

Australian Medical Association Limited

ABN 37 006 426 793

42 Macquarie Street, Barton ACT 2600; PO Box E115, Kingston ACT 2604

Telephone: (02) 6270 5400 Facsimile: (02) 6270 5499

Website, <http://www.ama.com.au/>

President: Dr Kerryn Phelps

Secretary General: Dr Robert Bain



AMA

AMA FEDERAL BUDGET SUBMISSION 2002-03

AMA President, Dr Kerryn Phelps, said today that the AMA is once again calling on the Federal Government to fund the Relative Value Study (RVS) as the centrepiece of its 2002-03 Federal Budget Submission.

The RVS involves at least \$1.6 billion in funding for the Medicare Benefits Schedule (MBS) to increase patient rebates to properly reflect today's real costs of providing quality medical services to all Australians.

In releasing the submission, Dr Phelps admitted the AMA knows there is no chance of the Government coming to the party on the RVS.

"On behalf of doctors and patients and the future of the Australian health system, the AMA is honour bound to keep promoting the virtues of the RVS," Dr Phelps said.

"If it had been funded in last year's Budget, many of the problems now besetting the new Health Minister - increases in private health insurance premiums, the medical indemnity crisis, increasing patient gap payments and declining bulk billing rates - may well be under control.

"In the absence of a Government commitment to the RVS, the AMA would like to see the Government move away from ineffectual though well-intentioned schemes like practice incentive payments (PIP) and disease-specific funding that try to steer GPs to treat certain patients.

"These schemes work against the broad skills of general practitioners, ignore the fact that patients who see GPs often have more than one condition, and represent an undesirable precursor to US-style managed care. In a tight budget, the money would be better spent elsewhere.

"The Government should immediately abandon its GP Memorandum of Understanding (MOU). It is divisive and wasteful.

"Instead, the AMA Budget Submission is all about shoring up the fundamentals, built around a properly funded MBS - a properly funded Medicare.

"We want to see GP services maintained at proper levels for all communities, urban and rural; adequate funding for public hospitals; and full delivery of election promises on aged care with further much-needed funding initiatives in this sector.

"More needs to be done on indigenous health, youth health, and better funding is needed for anti-smoking campaigns and programs to prevent alcohol, drug and other substance abuse," Dr Phelps said.

Dr Phelps said the AMA will be discussing its Budget Submission with the Health Minister and other Ministers in the lead-up to the May Budget.

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CONTACT: John Flannery

(02) 6270 5477 / (0419) 494 761


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Australian Medical Association

AMA Federal Budget submission 2002 - 2003

Health Policy Dilemma:

Re-allocate Funding or Make the Disadvantaged Pay More

This time last year the AMA called on the Federal Government to fund the Relative Value Study (RVS) to the tune of \$1.5 billion a year.

Such funding would have provided a fairer and more realistic Medicare Benefits Schedule (MBS) to help patients get access to the medical services they need.

Such funding would have strengthened the Australian health system against the sorts of threats we are seeing today - higher private health insurance premiums and a ballooning private health rebate bill, a rapid decline in bulk-billing, a cost blow-out in the PBS, and a public hospital system in crisis.

The AMA believes a wonderful opportunity was lost in not funding the RVS. This time last year the Budget outlook was optimistic. This year the Budget outlook is pessimistic to say the least.

While the AMA maintains its support for funding of the RVS - or at the very least a down-payment on the RVS for a staged implementation- we are realistic enough to know that the Government will not even consider such a move in the 2002-2003 Budget.

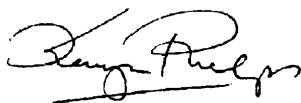
Nevertheless, the AMA Budget submission does not shy away from seeking appropriate funding to address the many ills confronting our health system.

Our submission outlines what we think the Government needs to do if it wants to avoid dramatically increasing the health cost burden on families, the elderly and the disadvantaged.

In what we are led to believe will be a 'tight' Budget for health, the challenge for the Government will be to re-allocate health spending to provide new funds for areas of need. Otherwise, it risks seeing a growing class of 'health poor' Australians, mainly low-income families, pensioners, the elderly and other disadvantaged people.

The AMA would prefer the Government go down the path of a clever re-allocation of the health budget to preserve the fundamental strengths of the Australian health system to see it through a predicted period of economic downturn. Current spending should be reviewed on the basis of whether programs are in fact achieving their initial goals and whether these goals should remain a high priority in a tight Budget.

We hope that the Government will embrace the priorities outlined in this document in the framing of its Health Budget for 2002-2003.



Dr Kerry Phelps
AMA Federal President
February 2002

1. *Medicare*

Medicare Benefits Schedule (MBS)

\$1.6 billion

While not expecting it to happen this year, the AMA again calls on the Government to fund the MBS in line with the recommendations of the Government-sponsored Relative Value Study (RVS). This would ease pressure on medical fees caused by medical indemnity costs and red tape, slow down the decline in bulk billing, and put a stop to the increases in patient gap payments. It would also be a strong signal of the Government's long-term commitment to Medicare.

2. *General Practice*

Local Medical Officer (LMO) Scheme

\$20 million

offset by reductions in hospital costs

The existing LMO scheme is up for review this year. Revise fees for GP consultations with veterans in rooms to reflect special requirements of scheme. Around 14,000 GPs provide services to eligible veterans, war widows and widowers and their dependants.

