BUDGET 2012-13 Special Edition

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Budget blow to doctors, public health

Incentives slashed, rules tightened – pp 5-6

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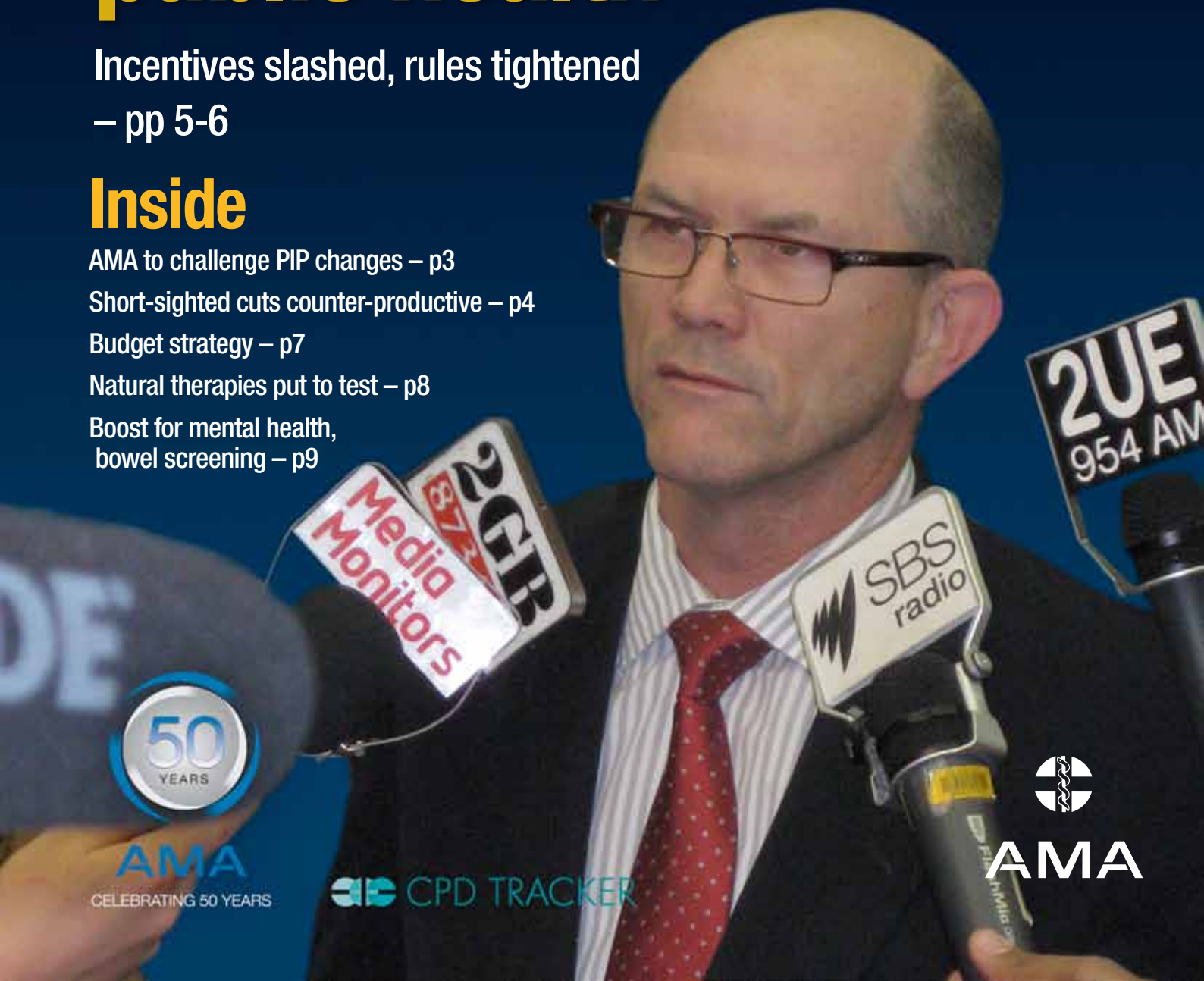

