

Brief for Noting (Cabinet in Confidence)

Requested by:

Department

Minister's office

SUBJECT: 2014-2015 Commonwealth Budget Briefing Package

Headline issues

1. The Commonwealth Budget was handed down at 7.30pm on Tuesday 13 May 2014.
2. The budget includes a range of measures that reduce national health reform funding, including the abolition of the funding guarantees in the National Health Reform Agreement (estimated reduction in Commonwealth funding of \$400 million over 2014-15 to 2017-18), and the replacement of Commonwealth growth funding linked to activity with a much less generous indexation formula from 2017-18.
3. The budget also reduces base Commonwealth funding for 2013-14 (reducing funding by around \$28 million per year from 2014-15 onwards), and does not provide a baseline adjustment for services funded through the National Partnership Agreement on Improving Public Hospital Services in 2013-14 (reducing funding by around \$69 million per year from 2014-15 onwards).

Background

4. The Budget outlines details of the Commonwealth expenditure and savings programs for the 2014-15 budget year and over the forward estimates; that is, the following three years.

Consultation

5. All Department of Health Divisions have contributed to the attached briefing package. All input has had CEO/DDG clearance unless otherwise delegated.

Attachments

6. Attachment 1: Overall health expenditure.
7. Attachment 2: Expenditure and Savings Measure.
8. Attachment 3: Commonwealth Funding Summary Table
9. Attachment 4: National Health Reform Funding.
10. Attachment 5: Commonwealth Budget – Queensland Health consolidated response.

RTI 2047 SSS documents Page 1 of 141
RTI Document 1

NOTED

IAN MAYNARD
Director-General

/ /

Director-General's comments

To Minister's Office for Noting

Minister's Office Use Only
NOTED

NOTED

LAWRENCE SPRINGBORG
Minister for Health

Chief of Staff

/ /

/ /

Minister's comments

Briefing note rating

1

RTI Release

Pages 3 through 68 redacted for the following reasons:

s.48, Sch. 3(2)(1)(b)
s.48, Sch. 3(6)(c)(i)

RTI Release

DOH-DL 13/14-042

Event Details:

Description: Australasian College of Health Service Management – Breakfast Forum
Date: 25 June 2014
Time: 0700 – 0830
Location: Royal on the Park – Cnr Alice St and Albert St

Notes:

- ACHSM is the peak professional body in Australasia for health managers
- 0730-0830 allocated for speech

RTI Release

Building a better state of health

Balancing budget and priorities for a 21st century Queensland health system

Ian Maynard
Director-General
Queensland Health

Great state. Great opportunity.



Key steps in the journey so far...



Queensland public service values



Customers first

- Know your customer
- Deliver what matters
- Make decisions with empathy



Ideas into action

- Challenge the norm and suggest solutions
- Encourage and embrace new ideas
- Work across boundaries



Unleash potential

- Expect greatness
- Lead and set clear expectations
- Seek, provide and act on feedback



Be courageous

- Own your actions, successes and mistakes
- Take calculated risks
- Act with transparency



Empower people

- Lead, empower and trust
- Play to everyone's strengths
- Develop yourself and those around you