Higher Rebate for OMPs in urban areas

\$30 million

Provide non-Vocationally Registered GPs (Other Medical Practitioners or OMPs) in urban areas categorised as RRMA 1-3 with A1 Medicare Item Number access. This would address inequities in patient rebates.

Medical Informatics Support

\$0.5 million

Create a medical computing partnership between government, health consumers, medical organisations and the software industry.

New MBS Item

for GP-psychiatrist telepsychiatry consultations

\$10 million

Improve detection and management of mental health problems, Funding covers rural and remote infrastructure costs, incentive payments and new MBS items for GPs and psychiatrists to be paid for the same consultation.

3. Public Hospitals

Commonwealth Funding for Public Hospitals

\$250 million

In December 2000, the Senate Community Affairs Reference Committee recommended that an additional \$900 million over two years - over and above the Medicare Agreement - be put into our public hospitals, This was to be split evenly between the Commonwealth and the States. The AMA notes that the previous Government rejected the recommendation. We now seek to have the first tranche of this funding included in this Budget. In terms of the 2002-03 budget year, based on movements in activity and costs, this figure would now be approximately \$1 billion over two years or a \$250 million Commonwealth share in 2002-03.

4. Aged Care

Delivery of

Govt Aged Care Policy Promises from Election 2001

\$113.8 million

Increased Residential Aged care Subsidies (\$50m), More Aged Care Nurses (\$6m), Support for Aged Care Training (\$3m), More Community Aged Care Packages (\$4m), Care Packages in Retirement Villages (\$2m), Palliative Care in the Community (\$10m), More Help for Carers (\$13.5m), Productive Ageing Centre (\$0.3m)

New MBS items for GPs in residential aged care facilities

\$5.5 million

Revise MBS consultation structure to allow GPs to provide appropriate care and treatment to patients in residential aged care facilities.

Benchmark of care

\$0.5 million
to fund a pilot study

Residential aged care funding is inadequately indexed, and does not reflect the real costs of providing care. The AMA and the National Aged Care Alliance are calling on the Government to adopt a benchmark of care that reflects the real cost of providing quality aged care services.

Integration of

Medical Care within Residential Aged Care Facilities

\$0.5 million
to fund VMO trials

Funding for trials of integrated care programs involving GPs, nurses, allied health teams and other carers.

Models of Transitional Care for Older Patients **\$0.5 million**
to fund trials of models of transitional care

Funding of further trials of transitional care whereby elderly patients are looked after in appropriate circumstances. To free up public hospital beds, patients would be trialed in sub-acute care or nursing care, instead of hospital care.

Repatriation Private Patient Scheme **\$37 million**

The Repatriation Private Patient Scheme (RPPS) provides hospital and medical services to veterans as private patients in a network of 380 private hospitals throughout Australia, as well as public hospitals and former repatriation hospitals. The viability of the RPPS is threatened because RPPS fees are capped well below those in the private medical services market. This anomaly must be addressed.

5. Public Health

Pharmaceutical Benefits Scheme (PBS) **\$17 million**

Funding to strengthen the current checks and balances in the PBS would negate any need for major structural change to the system. An injection of \$22 million is recommended to support cost saving initiatives to manage PBS outlays more effectively. This would involve establishing a mechanism to allow the Health Department, in consultation with PBAC, to review drugs that have been put on the PBS since 1994 which have not yet been subject to cost benefit analysis; establish a transparent process for PBAC listing; and establish an effective mechanism for high cost biotech drugs now entering the market.

The strategy would incorporate:

Improved PBS processes - **\$10 million**

\$5 million to fund Australian based research on PBS impact on health outcomes - both retrospective and longitudinal studies, and past drug release research - to inform future policy development.

\$5 million for development of data sources for effective monitoring and evaluation of the PBS to overcome some poor existing HIC data sources, particularly billing data, and build new systems with links to diagnosis.

Improved Quality Use of Medicines - **\$5 million**

Increased funding of \$5 million to Quality Use of Medicines initiatives to provide timely advice to prescribers when new drugs are released, and to provide specialist and consumer education.

PBS Monitoring - **\$2 million**

Strengthen the monitoring of the marketing methods of pharmaceutical manufacturers to the public and to health professionals under the auspices of the Therapeutic Goods Administration (TGA).

Youth Health

\$6.1 million

Centres of Excellence in Adolescent Health - \$3.5 million
Funding for Australian Youth Affairs Coalition - \$0.25 million
Youth Suicide Prevention Programs - \$0.75 million
Coordinate and extend State interactive youth health programs - \$1.6m

Complementary Medicine

\$1 million

Research funding to evaluate potential benefits and adverse effects of complementary medicines and therapies.

Prevention of Misuse of Alcohol, Tobacco and Other Drugs **\$25 million**

Funding a National Prevention Initiative (\$100 million over four years) to prevent illicit and dangerous drug and substance use and abuse.

Treating Substance Misuse

\$18.75 million

Funding of \$75 million over four years for the Treatment Grants Program for treatment programs in regional areas, youth substance abuse services, and culturally specific treatment evidence-based programs,

Indigenous Health

\$245 million

Aboriginal and Torres Strait Islander people have the poorest health of any group in Australia with lower life expectancy at birth, higher infant mortality rates and age-standardised death rates three times higher than the rest of the population. They live shorter lives and are plagued by diseases and ill-health for much of those shorter lives. It is time to seriously fund Indigenous health programs.