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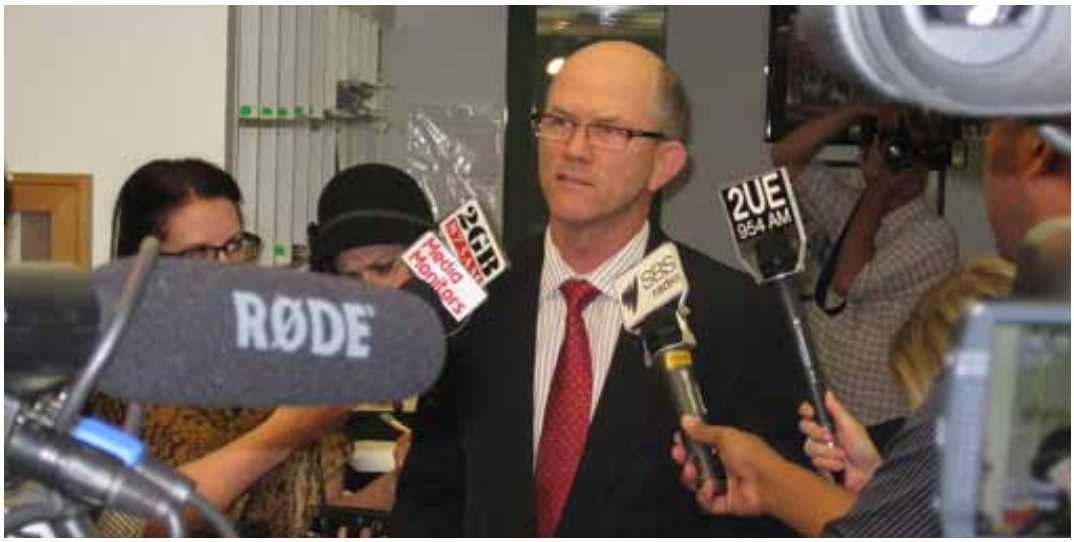
Health budget reflects the economic times

BY AMA PRESIDENT DR STEVE HAMBLETON

"With the budget returning to surplus, we encourage the Government to look to the future by bringing forward investments in medical research and medical training"



In its budget the Federal Government has done the right thing by sparing health from broad funding cuts to provide a budget for tough economic times and to fund a budget surplus.

Health has generally been sheltered from the budget cuts. It means that health costs should not add further pressure to the cost of living for Australian families.

The AMA welcomes several initiatives in the budget, including new funding for aged care, bowel cancer screening, dental services, health infrastructure, and electronic health initiatives.

The changes to the Extended Medicare Safety Net (EMSN) appear to have been based on clinical and economic evidence and do not involve services or procedures that are regularly required by families.

But we have strong objections to changes to Practice Incentive Payments (PIP).

The General Practice Immunisation Incentive has ceased. This has serious public health implications.

And GPs will only be eligible for the electronic PIP if they participate in the personally controlled electronic health record program (PCEHR). We will challenge this decision. This will be a roadblock to the system working properly.

We also see problems with the cessation of Local Lead Clinician Groups. This may have a downside for the better management of hospitals.

More broadly, we support funding for the National Disability Insurance Scheme (NDIS) and key health services for Indigenous Australians under the Stronger Futures program.

However, we remain concerned about the lack of medical care programs or funding in the Government's aged care package, and the lack of incentives for doctors to embrace the PCEHR.

With the budget returning to surplus, we encourage the Government to look to the future by bringing forward investments in medical research and medical training.

As always, there may be devil in the detail, so we will be looking at the fine print over coming days.

