Health policy and budgets

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Reform of the PHC sector forum

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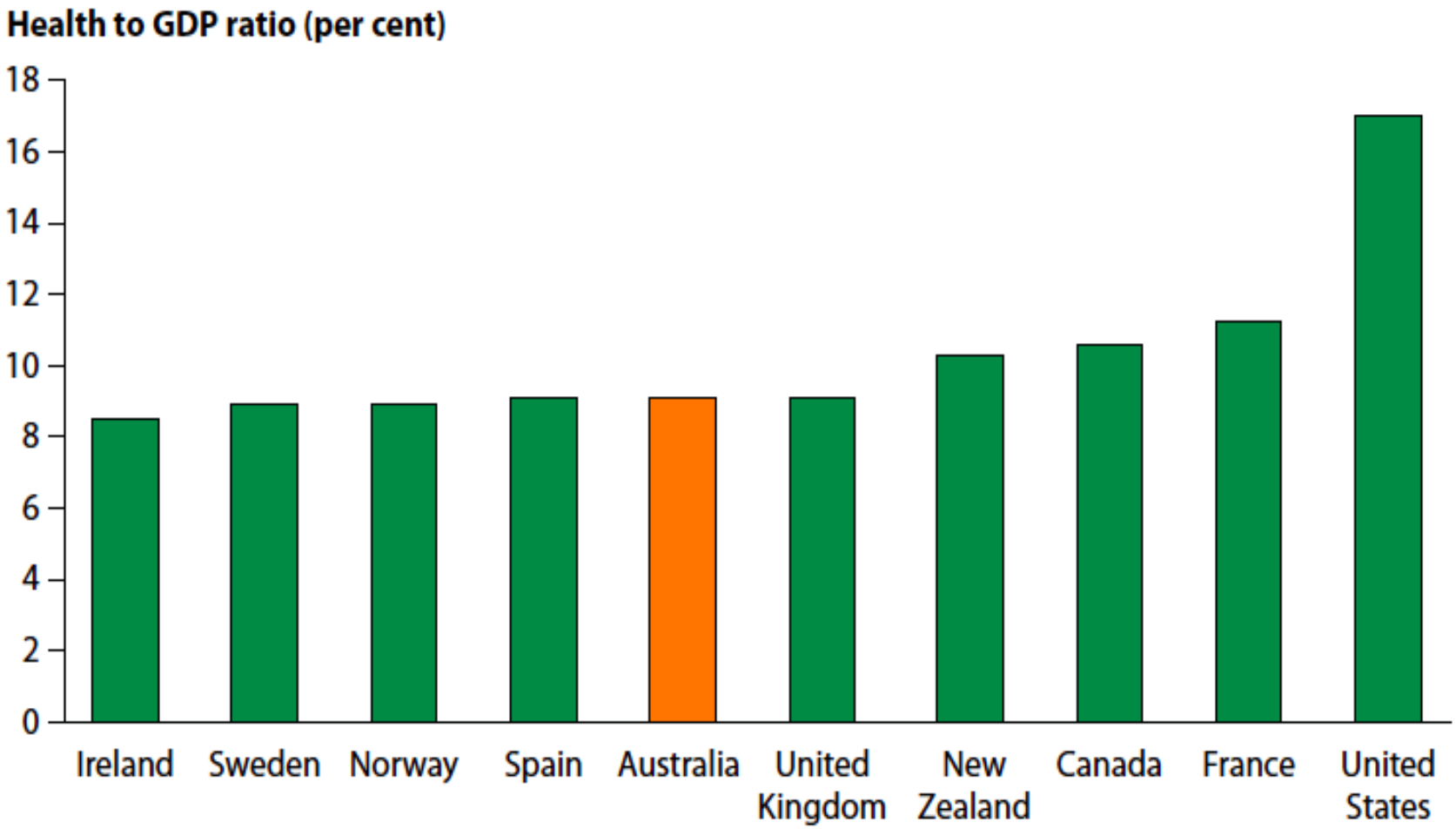
Macro budget issues