RTI Release

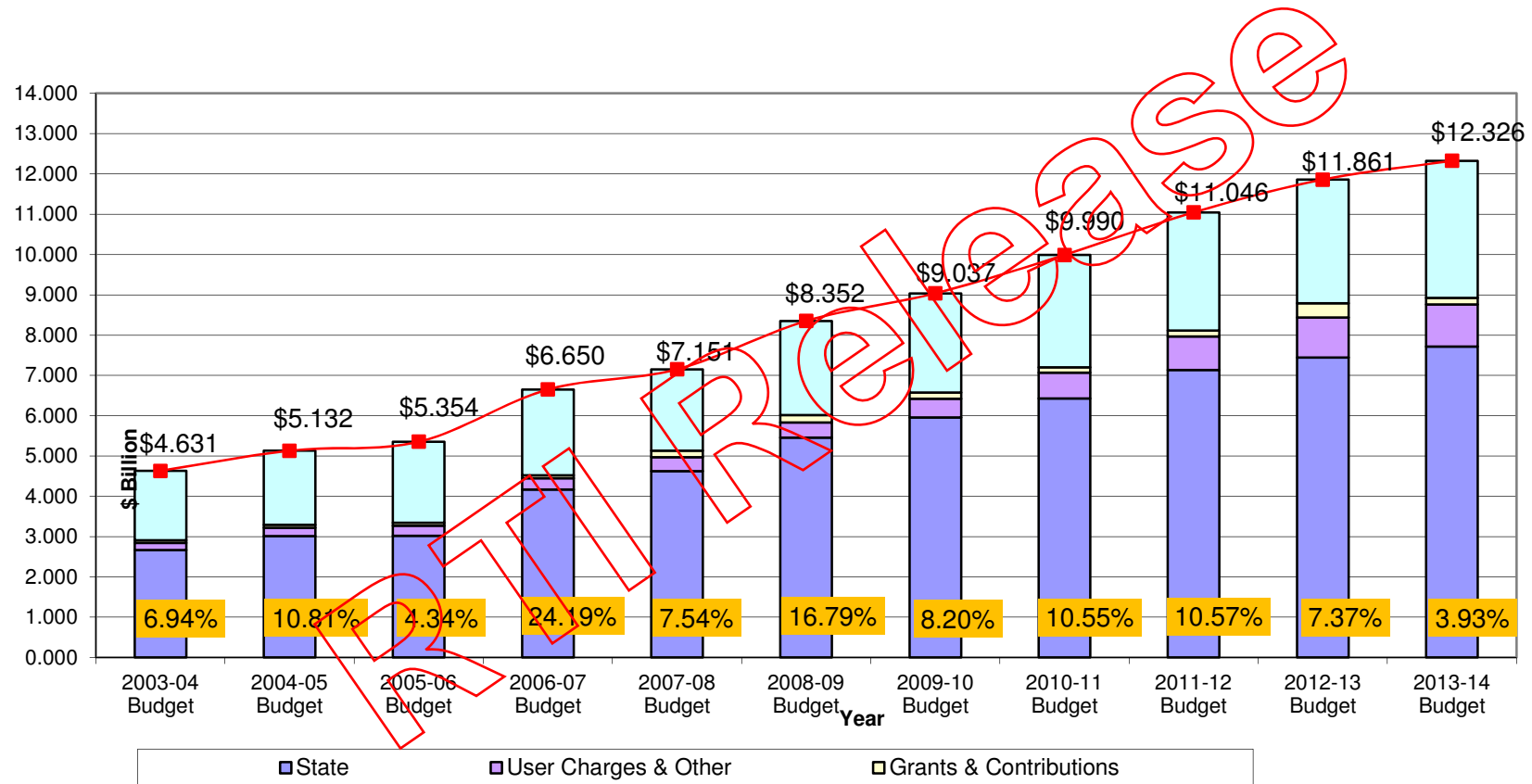
Blueprint for better healthcare in Queensland

Principal themes:

