- 7** Investment in new medicines.
- 8** Extra \$37.5 million spending on the National Immunisation Program for flu, pertussis and meningococcal vaccinations.
- 9** A \$154 million healthy living promotion package.
- 10** A \$90.2 million investment in mental health service improvements.
- 11** \$82.5 million over four years for people in residential aged care services.
- 12** Funding to promote healthy living and improve community and school sport facilities.



Dr Tony Bartone with Shadow Finance Minister Dr Jim Chalmers



Dr Michael Gannon fronts the media



Dr Gannon and Finance Minister Mathias Cormann



Sky News' David Speers interviews Dr Gannon about the Budget

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