Australia is very prosperous but…

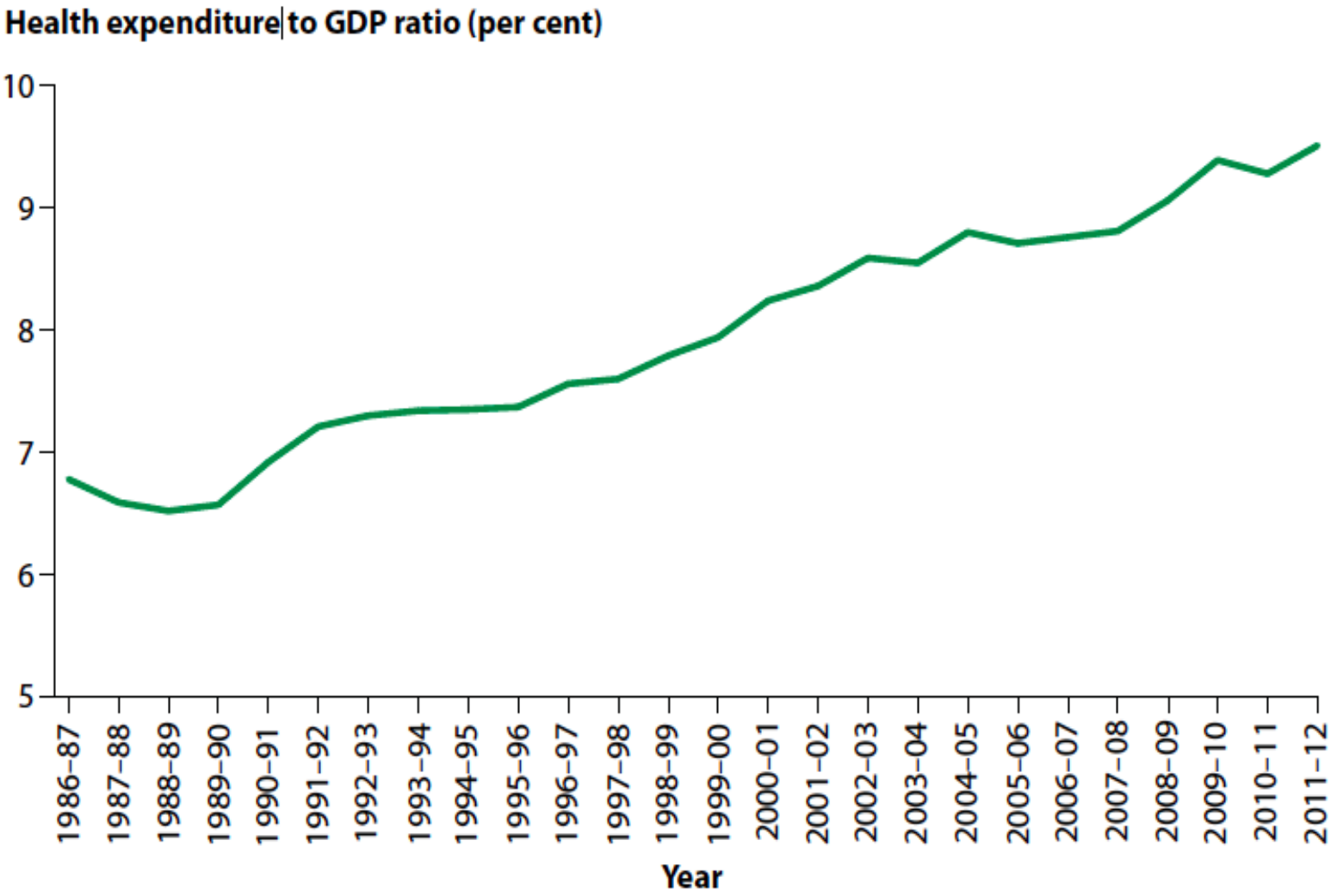
- The mining boom is ending
- Growth in GDP, productivity & competitiveness is slowing
- Inequity is increasing
- Climate change pressure is growing
- Revenue is slowing & out of sync with expenditure
- The Federation is fractured

Health expenditure currently not particularly high



Source: AIHW 2013a.

But growing



Source: AIHW health expenditure database.

Health budget issues

Expenditure OK by international standards

Health outcomes OK by international standards

But long term sustainability issues as a percent of GDP

Little focus on health (as opposed to fiscal) outcomes

Fiscal outcomes dominated by ‘who pays’ (private vs public; commonwealth vs states)

Major measures in 2014 health budget

- Shifting costs to consum
  - GP & diagnostic
  - PBS copay
  - Adult
- Shift
  - Public dent
  - Medical
  - PHI rebate
  - Medicare le

