The Coalition’s Policy
to Support Australia’s Health System

August 2013
Key Points

All Australians deserve a world class health system with access to services provided by highly skilled doctors, nurses and allied health professionals.

Australia’s health system faces challenges due to demographic changes, increasing prevalence of chronic disease and the tyranny of distance faced by many rural and remote communities.

The Coalition will support our health system to meet current and future challenges. Only the Coalition has the track record of strong economic management that is needed to deliver future investment for better healthcare.

A world class health system needs to be on the cutting edge of innovation and clinical breakthroughs. The Coalition has a strong record of commitment to health and medical research. We will:

- provide the funding certainty the sector has lacked under Labor for the last six years;
- provide researchers and scientists with more time to focus on their real work rather than paperwork, by streamlining grant application and approval processes;
- in consultation with the sector, rationalise currently complex and duplicated ethics processes;
- accelerate clinical trial reforms to ensure emerging treatments are available to Australian patients sooner; and
- invest $42 million for the Australian Institute of Tropical Health and Medicine (AITHM) to confront major tropical health security risks and establish northern Australia as a centre of excellence in tropical health, medical and biotechnology research and research training.

The landmark McKeon Review will continue to inform future policy. We want to ensure there are many more Australian breakthroughs to provide much needed hope for Australian patients and a stronger, better health system.

In addition to supporting health and medical research, the Coalition will work to ensure new medicines are available as soon as possible for Australian patients through the Pharmaceutical Benefits Scheme (PBS).
The Coalition will restore the independence of the Pharmaceutical Benefits Advisory Committee (PBAC) and restore integrity to the PBS listing process. Under a Coalition government, the Health Minister will have the authority to list medicines recommended by the PBAC that do not cost more than $20 million in any of the first four years of listing.

Strong public hospitals providing universal access to care will be a central pillar of our health system under a Coalition government.

We will work with the States and Territories where necessary to ensure greater community involvement in the management and responsibility for local hospitals. We want local communities and clinicians to have a genuine say in the management of their hospitals through local hospital and health districts.

Our hospitals need to be responsive to local needs, not dictated to and controlled by head office bureaucrats.

The Coalition supports the transition to a more transparent funding model through activity based funding. But only the Coalition has the economic record to be able to deliver the proposed increases in the Commonwealth’s contribution to the efficient price of services. Importantly, a Coalition government will alleviate the burden on our public hospitals by reinvesting in private health insurance rebates as soon as fiscal circumstances allow.

National screening programmes for breast cancer and cervical cancer have saved lives and greatly improved health outcomes through early detection. The same approach must now be taken seriously for bowel cancer. The Coalition will bring forward the full implementation of biennial bowel cancer screening by 14 years to help save thousands more Australians from the devastation wreaked by this insidious disease. The measure will also take pressure off our health system by providing early detection and requiring simpler treatment. Complex treatment of advanced bowel cancer is estimated to cost our health system $66,000 per case compared to $2,000 to remove precancerous polyps. 1

To further alleviate pressure on public hospitals, Australia needs strong primary care that’s readily accessible. Good primary care provides for earlier interventions and better outcomes. The Coalition is committed to rebuilding primary care. We will invest $52.5 million to expand existing general practices for teaching and supervision; invest $119 million to double the practice incentive payment for teaching in general practice; provide 500 additional nursing and allied health scholarships for students and health professionals in areas of need; and provide $40 million for 400 medical internships in private and non-traditional settings. We will also review the Medicare Locals structure to ensure that funding is being spent as effectively as possible to support frontline services rather than administration.

1 Cancer Council Australia, Cancer Council Australia Pre-Budget Submission, 2012-13.
The Coalition is committed to coordinating a better response to diabetes given its rising prevalence in the Australian community. We will support the development of a new National Diabetes Strategy to better coordinate and target existing health resources across all levels of government. We continue to support universal access to products and support through the National Diabetes Services Scheme. The Coalition will also provide $35 million to help find a cure for Type 1 Diabetes through the Juvenile Diabetes Research Foundation’s Clinical Research Network.

The Coalition will continue to support and target a range of initiatives to improve areas of specific need in our health system, including Indigenous health and mental health services.

