

# 2017-2018 Budget in a *nutshell*



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The Budget announcements on 9 May included a number of health-related items. Whilst awaiting the finer details of the Budget proposals, the following is an overview of some of the salient items.

The Australian Medical Association (AMA) and the Royal Australian College of General Practitioners (RACGP) reached a number of “compacts” with Greg Hunt, the Minister for Health.

**The key terms of the “compacts” were that:**

*AMA and RACGP would:*

- Encourage uptake and usage of the My Health Record (MyHR)
- Support the vision of the Health Care Homes trial

*The Minister for Health would:*

- Lift a freeze on MBS indexation
- Reverse the removal of indexation on bulk-billing incentives for pathology and diagnostic imaging
- Drop plans to lower rent for approved pathology collection centres

**WHAT IS A COMPACT?**

A compact is a signed written agreement that binds you to do what you’ve promised. The term compact is most often applied to agreements among states or between nations on matters in which they have a common concern.

The table below is not a complete list, but it contains some of the key funding proposals in the 2017-18 Budget.

PROPOSED BUDGET ITEM	AGGREGATE COST	
The long awaited lifting of the Medicare indexation freeze will be rolled out as follows:		
<ul style="list-style-type: none"> <li>• Bulk billing incentive for GP’s (GP attendances in MBS group A1) commencing 1 July 2017</li> </ul>	\$9.5m	2017-18
<ul style="list-style-type: none"> <li>• Standard GP consultations and specialist consultations commencing 1 July 2018</li> </ul>	\$146m	2018-19
<ul style="list-style-type: none"> <li>• Specialist procedures and allied health services commencing 1 July 2019</li> </ul>	\$403.4m	2019-20
<ul style="list-style-type: none"> <li>• Diagnostic imaging services for mammography, computed tomography, fluoroscopy and interventional radiology commencing 1 July 2020</li> </ul>	\$443.4m	2020-21
Extend My Health Record system to roll out an Australia-wide opt-out system	\$ 84.5m	2017-18
	\$211.3m	2018-19
Modernisation of Medicare and aged care payment systems with new digital payments platform	\$ 67.3m	2017-18

Establish Medicare Guarantee Fund from 1 July 2017	From existing levies
New and amended listings to Medicare Benefits Schedule	\$16.4m 2017-18
Continuation of Medicare Benefits Schedule Review	\$44.2m 2017-21
<b>Cost saving from improved compliance- Medicare Benefits Schedule</b>	<b>(103.8) 2017-21</b>
Continuation of Medical Services Advisory Committee (MSAC) which provides independent expert advice on the safety, effectiveness and cost-efficiency of new medical procedures	\$44.5m 2017-21
New and amended listing to Pharmaceutical Benefits Scheme based on a compact with the Pharmacy Guild	\$1.135.9Bn 2017-21
Price amendments to the Pharmaceutical Benefits Scheme	<b>(\$270.2m) 2017-21</b>
Maintain current Medicare Safety Net	\$318.6m 2017-21
Maintain bulk billing incentive for pathology and diagnostic imaging	\$936.7m 2017-21
Prostate cancer nursing continuation and expansion	\$5.9m 2017-20
National Cancer Screening Register transition arrangements	\$40.8m 2016-21
Childhood cancer medical research	\$5.8m 2017-21
Additional funding for Rheumatic Fever Strategy	\$7.6m 2017-21
My Aged Care platform ICT support	\$3.1m 2017-18
Stoma appliance scheme new products and amendments to existing products	\$9.5m 2017-21
Proton Beam Therapy facility in South Australia	\$68m 2017-18
Psychosocial Support Services	\$80m 2017-21
Improved telehealth psychological services for regional, rural and remote areas	\$9.1m 2017-21
Suicide prevention support programs	\$11.1m 2017-21
Mental Health Research	\$15m 2017-21
Greater choice for At Home Palliative Care	\$8.3m 2017-21
Health Care Homes trial to commence 1 October 2017 much of which is to be funded by anticipated cost savings from the program	\$0.2m 2017-21
Reinstatement of \$1,000 cap for Child Dental Benefits Schedule from previous reduction to \$700 two-year cap per child. \$1,000 cap to be applied retrospectively from 1 January 2017	\$163.6m 2017-21

Whilst most of the line items in the above table are self-explanatory, a few of the Budget proposals warrant further consideration.