Short term to address revenue – expenditure imbalance

Senate may reject Major savings measures

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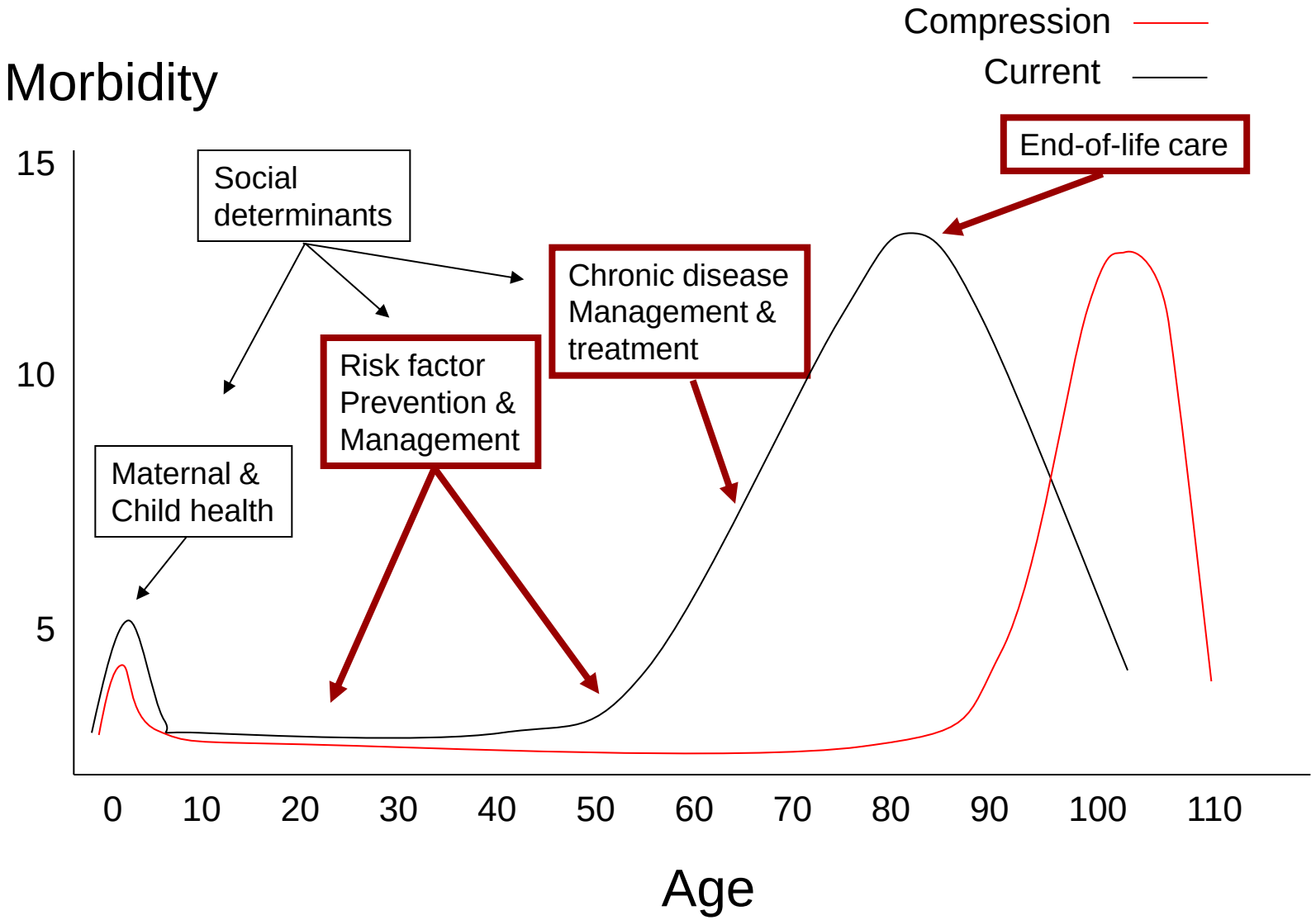
So what about policy?



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Focus on community & chronic

Institutional Services
$$$$$

Highly specialised & intensive

Consumer expectations
Social change
Fiscal pressure
Technology

Comprehensive long term

Specialist non intensive

Generalist

Supportive

Primary & Community services
$$

Preventive

Reform priorities

Significant reform of institutional sector has already occurred

Much less focus on primary and community sector

Major service change in primary & community?

Increasing focus on complex and chronic at home and in community requires new service models including:

- 24/7 access (including at home & rapid response)
- Integrated, team based care including medicine, nursing, allied health, personal care & support and social care
- Integration with specialized and intensive care when needed (e.g. hospital, residential care, respite, hospice)
- Consistent care pathways & continuity of care

Other issues include

Access (e.g. dental, rural)
Quality (e.g. Rx variations)
Efficiency (e.g. over diagnosis & over servicing)

Policy & systems change required!