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Removing doctor incentives counter-productive

BY AMA SECRETARY GENERAL FRANCIS SULLIVAN

"Restraining the growth of health expenditure to a mere 3 per cent begs the question of whether the system is well placed to meet evolving demand pressures"

In broad terms the health portfolio was saved from the 'slash and burn' visited on other departments in this year's Commonwealth Budget. This is a tick for health department advocates scrambling to maintain their portfolio allocations.

This preoccupation, even sport, is limited to a small band of 'insiders' that populate the parliamentary triangle in budget season. Relieved bureaucrats chant how lucky health was to have 'dodged the bullet' on budget night.

Once budget week concludes these same bureaucrats return to the grinding exercise of finding more 'saves' and less 'spends' to deal with the inevitable blowouts in the budget estimates that the Mid-Year Economic and Fiscal Outlook will reveal. For this is the real thing about budgets - they change.

Experienced commentators have noted the increasing difficulty of making sound forecasts in these turbulent international economic times. Treasury forecasts are beginning to become unreliable as events rapidly change. The Australian economy is vulnerable to international upheavals, and their short term impacts can have significant bottom line effects on the budget. This undermines confidence and reputations. In this light, what are we to make of this year's budget?

Clearly, the over-riding working principle for the health budget was to restrict measures that would add to the cost-of-living burden for average income Australians. Thus, the usual areas where governments seek to reduce outlays - MBS and PBS payments - were generally quarantined.

The changes that were made to the Medicare safety net were justified on the grounds of excessive billings by a minority of practitioners. The overall purpose and benefit of the safety net was maintained. Likewise, the previously introduced market-based changes to the PBS were maintained without increases to eligibility thresholds. Again, consumers were spared the risk of increased fees.

But it is in the medium term effects that this budget is best brought into question. Restraining the growth of health expenditure to a mere 3 per cent begs the question of whether the system is well placed to meet evolving demand pressures.

Ignoring the investment needs of medical research and training can certainly reduce immediate outlays, but it definitely restricts system capacity for the years ahead.

This is also reflected in the removal of incentive payments in general practice.

For a number of years the public policy setting to achieve sound public health measures was to encourage GPs to promote and dispense immunisation programs. The public benefit was obvious. The return on investment likewise. So to take away the incentive either means the measure has run its course – unlikely - or it is near-sighted and will have to be restored.

A similar case relates to the personally controlled electronic health record (PCEHR). Already a somewhat fraught issue over reimbursement to doctors for engaging with the PECHR, this budget confirmed that there is no specific allocation to encourage the take up of e-health recording in surgeries. Again, any incentive payment that was designed for this purpose has evaporated.

These are short-sighted measures that will have significant impacts. Strangely, they are integral to the reform agenda this government has been so clearly identified with. The promotion of preventative health measures and the development of an e-health system are vital. Removing incentives to make them happen is counter-productive.

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Doctors hit by incentive cuts, tighter rules as Budget redirects priorities

Doctors face cuts to incentive payments and stringent funding rules as the Federal Government seeks to claw back spending in much of the health portfolio and redirect it to priority areas including e-health.

In a move that could cost some practitioners up to $4500, as well as undermining an important preventive health measure, the Government has scrapped the GP Immunisation Incentives Scheme as part of a range of controversial changes to the Practice Incentives Program expected to save $83.5 million over the next four years.

"The Government has also dealt a double-blow to doctors over the introduction of its Personally Controlled Electronic Health Record (PCEHR) scheme"

Not only will GPs lose incentive payments for ensuring more than 90 per cent of child patients are fully immunised, they face more stringent treatment targets under the program, including ensuring 70 per cent of eligible female patients are given pap smears – a 5 percentage point increase – and preparing care plans for at least 50 per cent of diabetic patients, up from 40 per cent.

The Government has also dealt a double-blow to doctors over the introduction of its personally controlled electronic health record (PCEHR) scheme.

Not only did the Budget fail to address AMA concerns about the lack of a rebate to cover the costs incurred by practitioners in helping create and maintain electronic health records, but practices will lose access to an incentives package, worth up to $50,000 a year, if they do not participate in the PCEHR scheme.