### **Indexation of the Medicare Benefits Schedule**

This will be the first indexation of certain GP services since 1 July 2014. Specialist and allied health fees have not been indexed since 1 November 2012 and the last fee adjustment for the targeted diagnostic imaging services was made in 2004.

**The indexation of the Medicare Benefits Schedule will be funded in part by a predicted \$103.8 million in cost savings from improved compliance and debt recovery programs.** For those of you who have attended my Medical Billing Basics lecture at The Private Practice 3 day Comprehensive, you will have an understanding of how the Medicare compliance and debt recovery programs function.

The focus of the Department of Health under the new budget will be the enforcement of the provisions in the Health Insurance Act 1973; that health providers are responsible for the accuracy of all Medicare claims made against their provider number and consequently they are responsible for repaying funds owed back to the Commonwealth in the event of improper billing.

### **Continuation of the Medicare Benefits Schedule (MBS) Review**

The costs of the MBS are one third of all Commonwealth healthcare expenditure and five percent of overall Government Expenditure. Before the review of the MBS commenced in June 2015, the MBS items had not been reviewed for more than 30 years. So far, nearly 12 percent of the MBS items (approximately 600 items) have been reviewed and 45 percent of the MBS items (approximately 2,500 items) are currently under review.

This clinician-led review process is meant to support patient safety, modernise the MBS and reduce the use of services that have limited clinical benefit. The plan is to redirect the cost savings to new or existing services that have proven clinical benefits. \$44.2 million has been allocated from 2017 to 2020 to complete the review of all items in the MBS.

### **Establishment of a Medicare Guarantee Fund (MGF)**

The Government has proposed the establishment of a Medicare Guarantee Fund (MGF) to be used to cover the costs of the Medicare Benefits Schedule and the Pharmaceutical Benefits Scheme. The funding for the MGF would be sourced from the Medicare levy (excluding amounts necessary to fund the National Disability Insurance Scheme) as well as a portion to be funded from personal income tax receipts.

The Fund is proposed to be established on 1 July 2017 with forecasted annual contributions to the MGF to be updated at every Budget update in line with the forecasted MBS and PBS expenditure. The MGF is to be used solely for funding the MBS and PBS.

As the Medicare Levy does not currently cover the costs of the MBS and PBS (and has not done so for years), this is simply a rebadging of the current funding process.

### **New and Amended listings in the Medicare Benefits Schedule**

Per the Department of Health, the funding for new and amended MBS listings is expected to include:

- A new cardiac service to lower the risk of stroke for patients with non-valvular atrial fibrillation who are unable to take blood-thinning medications;
- A new mechanical thrombectomy service for the treatment of stroke due to large vessel occlusion;
- A new Vagus Nerve Stimulation therapy service;
- A new microwave ablation service for thermal ablative treatment of primary liver tumours; and
- Amendment to the combined position emission tomography/computed tomography (PET/CT) item for lymphoma to include patients suffering from indolent non-Hodgkin lymphoma.

\$16.4 million has been allocated from 2017 to 2021 for these changes to the Medicare Benefits Schedule.

### Health Care Homes

Health Care Homes is a program to coordinate the care of patients with chronic and complex health conditions. The program will pay a General Practice or Aboriginal Community Controlled Health Service (ACCHS) a monthly payment to care for a patient rather than receiving a payment each time the patient has an appointment. Whilst the Health Care Homes will be encouraged to bulk bill their enrolled patients, it will be up to each Health Care Home to decide if they will be charging a gap instead of bulk billing their enrolled patients.

Twenty practices will commence Health Care Home services on 1 October 2017 with an additional 180 practices to commence on 1 December 2017. The bulk of the program funding is expected to come from projected savings of \$24.6 million with only \$0.2 million in actual funding allocated to the program from 2017 to 2021.

### Proton Beam Therapy (PBT) Facility

Proton Beam Therapy (PTB) is a type of radiation therapy that is used mainly for paediatric patients as well as being used for some adult patients with head and neck tumours or spinal tumours. PTB is not currently available in Australia and the Federal Government currently funds some patients to access this treatment overseas. \$68 million dollars is to be provided to build a PTB Facility at the South Australian Health and Medical Research Institute in Adelaide. No funding has been provided for patients to travel interstate for treatment in Adelaide.

Finally, keep in mind that these budget proposals only become law once the relevant legislation is passed.



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