Current population governance, planning, service models, accountability, funding to get better outcomes for primary & community are ‘problematic’ (non existent?)

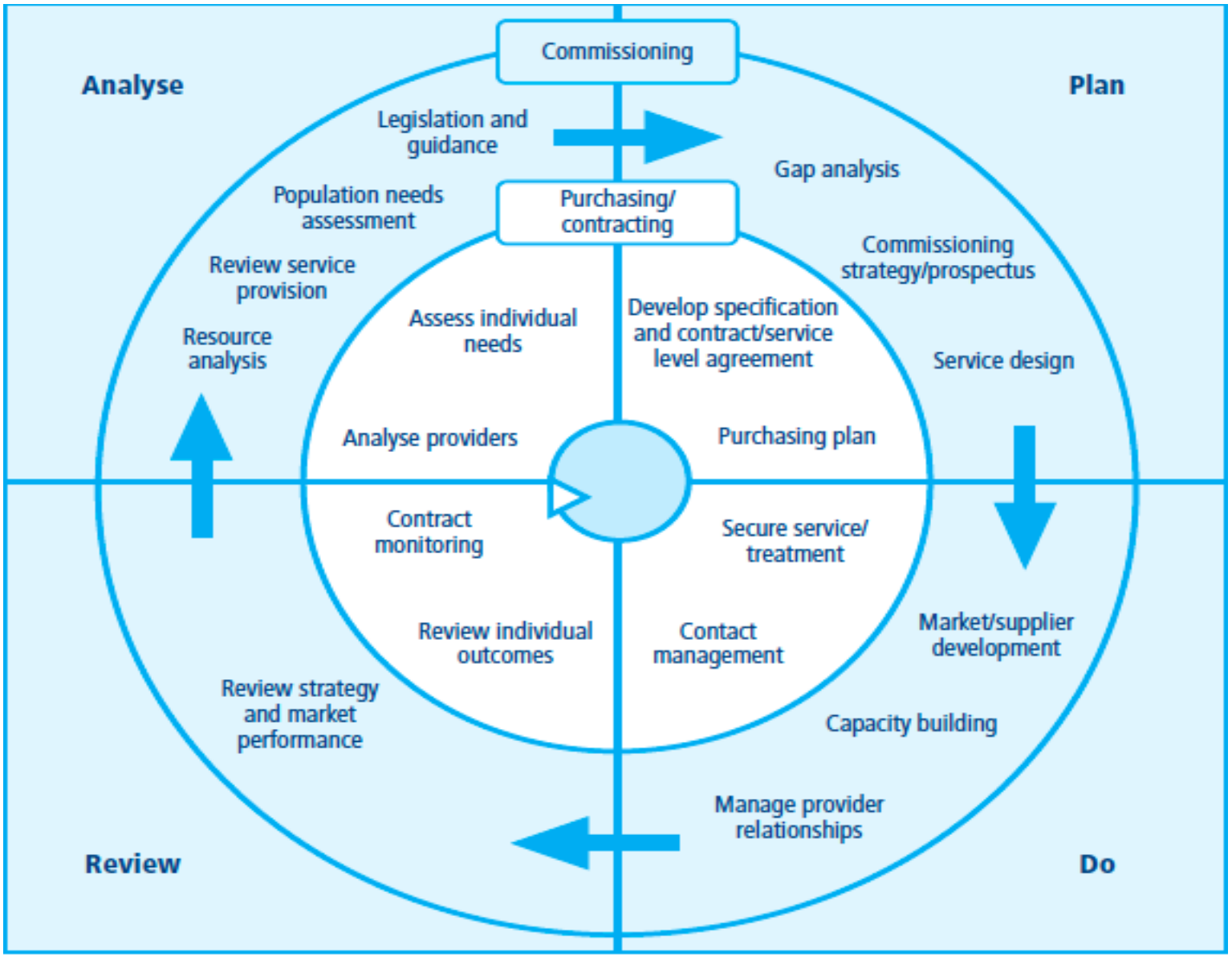
Reform will require systemic population focus and new models of funding, governance, planning, organisation, provision & accountability

Broad options

Social insurance models and enrolled populations (e.g. Dutch system, Kaiser) - unlikely

Regional governance models with geographic catchments, outcome frameworks, governance structures, commissioning models, accountability arrangements etc – main chance