Adding to the pain for doctors, the Budget detailed major changes to the Government's telehealth initiative, including scrapping the Telehealth Support Initiative from July next year and withdrawing telehealth incentive payments from mid-2014.

Telehealth is also one of the areas where there will be a crackdown on rorting by some practitioners.

The Government will require that telehealth consultations must be conducted over a distance of at least 15 kilometres to be eligible for rebate.

The telehealth incentive cuts and tighter eligibility criteria are predicted to save almost $184 million over the next five years, money the Government says will be redirected into its e-health program.

In the Budget the Government has allocated an extra $234 million to continue the rollout of the e-health system, including almost $162 million to operate the PCEHR scheme during the next two years, more than $67 million for the National E-Health Transition Authority to "maintain critical services and standards" and $4.6 million to sustain privacy safeguards.

Other savings

The Government intends to crack down on what it sees as rorts of the Medicare system, particularly the Extended Medicare Safety Net (EMSN), which reimburses 80 per cent of a patients's out-of-pocket expenses incurred for services provided outside hospital, once spending passes $1200 a year.

In a measure expected to save $96.5 million in the next four years, the Government will cap EMSN benefits for all consultation items and "a range" of procedures, including "those where excessive fees are being charged, where there has been excessive growth in EMSN benefits, where the EMSN is being used to subsidise items that could be used for cosmetic pruposes and where there is a risk that practitioners will shift excessive fees onto other items, such as consultation items".

The Government also expects to make savings by axeing the rebate for some hyperbaric oxygen therapy procedures, cracking down on private health rebates for natual therapies and tightening spending on diagnostic radiology.

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PRESS RELEASE

Cuts to Practice Incentive Payments penalise GPs, risk public health

AMA President, Dr Steve Hambleton, has warned that Budget cuts and changes to Practice Incentive Payments (PIP) to GPs deliver a double-blow to the health system.

Dr Hambleton said that under the new arrangements, GPs will be penalised if they failt to meet new, higher targets for cervical cancer screening and specialised diabetes care, and will lose incentives for immunisation.

Dr Hambleton said these measures, along with changes to e-health incentives, have the potential to pose serious public health risks and undermine successful preventive health programs that are providing benefits to many Australians.

"The AMA will raise this issue with the Minister as a matter of urgency. Public health is far more important than a Budget surplus"

"These cuts go against the Government's stated objectives of championing preventive health and being a world leader in electronic health," Dr Hambleton said.

"They also place an even greater burden on the engine room of the Australian health system – hardworking GPs in suburbs and towns across the country.

Dr Hambleton also took aim at an attempt by the Government in the Budget to coerce practitioners into taking part in the personally controlled electronic health record (PCEHR) system.

"Last night, the Government introduced a requirement that general practices must choose to participate in the PCEHR if they are to continue receiving e-health PIP funding," the AMA President said.

"This is not a requirement, it is a threat, and it comes on top of the Government's failure to provide any new funding for the new clinical service that GPs are being asked to provide in helping patients prepare a shared health summary as part of the PCEHR.

"This double whammy represents a substantial roadblock to the effective implementation of the PCEHR and threatens Australia's efforts to be a world leader in e-health."

Dr Hambleton said the decision in the Budget to discontinue the GP Immunisation Incentives Scheme posed a public health risk of the highest order.

"Australia is a world leader in childhood immunisation rates, but this decision could undermine that reputation and undo a lot of hard work by parents, GPs and other health professionals who promote the importance of immunisation in the community and in schools," Dr Hambleton said.

The AMA President also criticised the Government for a lack of consultation over its plans, revealed in the Budget, to increase practitioner performance targets in the PIP programs for cervical cancer screening and diabetes treatment, warning that its pre-emptive action will "put the brakes on successful prevention and care programs that are helping thousands of people".

