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Better health care, better value for taxpayers

Diagnostic Technology

New Positron Emission Tomography scanner for Westmead Hospital

Recognising the need to improve access to diagnostic imaging services in western Sydney, the government will be providing funding for a new Positron Emission Tomography (PET) scanner at Westmead Hospital. This brings the number of Australian Government funded PET scanners in NSW to three. The other two scanners in NSW are at the Royal Prince Alfred and Liverpool Hospitals. Services will be provided with no out-of-pocket costs to the patient.

This fulfils an election commitment to support western Sydney. The Australian Government will provide new funding of \$8.7 million over five years from 2004-05 towards the installation and running costs of the new PET scanner at Westmead Hospital.

The Australian Government will work with the New South Wales Government in installing the new scanner, expected to be operational at Westmead by December 2005.

Because of its close proximity to The Children's Hospital at Westmead, the scanner will be able to provide services for children who are patients at that hospital.

PET is a nuclear medicine diagnostic imaging technology which is mainly used in the staging of various cancers and the monitoring of cancer therapies. While computed tomography (CT) and magnetic resonance imaging (MRI) primarily provide information about anatomical structure, PET can image and quantify biochemical and/or physiological function. This is important because functional changes caused by disease are often detectable before any structural abnormalities become evident.

New MRI units: for Dubbo and Gippsland

Better options for brain scans and cancer diagnoses will be possible through the extension of Medicare eligibility to a new MRI unit in Dubbo and a new mobile MRI unit in the Gippsland region - in line with the Australian Government's election commitment.

Twenty one new providers of Medicare-eligible Magnetic Resonance Imaging (MRI) services were announced in February this year.

With the fulfilment of the Government's election commitments, there will be 101 Medicare eligible MRI machines in Australia.



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The Dubbo unit will improve access to MRI services for people living in rural and remote western NSW and the mobile unit will improve access to MRI services for communities between Morwell and Bega - as part of a three-year trial of mobile MRI services.

The Government will provide new funding of \$3.0 million towards purchasing and equipping the mobile MRI unit, as well as the recurrent Medicare costs for this unit. Patients who obtain Medicare-eligible services from the mobile MRI unit will not incur out-of-pocket expenses.

MRI is a powerful diagnostic tool that does not use radiation to generate scans. It is especially useful for scans of soft tissue like the brain and for the diagnosis of conditions such as cancer.

Better rural and regional health care

Pap smears in rural areas: new Medicare rebate

Pap smears taken by practice nurses on behalf of GPs in regional, rural or remote areas will be eligible for a Medicare rebate – in line with the Australian Government's 2004 election commitment.

More women will be encouraged to take advantage of this important health service as a result of this boost in support for the mostly female practice nurses to carry out pap smear tests. The Government has committed \$17.8 million over five years from 2004-05 to this initiative. Practice nurses must be qualified and trained to provide this service, to be eligible for the new pap smear Medicare rebate - which came into effect on 1 January 2005. GPs will continue to be responsible for the health, safety and clinical outcomes of patients.

North-east Tasmania: accommodation for visiting health professionals

People in north-east Tasmania will not have to travel as far when they require specialist health services, due to new accommodation for health professionals.

The Australian Government will provide funding of \$100,000 to the Dorset Shire Council towards the cost of building an accommodation unit for visiting health professionals at Scottsdale Hospital – in line with the government's 2004 election commitment. This money is being provided on a matching basis with the Tasmanian Government.

Gippsland Lakes Community Health Centre

The Australian Government will meet its 2004 election commitment by providing new funding of \$500,000 over two years commencing in 2005-06 to the Gippsland Lakes Community Health Centre (formerly Lakes Entrance Community Health) to extend and upgrade existing facilities.

The upgraded service will provide people living in Lakes Entrance and surrounding districts with improved medical services and support.



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Improvements to the health centre will assist also with the attraction and retention of doctors who will benefit from working in purpose built medical rooms equipped with the latest facilities.

More practice nurses: for areas of need and rural Australia

The Australian Government will continue to support general practices in rural areas, and other areas of need, through grants to employ practice nurses. The grants are made available to practices enrolled in the Practice Incentive Program (PIP). Funding will be provided also to train and support nurses and to encourage smaller and more remote practices to participate in this initiative. Funding of \$129.7 million will be provided over the four years to 2008-09.