The regional commissioning model



A continuum of options

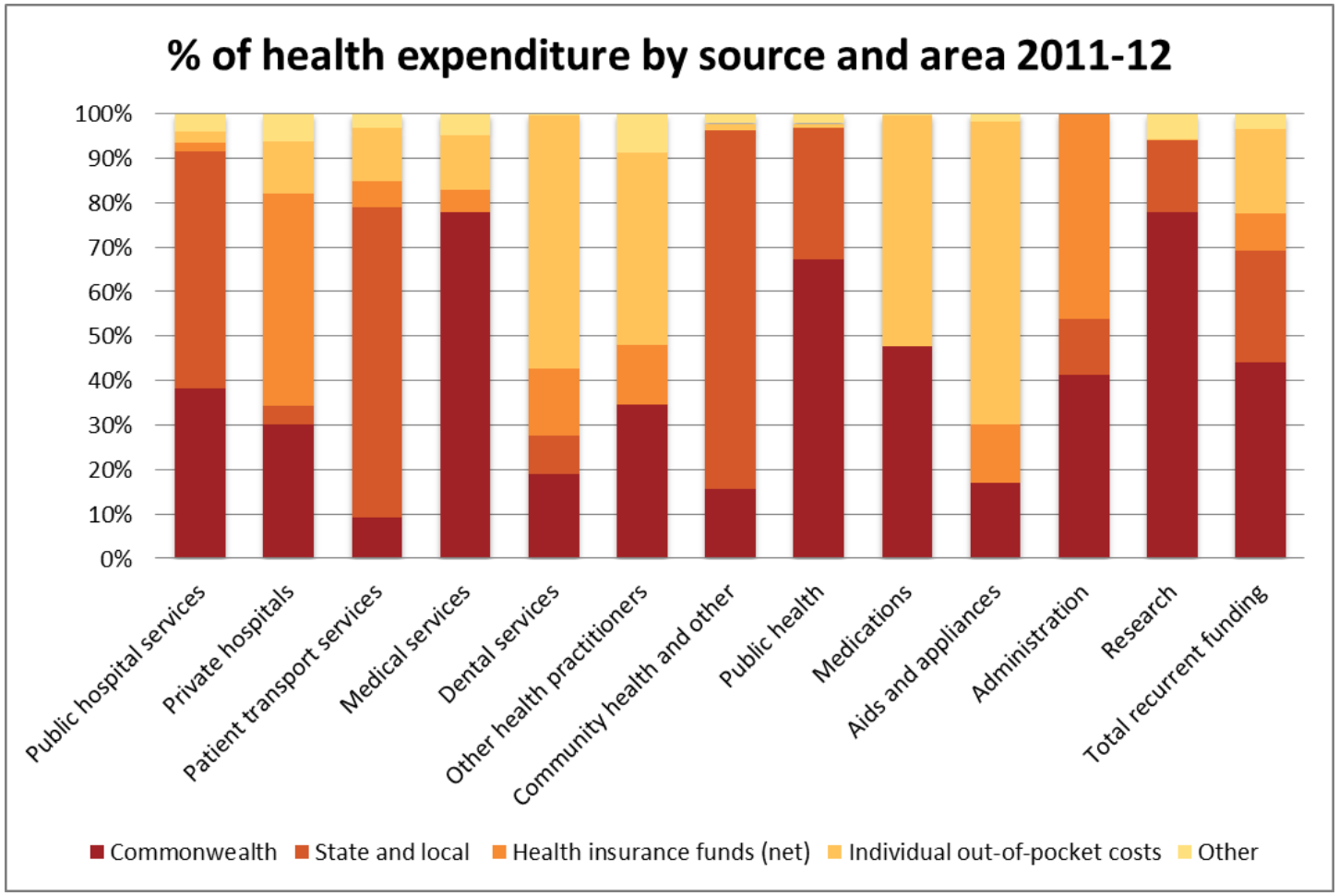
Regional ‘Planning, coordination, capacity building’ - *more of the same*

Regional PHC commissioning at the margins (after hours care, mental health, allied health etc) – *more of the same*

Full regional PHC commissioning (all non volume related activity plus incentives for access, quality and performance) – *Commonwealth/State funding agreement required*

Full regional health and community services commissioning (all non volume related activity plus incentives for access, quality and performance) – *essentially devolution to States/Territories*

But roles and responsibilities are a problem



Conclusions

More of the same in another form likely, anything more will require Commonwealth State Agreement

Without Commonwealth State agreement major structural improvements are unlikely – incrementalism

Commonwealth State agreement may be influenced by interpretation of Williams 1 & 2 and White Paper on Reform of the Federation

Bilateral PHC agreements for new PHNs?