"These cuts are a big hit to general practice and quality patient care, and follow cuts in recent Budgets to joint injection rebates and mental health rebates, the loss of Medicare practice nurse rebates, earlier cuts to the GP Immunisation Incentives Scheme, and the imminent loss of the after hours PIP.

"The AMA will raise this issue with the Minister as a matter of urgency. Public health is far more important than a Budget surplus," Dr Hambleton said.

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Mining riches to go to families

The Federal Government has bypassed business tax cuts and instead funelled the benefits of the mining boom to households, softening the blow to the economy of the biggest cut in Commonwealth spending in 24 years.

The Government expects the Budget to return, as promised, to a narrow $1.5 billion surplus in 2012-13 despite unexpectedly weak company tax receipts and subdued asset prices, driven by $17 billion of net savings, and expects the federal balance sheet to remain in the black through the following three financial years, rising to a surplus of $7.5 billion in 2015-16.

The huge budget turnaround – from a deficit of $44.4 billion this financial year – means the Government will be a hefty drag on economic activity, equivalent to about 3.1 per cent of gross domestic product.

But the Government is banking on further cuts in official interest rates and a lift in household spending to help propel growth even as its own substantial spending cuts threaten to undermine the economy's momentum.

Treasury has forecast a small acceleration in growth next financial year to 3.25 per cent – around the long-term average – before easing marginally to a sustained annual rate of 3 per cent between 2013-14 and 2015-16.

It expects such a rate of expansion to be sufficient to limit the rise in the jobless rate to 5.5 per cent through the next two financial years despite soft employment growth of less than 1.5 per cent.

By abandoning plans to cut the company tax rate to 29 per cent and instead re-direct the funds raised by the controversial Minerals Resource Rent Tax to handouts to households, the

Government hopes to fuel the nascent recovery in household spending.

Under Budget plans, mining tax revenue will help deliver a $1.8 billion boost to recipients of Family Tax Benefit Part A, with a further $1.1 billion for increased allowances for students, young families and the unemployed, and $2.1 billion over five years to families with school-age children.

Significantly, most of the funding will go to lower and middle-income recipients, increasing the likelihood that it will be spent rather than saved, thereby providing a boost to activity.

Treasurer Wayne Swan said more than 1.5 million families would benefit from the Government's Spreading the Benefits of the Boom package.

"[The] Government knows that for too many Australians, this feels like someone else's mining boom," Mr Swan told Parliament in his Budget speech on Tuesday night. "So…from the firm foundations of a surplus Budget, we announce new policies to spread the benefits of this boom. The Budget redirects and prioritises spending to convert a more productive economy into a fairer community as well."

Just as significantly, the growth and employment forecasts assume further interest rate cuts.

In the Budget, Treasury said that in arriving at its forecasts "interest rates are assumed to move broadly in line with market expectations at the time the forecasts were finalised".

Budget preparations finished last month, when markets were aniticpating the official cash rate – which was cut to 3.75 per cent last week – could drop close to 3 per cent, implying that the Government expects more rate cuts to come.

The net effect, according to Treasury, should be sustained growth at close to the long-term average despite deep Government spending cuts and weakness in much of the economy.

"The impact of the Government's fiscal consolidation, particularly in 2012-13, should be more than offset by growth in private demand," the Budget said.

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Subsidies for dubious 'natural' therapies to end

The Federal Government plans to dump rebates for natural and alternative therapies that have no proven medical benefit, in a move welcomed by AMA President Dr Steve Hambleton.

The Government has asked Chief Medical Officer, Professor Chris Baggoley, to conduct an eight-month clinial review of natural therapies, beginning in July.

Those not found to be medically effective will no longer qualify for the 30 per cent private health insurance rebate from 1 July, 2013.

Private health insurers currently pay out about $90 million a year for treatments the government considers suspect, and making them ineligible for the rebate could potentially save taxpayers around $30 million.