Practice nurses are an integral part of general practice. More than 1,000 general practices have directly benefited from the PIP practice nurse payment.

The role of the nurse in general practice will also be enhanced by other programs being introduced by the Australian Government. These include new roles for practice nurses - as contacts for domestic violence victims, and in providing cervical screening to women in rural and regional areas.

Rural and remote nurses: training support

Rural and remote nurses will be helped to undertake nursing studies and to re-enter the nursing workforce.

The Government will provide \$20.6 million over three years from 2005-06 to continue the existing Rural and Remote Nurse Scholarship Program.

From 2001 to 2004, over 300 nurses have been assisted to re-enter the workforce.

Rural and remote health workforce: high quality care

Education and training for rural and remote area health workers will be advanced through continuation of the National Rural and Remote Health Support Services Program.

The program will receive funding of \$17.2 million over three years to 2007-08. It will remove major barriers to recruiting and retaining rural and remote area health workers.

The program has funded postgraduate scholarships for rural nursing and allied health professionals, training posts in rural areas for medical specialists, and other training and support initiatives under the Rural Health Support Education and Training Program.



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Continuing to ensure a safe health system

Review of Australia's plasma fractionation arrangements

Australia's plasma fractionation arrangements will be reviewed, to comply with our commitment under the Australia-United States Free Trade Agreement.

The review will examine the feasibility of procuring plasma fractionation services through a competitive tender process once the current monopoly contract with CSL Limited expires in 2009. It offers the opportunity to undertake a more general investigation of international plasma fractionation and of emerging plasma fractionation issues.

The review team will draw on the expertise of the National Blood Authority and the review will include a comprehensive consultation process with all stakeholders including patient groups, clinicians, providers and state and territory governments, to ensure that the community can be confident in the outcomes.

The review will cost \$3.0 million over the two years from 2005-06. It will be completed by 1 January 2007.

While costs in the blood sector are usually shared between the Australian Government and the states and territories, the Australian Government will pay all of the costs of the review.

Australia's blood supply: stronger public confidence

The National Blood Authority (NBA) will receive additional funding of \$11.2 million over four years from 2005-06.

Over the past two years the NBA has achieved significant savings for all levels of government through contract negotiations and put in place measures to improve the security of the supply of products.

This continued funding means the NBA can build on these achievements and continue to improve contract management, improve the management of blood products, allow all governments an increased capacity to understand and manage outlays on the blood sector, work with the health sector to improve the quality and safety of blood product usage and contribute towards improved clinical outcomes for patients through better use of blood products.

This investment brings the total funding provided to the NBA by the Australian Government to \$23.9 million over four years.

The NBA is jointly funded by the Australian Government and the states and territories under the National Blood Agreement. It was set up in 2003 as part of the government response to the *Review of the Australian Blood Banking and Plasma Products Sector*.



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Hospital safety improvements

Preventable deaths and harm caused to patients who use the health system will continue to be reduced through the Hospital Safety Initiatives Program. This will receive funding of \$1.3 million in 2005-06 as part of the Australian Government's commitment to improving safety and quality of health care.

The Australian Government has already encouraged state governments to improve practices in public hospitals, including: use of a common medication chart; the reporting of all adverse sentinel events; development of protocols for verifying correct site surgery and procedures; and the provision of patient safety information at time of admission.

Pharmaceutical Benefits Scheme: to be reinforced

Generic medicines: information campaign

Consumers will be helped to better understand the choices they have in selecting medicines, through an information campaign.

This will target prescribers, pharmacists and consumers. Information will highlight the safety and quality of generic medicines and the importance of providing consumers with choice. This will be done through the funding agreement with the National Prescribing Service.

Changes to the regulations that cover pharmacy dispensing labels, that will help increase consumer awareness of the active ingredients in medicines, will be discussed with the states and territories.

Better listings of bioequivalent medicines in the Pharmaceutical Benefits Scheme (PBS) will ensure that all bioequivalent brands are shown. This will enable pharmacists, in consultation with consumers, to substitute a generic drug for a prescribed brand name drug.