Introduction

The demands on our health system into the future will be great. Investment required at a national level will depend upon good economic management across government. Only the Coalition has the proven track record to manage Australia’s economy and the government’s fiscal situation to ensure sufficient resources are available to meet our rapidly growing health needs.

Kevin Rudd’s approach to health has been more about politics than policy. According to his own former Health Minister, Kevin Rudd’s approach to health reform was ‘cynical’ and potentially a ‘disaster’.

In fact, Kevin Rudd’s former Health Minister, Nicola Roxon, said his proposal for a referendum to take over Australia’s public hospitals was suggested:

“...knowing full well and agreeing that that referendum would be lost but thought it would be a good tool to be able to win the election.”

“... he was prepared to have such a cynical approach to this. I think that would have been a disaster.”

... the lack of process for considering some of the biggest health reform proposals was “a ludicrous way to run Government.”

“... often on the day before we could not get confirmation from the Prime Minister which hospital or which city he was going to be in and that just wreaked havoc for people, including the very hard working health professionals who often didn't know at what time or on which day we would arrive.”
It’s not surprising that Labor has spectacularly failed to deliver on so many promises in health. Kevin Rudd promised to end the ‘blame game’, but six years later it has dramatically escalated. One of the core reasons is the considerable strain Labor has placed on the system by undermining private health insurance and by retrospectively cutting projected funding to public hospitals.

In Opposition, Kevin Rudd promised that he would never cut the private health insurance rebates. Now, his Government has presided over $4 billion worth of cuts to the rebates. This is pushing up premiums for hard working Australians and will place greater pressure on the public system, as membership slows and level of cover deteriorates.

Compounding the pressure on our public system was the shock announcement in last year’s Mid Year Economic and Fiscal Outlook (MYEFO) that Labor would cut $1.6 billion from the projected funding for our public hospitals. The cuts were a double blow because they came part way through the financial year and hospitals had already booked in elective surgery and employed doctors and nurses. The decision caused much anxiety for people on waiting lists as surgery was cancelled and beds closed. It was another reminder of Labor’s dysfunctional approach to managing our health system.

Kevin Rudd promised to deliver GP Super Clinics. Like so many of Labor’s policies, it was more about the announcement than the substance. Of the 64 that were promised only half are officially open.

Over the last six years health bureaucracy has continued to increase under Labor, while programmes that help Australians with access to healthcare have been cut. The portfolio, in addition to the department, now has 18 separate agencies. A bureaucracy of this size costs billions of dollars to build up and maintain and diverts much needed resources from areas that directly benefit patients.

After years of wasted spending across all areas of government, record deficits and rapidly rising debt, not all Labor’s bad decisions are able to be redressed immediately. However, the Coalition is determined to get every possible health dollar away from administration and bureaucratic processes and back to frontline services. Achieving this will put our health system back on track and make it more sustainable into the future.
The Plan

1. Supporting Hospitals

A robust public hospital system that provides universal care for all Australians, irrespective of means or status, will remain a central pillar of our health system under a Coalition government.

The Labor Government’s supposed health reforms have led to an expansion of the federal health bureaucracy while public hospital waiting lists have continued to increase.

In 2008, Prime Minister Rudd promised to “slash elective surgery waiting lists”.

However, latest data shows national waiting times for elective surgery increased between 2007-08 and 2011-12. The time for those waiting longest increased from 235 to 251 days.\(^2\)

Despite repeated promises to ‘end the blame game,’ Labor imposed an unexpected $1.6 billion reduction in public hospital funding in its last year’s MYEFO. The retrospective nature of this change caused particular disruption for hospitals and health services. A total of $403 million was cut for funding that had already been spent or allocated by hospitals and health services for the 2011 and 2012 financial years.

Our public hospital system needs certainty. Demand for public hospitals services will continue to grow and the Coalition is determined to cut administration and bureaucracy in the health portfolio to meet the growing needs of frontline services.

The Coalition continues to support the transition to activity based funding. This is intended to improve transparency and efficiency. Commonwealth funding for major hospitals will be determined by the volume and mix of services provided. Block funding will continue to support the viability of smaller rural and regional services. A Coalition government will support the transition to the Commonwealth providing 50 per cent growth funding of the efficient price of hospital services as proposed. But only the Coalition has the economic record to be able to deliver.

The Coalition will also work with the States and Territories to support more local control of hospital services.