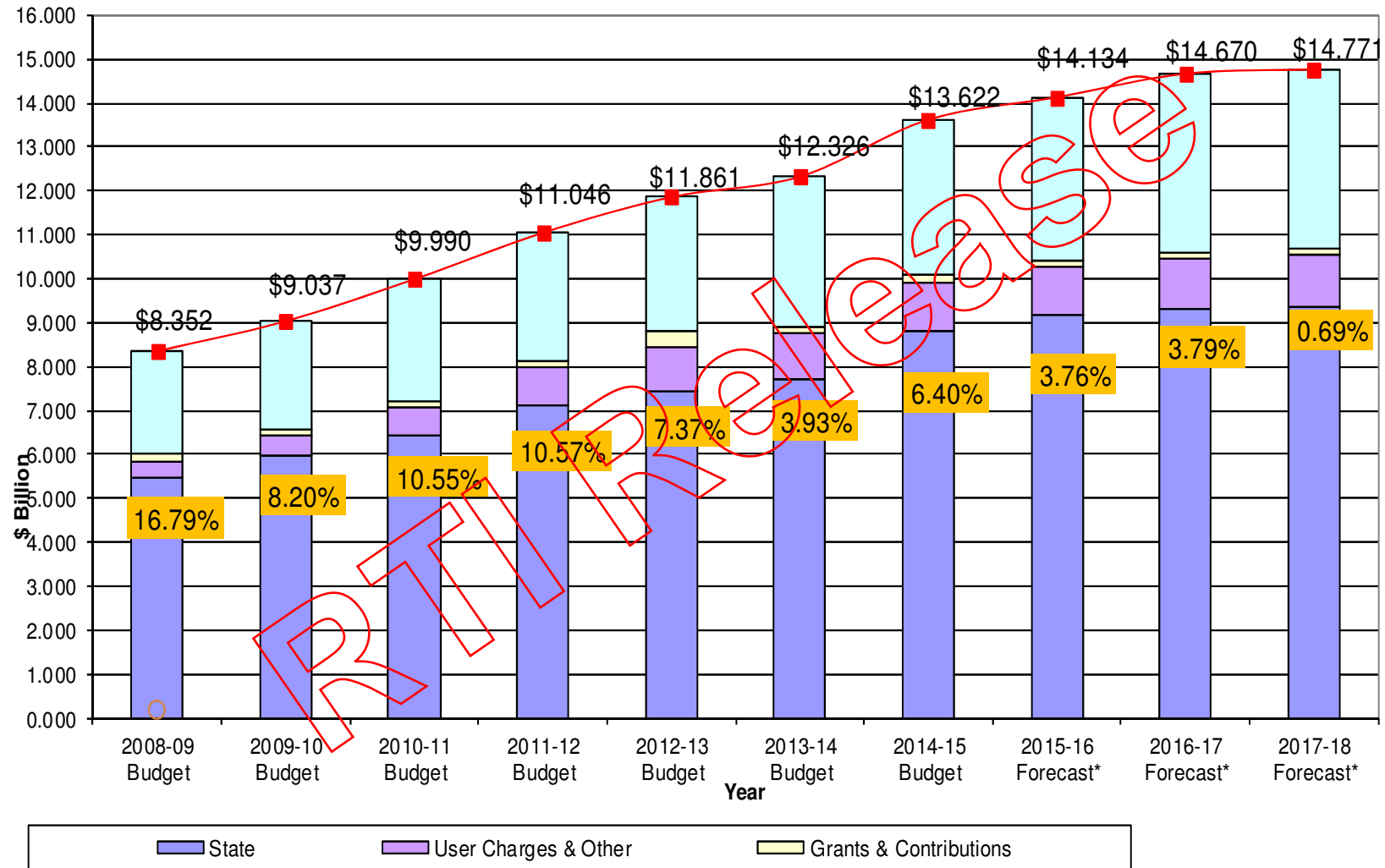
1. Health services focused on patients and people
2. Empowering the community and our health workforce
3. Providing Queenslanders with value in health services
4. Investing, innovating and planning for the future.



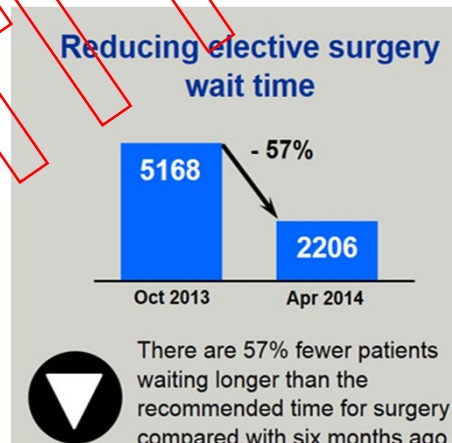
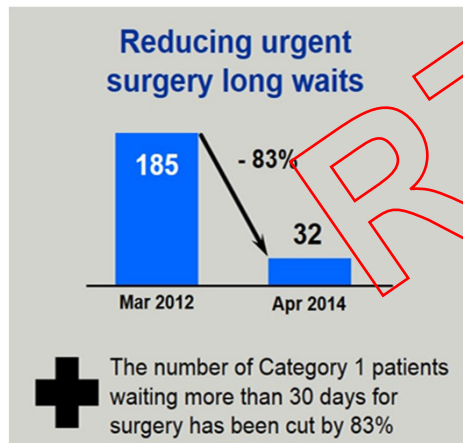
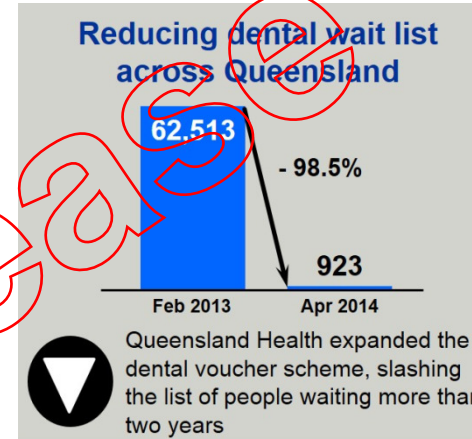
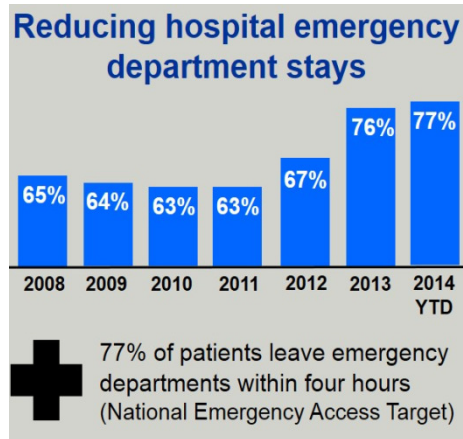
Queensland Health budget