Termination of PBS community awareness campaign

A mass media campaign to raise community awareness about the costs, benefits and subsidies of the PBS was conducted as a component of the 2002-03 Budget measure *Reinforcing the Commitment to Evidence-based Medicines*.

An evaluation of the campaign indicated that it achieved its objectives of raising awareness of the PBS. Terminating the campaign results in savings of \$21.4 million over four years to 2008-09.

Calcium tablets: deleted from PBS

Calcium tablets will be deleted from the PBS from 1 December 2005.

Calcium tablets are relatively inexpensive and are available as over the counter medicines. A one month's supply of calcium tablets costs around \$6.50 to \$10. There are more than 2,600 products subsidised on the PBS for many conditions and it is not possible to include every



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available treatment. As calcium tablets cost less than the general patient co-payment amount of \$28.60, those patients will only be affected by the change if they have reached the Safety Net and are paying \$4.60 per prescription for their medicines.

This measure is expected to generate savings to the PBS of \$35.9 million over the four years to 2008-09.

It will help ensure that PBS funding continues to benefit the community by subsidising medicines that most people would otherwise find difficult to afford.

Medicines listed on the PBS for use in the treatment of osteoporosis with a related fracture will continue to be subsidised. These medicines need to be prescribed by a doctor, and at between \$50-\$60 for one month's treatment are much more expensive than calcium tablets. PBS subsidies for these drugs cost over \$130 million per year.

New PBS Safety Net thresholds

The Pharmaceutical Benefits Scheme (PBS) Safety Net plays a very important role in keeping medicines affordable. It is an effective way of helping to limit out-of-pocket expenses for people who need a large number of medicines.

The Safety Net thresholds for both general and concessional patients will be increased by the value of two patient co-payments in addition to the usual annual indexation, each year until 2009.

The changes will result in a gradual adjustment of the thresholds and will help to rebalance the way costs for the PBS as a taxpayer-funded scheme are shared between the government and individuals.

By protecting people who need a large number of medicines from high out-of-pocket costs, the PBS Safety Net will continue to help to keep medicines affordable for all Australians. At the same time, the changes help to maintain the affordability of the PBS into the future.

This measure will save \$140.3 million over four years.

New PBS brands: prices to be reduced

Consumers will get the best value for medicines under the PBS through a new requirement for a price reduction of at least 12.5 per cent when the first new brand of an existing PBS medicine is listed. This will apply for items listed from 1 August 2005.

Flow-on price reductions will apply to the benchmark price of other brands of the same medicine and products in reference-priced drug groups.

The reductions, which will apply to patented and non-patented products, will be required once only within any one of these drug groups. Following consultation with the pharmaceutical



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industry, the price reductions will occur by agreement with manufacturers. There is no change to the legislation.

This new PBS requirement should help to encourage competition and lower prices for PBS medicines.

The measure supports affordability of the PBS by reducing the cost to government of subsidised medicines. Announced in October 2004, it was anticipated to deliver savings of over \$800 million to the end of 2007-08. Savings over the five years to 2008-09 are expected to be \$1,035 million.

PBS drug listings: cost effectiveness reviews

The cost effectiveness of some medicines listed on the PBS will be reviewed from 1 July 2005.

Medicines for review will be chosen either because they were listed on the PBS before manufacturers were required to demonstrate that drugs were cost effective, or because there is a view that they may not be cost effective at current prices.

The Pharmaceutical Benefits Advisory Committee (PBAC) will consider the outcome of each review. It will recommend any changes in PBS listings which it considers necessary.

For each drug in question, the review will have three components:

- A clinical review will consider evidence of how effective the drug is in treating health problems. This will include the evidence already presented to the PBAC and any new scientific data from randomised trials or observational studies;
- A utilisation review will assess how the drug is being used in practice, compared to a set of criteria on its cost effective use; and
- An economic analysis will examine the comparative benefits and costs of the PBS listing, including other drugs and treatment options.

The manufacturer or sponsor of each product evaluated will have the opportunity to provide evidence as part of normal PBAC processes.

Safety net for PBS co-payments: reinforced

A new Budget measure will help ensure medicines are supplied by pharmacists to consumers only when they are needed.

When a patient has a prescription for multiple supplies of a medicine, he or she is normally not able to obtain a repeat supply until 21 days after the previous supply was issued. To avoid hardship, the script can be used early using the PBS “immediate supply” provision if the drugs have been lost, damaged or are needed for immediate treatment.