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We believe our hospitals can operate much better at a community level than under the control of distant bureaucrats in ‘head office.’ Our objective is not a Commonwealth takeover of public hospitals, as Canberra public servants might be no better at running hospitals than their state counterparts. Rather, our policy is about entrenching a culture where different members of the local community as well as patients and clinicians have a say in how services are run.

We will support the States to continue their devolution of responsibility so that the epicentre of public hospital decision-making shifts from head office to the local communities. This will facilitate a more consistent approach across the country to enshrining real responsibility with local hospital and health districts.

Proposed ‘top-up funding’ through the National Health Reform Agreement may be used to further support devolved management structures and governance arrangements, productivity improvements, and innovation of service delivery in public hospitals.

The Coalition wants to ensure Australians have a stake in their local hospitals and a say in their management. We believe this will improve productivity by continuing to make our hospitals more responsive and efficient.

The demands on our public hospitals are great. The system must be supported through policy which alleviates the burden, not adds to it. While investing in new bureaucracy, Labor has cut nearly $4 billion from private health insurance. Increasing the costs of private health insurance premiums for Australians already struggling under cost of living pressures is likely to put even more pressure on our public hospitals.

The full effects of Labor’s cuts are yet to be felt. While many Australians will make further difficult sacrifices out of their own budgets to compensate for the Rudd Government’s cuts, people are increasingly being forced to downgrade their level of cover. Lower levels of cover will force people into the public system for certain procedures.

The Coalition supports private health insurance as an important complement to our public system. The Coalition will reinvest in private health insurance once fiscal circumstances allow.

The Coalition’s plan will further strengthen our public hospital system by supporting the transition to more transparent funding, encouraging greater community control of hospital services and alleviating the growing burden on the system by assisting Australian families with the cost of health insurance.
2. **Timely Access to New Medicines**

Australian patients should have timely access to innovative new treatments that have been independently assessed as safe, effective and cost-effective.

The subsidisation of new medicines through the PBS was for a long time a stable, bi-partisan process that was widely respected here and abroad.

The convention of previous governments was to respect the independence and advice of a committee of experts, the Pharmaceutical Benefits Advisory Committee (PBAC). The PBAC made recommendations to government on new medicines that were rigorously assessed according to clinical efficacy and cost-effectiveness.

Just months after the Labor Government signed a Memorandum of Understanding with the sector to provide policy stability in return for $1.9 billion in savings, the process was thrown into chaos. In direct contradiction to the promise of stability, the Government deferred the listing of seven medicines and a vaccine that had been recommended by PBAC. The Government also announced that in the future every medicine recommended by PBAC would have to go before Cabinet for approval. The only reason given for this was ‘fiscal circumstances’. It was one of the clearest examples yet of how Labor’s reckless and wasteful spending is having a detrimental effect on the health system and patients.

Labor’s actions directly jeopardised patient access to new medicines. The industry advised that as a result of the Government’s actions, a number of companies considered “delaying or simply not lodging a submission for PBS listing due to the uncertainty the Government’s decision has created.” The unexpected and unprecedented policy U-turn caused significant costs and logistical problems for companies as:

> “prior to a PBS listing companies need to purchase and warehouse perishable stock in order to meet the government’s own listing requirements and timetable, employ and train staff to support the safe and effective use of the new medicine, and put in place post-marketing programs to monitor such use. All of this can add up to upfront investments totalling many millions of dollars.”

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4  Ibid.
Access to independently assessed and proven new medicines is critical to improving patients’ quality of life and health outcomes generally. The associated research, innovation and advanced manufacturing required for the development of new medicines are also important contributors to our economy, and in particular, highly-skilled employment opportunities. The sector employs over 40,000 people, has exports valued at about $4 billion and contributes over $1 billion to research and development. Labor’s chaotic and dysfunctional approach has jeopardised this incredibly important area of public policy.

As Health Minister, Tony Abbott respected the PBAC process and, if elected, the Coalition will do so again. We will restore the PBS process to the stable, apolitical, evidence based approach it was under previous governments. The independence of PBAC will return and its recommendations will no longer be ignored.