Queensland Health budget



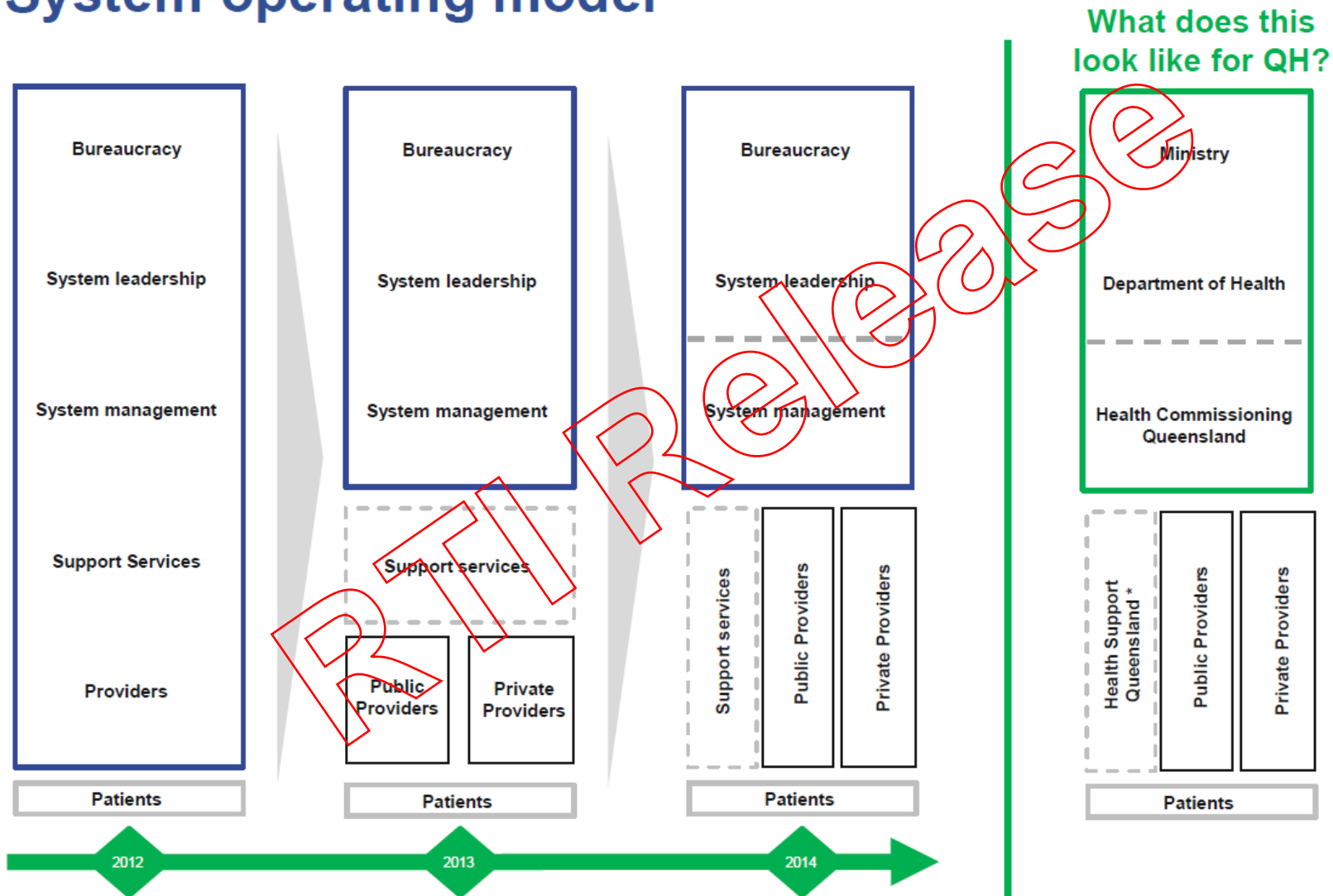
1. Health services focussed on patients and people