Therapies seen as most likely to be dumped include aromatherapy, ear candling, crystal therapy, homeopathy, iridology, kinesiology, reiki and rolfing.

Dr Hambleton told the *Weekend West* newspaper that the rebate for such treatments deserved scrutiny.

"We don't see why there should be a government subsidy for any therapies that don't have reasonable scientific evidence that they work better than a placebo," he said.

But the review will not include Medicare services and therapies regulated under a national accrediation scheme, such as acupuncture, osteopathy, Chinese medicine and dietetics.

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Government starts to fill dental care cavity

The Federal Government is unleashing a $346 million "blitz" on public dental waiting lists to fast-track treatment for about 400,000 people as it seeks to bolster dental services despite heavy cuts to overall spending.

The Government has allocated $515 million in the Budget to not only cut waiting times but employ more practitioners, upgrade facilities and increase incentives for providing services in regional and remote areas, in a move that goes some way to addressing concerns about the adequacy of public dental health care.

Health Minister Tanya Plibersek said the funding, to be provided over the next three years, was a "significant step" in upgrading the dental care system.

"New spending in this Budget will see a blitz on State Government waiting lists to help meet the emergency treatment and prevention needs of people who are eligible for public dental care," Ms Plibersek said.

In addition to the money allocated to tackle waiting lists, almost $78 million has been set aside over the next four years to provide extra grants for dentists relocating to regional, rural and remote areas, $45 million will be used to establish an Oral Health Therpist graduate program, and more than $35 million will be spent to double the intake for the Voluntary Dental Graduate Year Program to 100 placements a year by 2016.

The commitments were welcomed by the Australian Greens, who have been pushing for the establishment of a Medicare-style public dental health scheme.

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Bowel cancer screening boost

Older Australians will be screened for bowel cancer every five years under a $50 million upgrade to the exisitng program in the Federal Budget.

The Federal Government said the funding boost meant that from next year free bowel cancer tests will be available for 60-year-olds, and for 70-year-olds from 2015, helping to plug gaps in the nationwide screening program.

Currently, free screening is available for people aged 50, 55 and 65 years of age, and the Government wants to eventually offer free tests every two years for people aged between 50 and 74 years.

In a joint statement, Treasurer Wayne Swan and Health Minister Tanya Plibersek, said bowel cancer was the second most common cause of cancer-related deaths in the country, killing 80 people a week, with the majority 50 years or older.

"Bowel cancer is preventable if detected early, and screening is effective in reducing the incidence of bowel cancer when it is offered at regular intervals," the ministers said. "The extension of the bowel screening program will save lives, and early detection of disease will significantly reduce the cost of treatment and the burden on patients and their families."

Under the Government's plan, free screening every two years as (yet unfunded), will be phased in from 2017-18, beginning with 72-year-olds.

Invitations to be tested every two years will then be "progressively extended" to all within the 50 to 74 years target range, though no end date for the transition has been set.

The extension to the screening program has been welcomed by most health groups, though Bowel Cancer Australia accused the Government of falling short on its commitment to introduce screening every two years.

The lobby group told online news service *6 Minutes* that the Government was sending out mixed signals by funding tests every five years when National Health and Medical Research Council guidelines recommended screening every two years.

According to a study published by Cancer Council chief executive Professor Ian Olver and head of Flinders Centre for Cancer Prevention and Control Dr Graeme Young in the *Medical Journal of Australia* this week, screening people between 50 and 74 years of age every two years could save 500 lives a year.

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Government chips in extra $200 million for mental health

The Federal Government has allocated an extra $200 million under the Council of Australian Governments agreement to help fill gaps in accommodation and other support for people with mental health problems.

In a measure intended to build on the $2.2 billion mental health package announced in the 2011-12 Budget, Prime Minister Julia Gillard said the money - provided under the terms of a new National Partnership Agreement with State and Territory governments - would be used to fund a variety of projects, mostly involving housing and accommodation support for residents with mental health issues.