To help further streamline the process, the Health Minister will have authority to list lower-cost new treatments that have been recommended by the PBAC without Cabinet approval. Under the Coalition, the Health Minister will be able to list medicines without requiring Cabinet approval for those recommended that do not cost more than $20 million in any year over the first four years of listing.

By removing the extra layer of bureaucracy associated with Cabinet having to review the listing of every medicine, we will help Australians get quicker access to new treatments.

The Coalition will also prioritise and accelerate clinical trial reforms. Clinical trials allow new medicines to be tested. Clinical trials conducted in Australia provide much faster access to new treatments for Australian patients. The number of new clinical trials in Australia has fallen by over 25 per cent since 2007. The Coalition will work with the sector to provide a nationally coordinated approach to clinical trials, reduce complexity of ethics processes and where possible, rationalise the number of ethics committees.

The Coalition’s plan will ensure patients have timely access to independently assessed innovative new medicines.
3. **Rebuilding Primary Care – Doubling Incentives for General Practice Teaching**

Australia’s health system is under increasing pressure from rising levels of chronic disease. We need a strong primary care workforce in order to provide better care and earlier interventions for people with complex and chronic health conditions. This is essential to improving the quality of life for patients, but will also alleviate demand on hospital services.

A Coalition government will continue to invest in general practice and the primary care workforce.

The Coalition has a proud record of investing in the medical workforce. The previous Coalition Government doubled the number of medical school places. Nine new medical schools were established during this period, including in rural and regional areas.

It is important that medical students are provided with adequate training opportunities. A productive learning experience in general practice will also encourage more students to pursue a career in primary care and help bolster our general practice workforce.

The Coalition will further invest in general practice and medical training by doubling the Practice Incentive Payment (PIP) for teaching.

The PIP for teaching was introduced in 1999. It provides an incentive payment to general practices for teaching medical students.

The payment is intended to compensate general practices for the loss of consultation time and therefore remuneration due to teaching.

It is argued that the current PIP no longer adequately compensates general practices for the time invested in teaching. With a significant increase in medical student numbers, general practice must be encouraged wherever possible to participate in teaching and training opportunities for the new generation of medical practitioners.

The Coalition will invest $119 million over four years to double the PIP for general practices that provide teaching opportunities. This will provide $200 per teaching session.

It will better compensate general practices for the consultation time dedicated to teaching; it will encourage more general practices to provide much needed teaching opportunities and it will work to strengthen the future workforce.

Rural and remote general practices will receive an additional benefit due to the rural loading that currently applies to the PIP.
With the increasing workload on general practitioners and primary care health professionals, it is important that red tape and regulations are simplified and streamlined so busy health professionals can spend less time on paperwork and more time treating patients.

Accordingly, a Coalition government will work to review and streamline red tape for general practice. This includes working with relevant medical colleges and other stakeholders.

4. **Rebuilding Primary Care – Investing in Rural and Regional Teaching Infrastructure**

The Coalition is committed to rebuilding general practice to provide a strong foundation for our health system into the future.

We will assist existing general practices to expand their facilities. The investment will provide additional consultation rooms and space for teaching medical students and supervising general practice registrars.

This investment will be targeted to rural and remote locations. These practices face unique challenges in the provision of health care. It is vital that there is support to assist these lynchpins of country healthcare to expand teaching opportunities. Providing more opportunities for medical students to experience rural and remote practice will encourage students to pursue careers outside of metropolitan areas once they graduate and help address the maldistribution of the medical workforce in Australia.

Additional capacity in rural and remote practices for medical students and registrars will inject much needed resources into rural and remote primary care and provide additional professional support and connections for health professionals.

The Coalition will provide infrastructure grants to general practices on the basis of an equal commitment from the practice. This will leverage private investment and help ensure efficient and productive use of resources.

The Coalition will commit $52.5 million to provide at least 175 grants of up to $300,000.
5. **Rebuilding Primary Care – Investing in the Nursing and Allied Health Workforce**

High quality primary care relies on the skills and knowledge of nurses and allied health professionals. Their important services complement and support the role of general practitioners.

The Coalition recognises that we need to continue to support our nursing and allied health workforce, especially to bolster our primary care response.

A range of existing scholarship programmes targeting areas of workforce need are over subscribed. We need to ensure that those wishing to train and practice in geographic and clinical areas of need are assisted to do so.