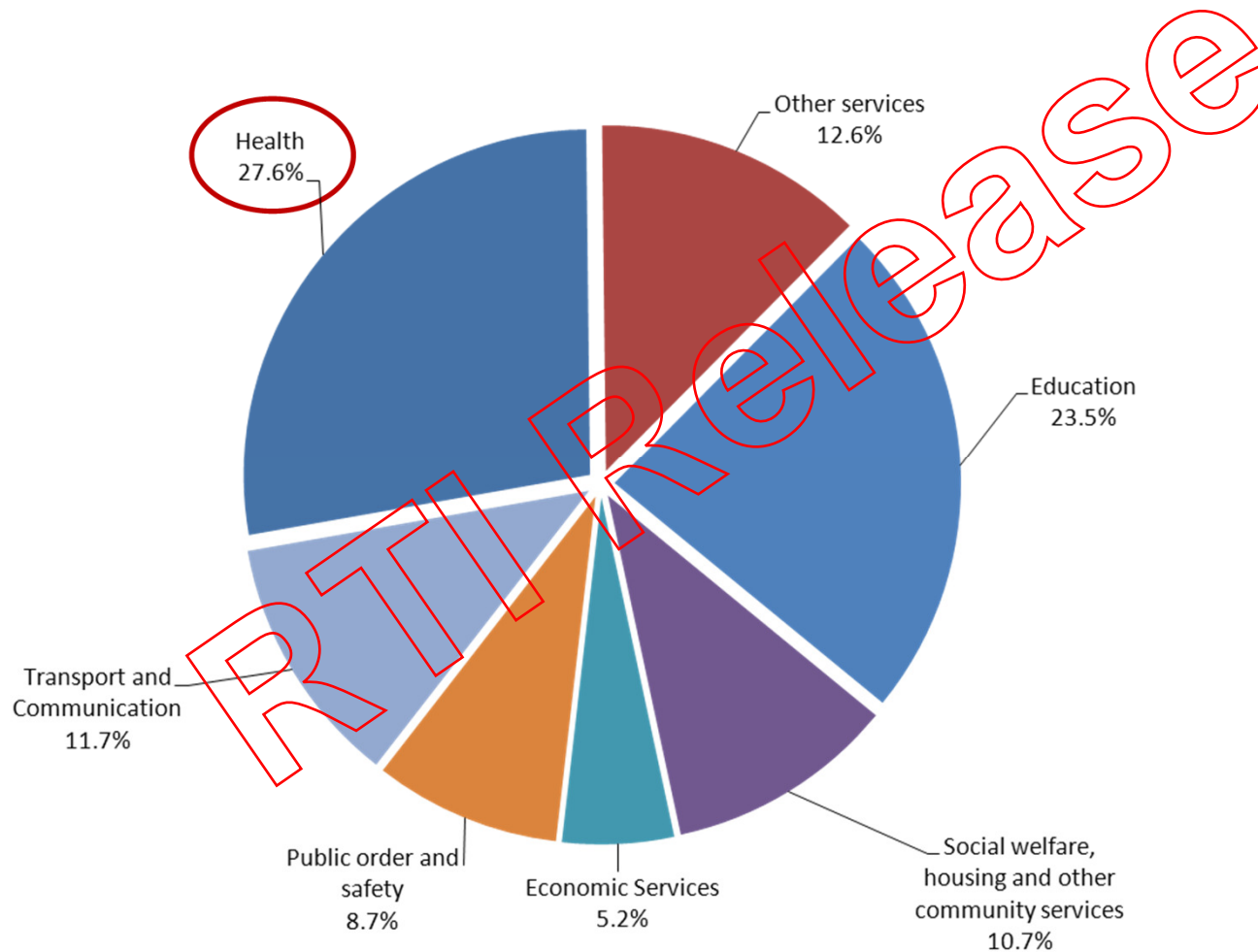
RTI 2347

The continuing journey...