From 1 January 2006, supply of some medicines under the “immediate supply” provisions will be excluded from the PBS Safety Net entitlements. This will have two effects:



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- consumer co-payments for these medicines will not accrue towards the Safety Net tally
- the co-payment amount that will apply after the Safety Net threshold is reached will be the person's standard co-payment amount, not the reduced Safety Net amount.

The new measure represents good practice for safe use of medicines and will help make best use of funding for the PBS.

Doctors will still be able to write a prescription for which all repeats of the medicine are dispensed at the one time - if that is necessary for the patient. The PBS rules allow for medicines to be supplied at intervals which reflect treatment needs and are flexible enough to allow convenient access for repeat supplies.

This measure takes away the incentive for people to stockpile medicines when they don't really need them.

This measure will save \$70.1 million over the four years to 2008-09.

New PBAC fee

From 1 July 2007, pharmaceutical companies will be charged a fee to have their submissions considered by the Pharmaceutical Benefits Advisory Committee (PBAC).

The fee will reflect the level of assessment required for each submission.

PBAC is responsible for evaluating submissions from pharmaceutical companies, undertaking price negotiations for PBS listings and publishing listings three times a year.

The timeline for introducing this measure allows for consultation with the pharmaceutical industry.

Medicine mix-ups combated

When medicines are used by the wrong people, in wrong doses or when out of date they can be dangerous. The Quality Use of Medicines program has been boosted by over \$100 million to address this problem.

The National Prescribing Service (NPS) will receive \$94.6 million over four years to continue and enhance the provision of advice and support to doctors and pharmacists, and to expand its consumer education activities. This represents an increase of \$30.6 million in funding to the NPS.

Since being set up in 1998, the NPS has surpassed expectations in providing information about medicines to enable health professionals to make the right choice for effective and cost-effective treatment. NPS activities include: educational visits to GPs; case studies for doctors and pharmacists; and the provision of prescribing feedback and analysis.

Additional funding will be provided to National Return of Unwanted Medicines Limited to conduct the National Medicines Disposal Program. This important initiative aims to reduce:



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- accidental poisoning of children;
- medication misuse; and
- release of toxins into the environment, by collecting and disposing of expired and unwanted medicines.

The program will receive \$6.3 million over four years, an increase of \$1.5 million. These measures should help to reduce expenditure on medicines by around \$170 million over four years - by improving targeting and reducing misuse of PBS medicines.

New Family Tax Benefit Part A threshold

Under the Family Assistance measures, the income threshold for the maximum rate of the Family Tax Benefit Part A will increase from \$ 33,361 to \$37,500 from 1 July 2006.

The change in the income threshold will result in more families being eligible for a Health Care card. Families with a Health Care card have access to medicines under the Pharmaceutical Benefits Scheme at the concessional rate (currently \$4.60). An additional 40,000 families will have a Health Care card and will benefit from lower out-of-pocket costs for medicines. This will assist greatly where there is a chronic illness in the family, and families requiring a large number of medicines.

This measure will assist low income families, particularly where people are returning to work, as it increases the amount that families with dependent children can earn before their family assistance payments are affected. It is expected that over 400,000 families will benefit from increased family assistance payments.

This measure will result in additional Health and Ageing funding of \$327.1 million for PBS subsidies over four years.

A firmer footing for Medicare

Round the Clock Medicare: investing in more after-hours GP services

The new *Round the Clock Medicare* initiatives will extend the reach of general practice around the clock. New funding of \$555.8 million over the five years from 2004-05 for *Round the Clock Medicare* will cover:

- \$449.6 million over five years for higher Medicare rebates for after-hours GP services. This began on 1 January this year.



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- \$106.2 million over five years for three new grants programs to support after-hours general practice infrastructure:
 - \$20.6 million over four years for operating subsidies, to a maximum of \$200,000 a year for new and recently established after hours GP services;
 - \$66.5 million over five years for start-up grants of up to \$200,000 over two years and for the Medicare costs for new after-hours GP services; and
 - \$19.1 million over four years for supplementary assistance to after-hours services in outer suburban and regional areas to ensure their viability.