Accordingly, a Coalition government will further invest in nursing and allied health scholarships. The scholarships will be targeted to areas of clinical need and to address workforce shortages in rural and remote areas. Assistance will be provided to students and health professionals for undergraduate study, postgraduate study, continuing professional development and workforce re-entry programmes. This will provide much needed assistance to students and health professionals from rural and remote areas to access education and training.

The Coalition’s plan will provide financial assistance to students from rural and remote areas who have attained a position to study. It will also assist nurses who wish to upgrade their qualifications, including to become a Registered Nurse or Nurse Practitioner. Importantly, it will mitigate the additional costs that many rural and remote health professionals face in ensuring they are abreast of the most up to date clinical practice through continuing professional development.

A Coalition government will commit $13.4 million to provide 500 additional scholarships up to a maximum value of $30,000 per scholarship.
6. Investing in Medical Internships

The Labor Government’s failure to provide national leadership to ensure sufficient medical intern places may jeopardise the ability of Australian trained medical graduates to qualify and register as medical practitioners in Australia.

Australian medical students cannot register as doctors without completing a year of clinical training after graduation, traditionally in a public hospital setting.

Despite an expected shortfall of the number of intern places for medical students graduating in 2012, the Minister left it to the last minute to cobbled together a one-off response that sparked another stoush with the States. It was reported at the time that 3,326 Australian trained medical graduates had applied for 3,080 internship positions.6

It has caused stress and uncertainty for medical students. It risks driving graduates overseas to complete their qualification, when their skills are needed in Australia.

Australia has invested in the clinical training of these students and every effort should be made to ensure their services are employed here.

The number of graduates is expected to outstrip the number of positions until 2015, after which time the problem is expected to ease gradually.

Accordingly, a Coalition government will commit $40 million over the forward estimates to support up to 100 additional intern places each year in private hospitals and non-traditional settings during this period of growth in student numbers. This will provide more certainty for students and alleviate pressure on public hospitals for training. Priority will be given to positions and rotations outside major metropolitan centres to bolster the medical workforce in rural and regional areas.

As part of this initiative, the Coalition will also work with the States and Territories, universities, private hospitals and other relevant stakeholders to improve national coordination of intern positions. This includes prioritising a coordinated application and allocation system for intern places.

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6 Australian Medical Students’ Association, National Internship Crisis Updates.
7. **Full Implementation and Expansion of Bowel Cancer Screening**

Bowel cancer is responsible for over 4,000 deaths in Australia each year. The personal toll on those directly affected and their family and friends can be devastating.

Like so many conditions, outcomes are vastly improved by early detection. Importantly, we do have the capacity to improve early detection for at risk age cohorts.

Biennial bowel cancer screening for people aged 50 to 74 years improves early detection of bowel cancer and significantly improves survival rates.

The National Bowel Cancer Screening Programme is an important initiative, trialled and established by the previous Coalition Government. It currently covers Australians turning 50, 55, 60 and 65 years of age.

The Government’s proposed roll-out of biennial bowel cancer screening won’t be completed until 2034. The Cancer Council has warned that waiting until 2034 could result in thousands of avoidable Australian deaths.

A Coalition government will act on the best available evidence and bring forward the full implementation of biennial bowel cancer screening by 14 years. On available estimates, this will save around 875 lives each year.

The Coalition will invest $46.4 million over the next four years to accelerate the full implementation of biennial bowel cancer screening for people aged 50 to 74 between 2015 and 2020.

8. **Targeting Chronic Disease - Diabetes**

Chronic disease has serious consequences for the quality of life of those affected and is a growing burden on our health system.

The prevalence of diabetes alone has more than doubled since the 1990s.7 Around one million Australians have been diagnosed with diabetes and a further 280 people are diagnosed every day.

In fact, expenditure on diabetes is expected to increase by over 430 per cent over the next two decades. The direct cost of diabetes to our health system is currently over $1.5 billion per year.8

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General practice, as the cornerstone of primary care, is at the forefront of efforts to tackle this challenge and allied health professionals will play an increasingly important role in cooperation with general practitioners in managing complex conditions.

The previous Coalition Government introduced Medicare benefits for a range of services provided by allied health professionals for patients with complex health conditions.