System operating model

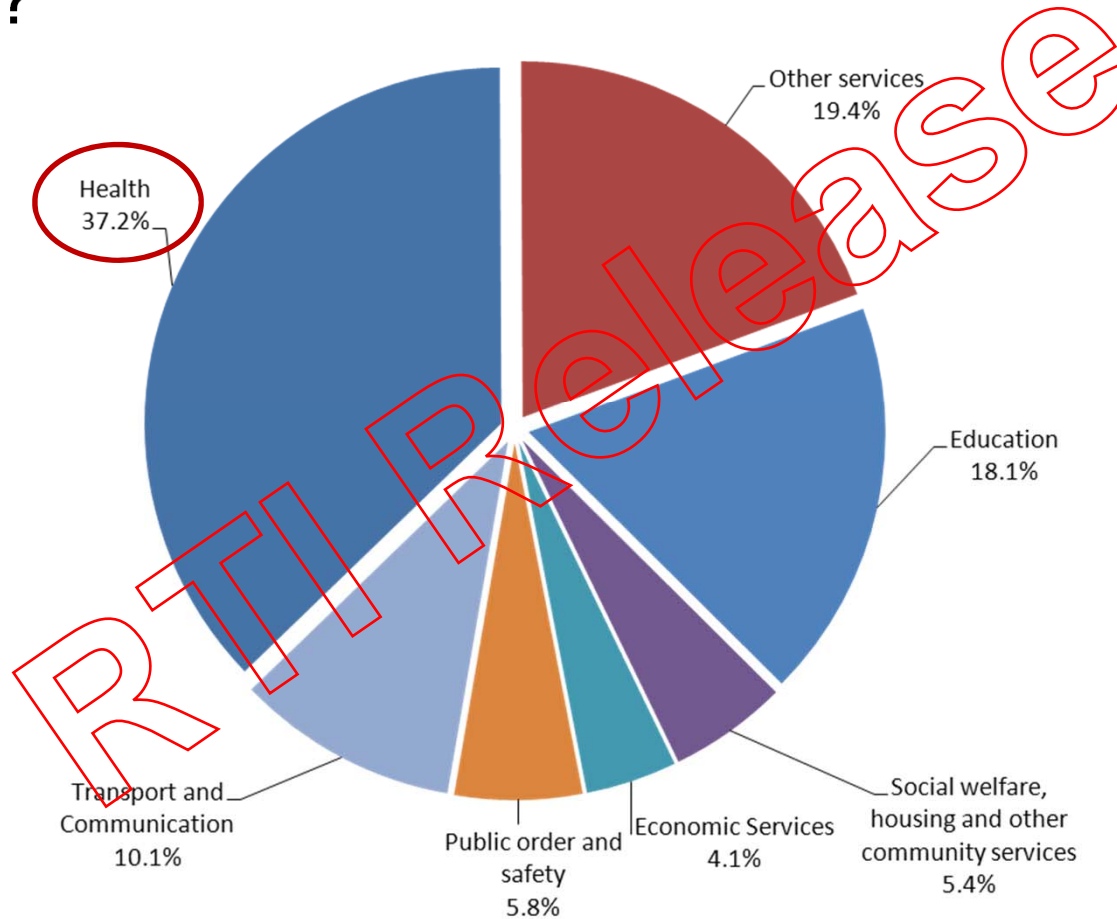


2014-15 Queensland state budget: How it is spent?



20 year forecast...

What does the state budget look like in 20 years, if we assume the same growth rates as over the last five years?



2014-15 Queensland Health budget

- Queensland Health budget comprises:

- Department of Health
- Queensland Ambulance Service
- 16 HHSs
- Office of the Health Ombudsman
- Queensland Institute of Medical Research
- Queensland Mental Health Commission

2014-15 Budget	Budget Growth from 2013-14 (\$)	Budget Growth from 2013-14 (%)
\$ 13.622 billion	\$ 942.3 million	6.4%*

* To ensure comparability the overall budget growth of 6.4% takes into account the QAS budget adjusted for 12 months and exemption from payroll tax.