The announcement follows the release of Australian Institute of Health and Welfare figures showing the number of workers in the mental health system is growing.

The number of psychiatrists, including psychiatrists in training, per 100,000 people increased at an annual rate of 1.4 per cent between 2005 and 2009, according to the Institute.

Nationally, there were 18 full-time equivalent psychiatrists per 100,000 people, including a ratio of 7 per 100,000 in areas classified as inner regional, 5 per 100,000 in outer regional areas and 3 per 100,000 in remote and very remote areas.

The highest psychiatrist to population ratio was recorded, unsurprisingly, in the major cities, with a national average of 23 per 100,000. Practitioners in these areas reported working an average of 40 hours per week including both clinical and non-clinical hours.

Psychiatrists in training worked slightly longer average hours per week than their fully qualified colleagues, putting in on average 44.9 hours per week compared with 39.1 hours.

The Institute study found that, as at 2009, the average age of psychiatrists was 52 years, and more than two-thirds were male.

The number of nurses who work principally in mental health increased at an average annual rate of 1.5 between 2005 and 2009.

Nationally, there were 69 full-time equivalent nurses per 100,000 people in 2009, and on average they worked 37 hours per week.

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Free tool to track registration requirements

The AMA has developed a free online tool to help doctors to keep track of the information they need to meet the Medical Board of Australia's annual continuing professional development requirements.

Each September practitioners, when renewing their Medical Board registration, may be required to provide evidence they have complied with the Board's continuing professional development (CPD) requirements.

The AMA CPD Tracker has been developed to enable doctors to progressively gather and organise the information needed to substantiate declarations made to the Board about CPD, so that evidence can be quickly and easily produced on demand.

The AMA CPD Tracker can be used to:

- list courses completed, including the organisation that accredited the CPD activity;
- store all certificates of completion;
- keep a log of practice-based reflective activities, including clinical audits, peer reviews and perfomance appraisals; and
- log hours spent on online learning, reading journals, teaching and other activities.

The system keeps a tally of hours, enabling practioners to keep track of what needs to be completed before the end of the registration year.

The Tracker has been developed taking full account of the requirements set out in the Medical Board's Continuing Professional Development Registration Standard.

The service is free to AMA members. Non-members can subscribe for an annual fee of $250.

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AMA National Conference 2012

The AMA National Conference 2012 – celebrating the 50th Anniversary of the Federal AMA – will be held at the Grand Hyatt, Melbourne, from 25 – 27 May 2012.

The overarching theme of the conference is 'Leading in Medical Care' and the program will examine the future of the medical profession in Australia, in particular the leadership of the medical profession.

Conference highlights include:

Keynote Address by Professor the Lord Darzi of Denham PC KBE, Former Health Minister in the United Kingdom, and Chair of Surgery at St Mary's Hospital in London.

Official Opening and Address by Professor David Haslam, President, British Medical Association.

Address by the Minister for Health, The Hon Tanya Plibersek MP

Address by Shadow Minister for Health and Ageing, The Hon Peter Dutton MP.

Leading for Difference Policy Session with Dr Christine Bennett, Dean of Medicine, University of Notre Dame Sydney; Former Chair, National Health and Hospitals Reform Commission and The Hon Jim McGinty, Chair, Health Workforce Australia.

Global Health on our Doorstep Policy Session with Dr Nick Coatsworth, President, Médecins Sans Frontières, Australia, Associate Professor Christine Phillips, Social Foundations of Medicine, ANU and Benedict David, Principal Sector Specialist, Health.

Health and the Environment Policy Session with Professor Tim Flannery, Chief Climate Commissioner and Professor Rob Adams, Director City Design, City of Melbourne.

For the first time the National Conference is open to all doctors, not just AMA members or invited delegates. For more information, go to www.ama.com.au/nationalconference.

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