The Coalition continues to strongly support improved coordination of care between doctors, practice nurses and allied health professionals. Accordingly, the Coalition will invest to rebuild primary care, specifically through our teaching, training and education initiatives for GPs, nurses and allied health professionals. A clear clinical priority will be diabetes prevention and management.

Health professionals will be increasingly reliant on effective e-health tools to better coordinate care, particularly for patients with complex health conditions. Unfortunately, the Labor Government has failed to deliver on its Personally Controlled Electronic Health Record (PCEHR). Despite the $1 billion price tag, only 4,000 records are reported to be in existence. In recent weeks, the clinical advisers for Labor’s e-health record program have quit “en masse, leaving the Federal Government's flagship programme floundering with virtually no clinical oversight”.

If elected, the Coalition will undertake a comprehensive assessment of the true status of the PCEHR implementation. In government, the Coalition implemented successful incentives to computerise general practice and will continue to provide strong in-principle support for a shared electronic health record for patients. The Coalition will again work with health professions and industry to prioritise implementation following a full assessment of the current situation.

The Coalition also recognises the need for a more coordinated approach to tackling Type 2 Diabetes across all levels of government. There are an array of programme and considerable resources used for competing purposes at a Federal, State, local and non-government sector.

A Coalition government will support the development of a new National Diabetes Strategy. This will inform how existing health resources can be better coordinated and targeted across all levels of government to address one of most serious health challenges facing our country.

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A National Diabetes Strategy will bring together Commonwealth, State and Territory Governments and peak organisations, including Diabetes Australia. It will prioritise our response through prevention strategies, early detection, early interventions, management and treatment. It will also allow for the development of clear targets across our health system.

A particular focus for the Coalition will be on addressing the issue of pre-diabetes. Earlier interventions reduce the risk of serious complications such as vision impairment, kidney failure and amputations. A Coalition government will continue to work with peak organisations, including Diabetes Australia, to review and better target existing resources to proven strategies for diabetes prevention at a national level.

A Coalition government will also provide $35 million over five years to help find a cure for Type 1 Diabetes through the Juvenile Diabetes Research Foundation Clinical Research Network.

Over 100,000 Australians are diagnosed with Type 1 Diabetes and it is one of the most common chronic diseases in children. The Coalition’s commitment will provide young Australians with much earlier access to innovative new treatments and will fund a significant number of additional patient trials.

This is in addition to the Coalition’s ongoing commitment to universal access for all Australians with diabetes to self management products and support through the National Diabetes Services Scheme (NDSS).

9. Dental Health

The Coalition has a proud record of improving access to dental care.

We are the only side of politics that has delivered a Medicare dental scheme that has provided for actual treatment.

In 2007, the Coalition announced one of the biggest commitments to dental health through the Medicare Chronic Disease Dental Scheme (CDDS). It provided much needed treatment to many of the most disadvantaged and vulnerable in our community with serious chronic health conditions. By late 2012, the CDDS had provided over 21 million dental services to over one million Australians since 2007.

Labor closed the Scheme in December 2012. The Government’s actions have left hundreds of thousands of Australians, 80 per cent of whom are concession card holders, without access to affordable dental treatment. Labor’s replacement programmes are still not providing any services for patients, nearly one year since the closure of the CDDS.
The Child Dental Benefits Schedule which is due to commence in January 2014 is to provide access to $1,000 in Medicare dental benefits for eligible children. From 1 July 2014 funding is due to be provided to the States under the National Partnership Agreement for Adult Public Dental Services.

The Coalition will honour the arrangements under the National Partnership Agreement for Adult Public Dental Services and will continue to work with stakeholders, patient representatives and State and Territories to improve the scheme as necessary.

At the expiry of the National Partnership Agreement for Adult Public Dental Services, the Coalition will seek to transition respective adult dental services to be included under Medicare. The implementation of the Child Dental Benefits Schedule will inform the expansion of Medicare dental services more broadly for adult services, including initial eligibility requirements for patients, appropriateness of the caps for treatment and schedule fees.

**COST**

The Coalition’s Policy to Support Australia’s Health System will cost $340 million over the forward estimates.
Our Plan
Real Solutions
for all Australians
The direction, values and policy priorities of the next Coalition Government.
The Coalition's Policy for Fairer School Funding

For further details of the Coalition’s Plan go to
www.realsolutions.org.au

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