The Government will provide recurrent operating subsidies, to a maximum of \$200,000 a year for new and recently established after-hours GP clinics and medical deputising services including:

- 10 new services in 2005-06
- 15 new services in 2006-07
- 5 new services in 2007-08

These subsidies will be open to “standard hour clinics” that want to extend their operation, deputising services, or new dedicated after-hours services.

These services will be located in local communities or close to hospitals and health care facilities – at well-located sites, where local communities gain benefit from them.

The Government will also provide one-off start-up grants of up to \$200,000 over two years to assist existing general practices, dedicated after-hours clinics and medical deputising services to remain open after hours. Funding for up to 30 services a year over the next four years will be provided.

In addition, the government will provide at least 100 competitive grants of up to \$50,000 a year to: local practices; medical deputising services and cooperatives of local GPs that are operating a rostered after hours surgery-based or call-out service.

Round the Clock Medicare: continuing the After Hours Primary Medical Care Program

This Budget also supports continuation of the existing After Hours Primary Medical Care Program at a cost of \$58.2 million over four years from 2005-06.

Under the program, the government has funded:

- four major trials
- 54 seeding grants
- 12 infrastructure or IT grants
- 19 project grants
- 12 quality improvement projects (medical deputising services)



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Services currently funded under the After Hours Primary Medical Care Program's Service Development Grants and Trials components – including GP Assist in Tasmania and GP Access After Hours in the Hunter urban region of NSW – have had their contracts extended to June 2006. Existing services are currently undergoing a thorough evaluation.

Helping people manage their medicines

The Australian Government will continue funding, at a cost of \$7.4 million in 2005-06, for the general practitioner component of the Home Medicines Review Program. The Program helps people effectively manage their medicines. Further funding will be subject to review following negotiation of the pharmacy component in the fourth Community Pharmacy Agreement.

There are about 140,000 hospitalisations annually due to people taking their medicines incorrectly, half of which could have been prevented. This measure promotes safe, effective and appropriate use of medicines for people at risk of taking their medicine incorrectly. It helps people to avoid taking medicines which should not be taken together, and to take the right doses at the right times.

Extended Medicare Safety Net thresholds

Extended thresholds for the Medicare Safety Net from 1 January 2006 will see the scheme return to its original aim of protecting Australians in need, now and in the future.

The Medicare Safety Net was introduced on 12 March 2004 as “disaster insurance” for people who incurred significant out-of-pocket expenses within a short period, and those with high ongoing health care costs.

Under the current thresholds however, more than 10 per cent of the population became eligible for Safety Net benefits in the 2004 calendar year.

The Government has a responsibility to ensure that the Australian health care system is cost effective and can protect the people who need it most. New thresholds – of \$500 for Commonwealth Concession Cardholders and families who receive Family Tax Benefit (A) and \$1,000 for other families and individuals – will ensure that the Medicare Safety Net fulfils these objectives.

An estimated 1.5 million people will reach the Safety Net thresholds in 2006.

Australians continue to benefit from other recent measures to assist health consumers with medical expenses, including: introduction of the 100 per cent Medicare rebate for GP services; additional incentive payments to increase bulk billing of children and concession cardholders; and the government's medical indemnity package, which stabilised the medical indemnity market, putting downward pressure on premiums.



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100 per cent Medicare

Medicare rebates for GP consultations were increased from 85 per cent to 100 per cent of the Medicare Schedule Fee from 1 January this year - delivering the Australian Government's election commitment.

This measure will cost \$2.3 billion over five years from 2004-05 to 2008-09.

The rebate means more GPs will be likely to bulk bill. Where GPs do not bulk bill, patients will have lower out-of-pocket costs after they receive the higher rebate.

For a standard 15-minute surgery consultation, this will mean an additional rebate of \$4.60 a visit for the patient.

Doctors who bulk bill will also benefit as the new rebate means an increase of around 17 per cent in income from Medicare consultations. The standard scheduled Medicare fee will increase for GPs from \$26.25 to \$30.85 – a \$4.60 increase.

The higher rebate applies to consultations in the doctor's surgery (regardless of length), home visits, and consultations in residential aged care facilities and hospitals where the patient is not admitted. Services provided by a practice nurse on behalf of a GP will also attract the higher rebate.