2. Empowering the community and our health workforce

- New Initiatives for 2014-15:

Initiative	Funding	Benefits/Outcomes
Drought Assistance Package	\$1.450M in 2014-15	Expand the delivery of Mental Health Support Workshops to support individuals and local communities.
Mobile Surgical Van	\$33.7M over 4 years	Enable rural and remote patients to receive minor surgical procedures, recovery and rehabilitation closer to home.
Safe Night Out	\$4.5M over 4 years	Deliver compulsory counselling for people charged with alcohol related offences.
MRI – Toowoomba Hospital	\$17.5M over 4 years	Establish Magnetic Resonance Imaging.

Other continuing initiatives include:

\$5.5M through the revitalisation of regional, rural and remote services to five HHSs to enhance ambulatory and primary health care models with a focus on mental health, chronic disease, emergency care and outreach services and

Ongoing funding of \$4.1M for hearing health outreach services for Aboriginal and Torres Strait Islander children

2. Empowering the community and our health workforce (cont.)

- Commencement of new Torres and Cape HHS
- Prescribed employer status for HHSs
- Allocation of buildings and assets to HHSs
- Strategic Objectives that support local needs:
 - Healthy Queenslanders
 - Accessible services
 - Innovation and research
 - Governance and partnerships
 - Workforce

3. Providing Queenslanders with value in health services

- Continuing efforts to align with the National Efficient Price
 - 2009-10: 11.4% above national average cost
 - Year to September 2013: 0.6% above National Efficient Price
- Driving efficiencies and improvements in healthcare through purchasing initiatives including:
 - Incentivising new and effective models of care
 - Exposing services to contestability where appropriate

RTI Released

3. Providing Queenslanders with value in health services

- Implementing key election commitments including:
 - implementing the *Mums and Bubs* initiative (\$28.9 million over four years from 2012-13)
 - investing in backlog maintenance (\$147 million over four years from 2013-14 to supplement the \$180 million committed by the Department of Health and HHSs)
 - doubling subsidies under the Patient Travel Subsidy Scheme (\$97.7 million over four years from 2012-13. In addition the Department reallocated a further \$8.6 million over three years from 2013-14)
 - revitalising regional, rural and remote health services (\$51.6 million over four years from 2013-14)
 - establishment of the Rural Telehealth Service (\$30.9M over 4 years from 2013-14)

4. Investing, innovating and planning for the future

2014-15 Queensland Health capital program	\$1.559 Billion
\$224.5M towards the completion of the Lady Cilento Children's Hospital and Centre for Children's Health Research (at a total cost of \$1.513B)	
\$369.8M towards the Sunshine Coast Public University Hospital (at a total cost of \$1.872B)	
\$114.2M allocated to HHSs for capital purchases and health technology	
\$81.4M towards the Cairns Hospital redevelopment (at a total cost of \$446.3M)	
\$29.4M towards the Mackay Hospital redevelopment (at a total cost of \$408.3M)	
\$7.7M towards the Mount Isa Health Campus redevelopment (at a total cost of \$62.6M)	
\$81.8M to continue the \$327m four year Backlog Maintenance Remediation Program	

RTI Released

Key impacts from Commonwealth budget

- Abolition of the funding guarantees in the NHRA - estimated reduction in Commonwealth funding of \$400M over 2014-15 to 2017-18
- Replacement of Commonwealth growth funding linked to activity with a much less generous indexation formula from 2017-18
- Reduced base funding for 2013-14 by around \$28M per year from 2014-15 onwards
- No baseline adjustment for services funded through the NPA on improving public hospital services in 2013-14 - reducing funding by around \$69M per year from 2014-15 onwards

Key impacts from Commonwealth budget

- Cessation of reward payments for NEAT and NEST under the NPA on improving public hospitals
- Cessation of the NPA on preventative health, resulting in reduced funding to Queensland (savings of \$43.9M over four years)
- Potential flow-on effect for EDs as a result of the introduction of a patient contribution for GP, pathology and diagnostic services from 1 July 2015
- Deferring the commencement of the NPA for adult public dental services to 2015-16

Questions?

RTI Release

Management of Commonwealth Growth Funding

Presented by: Paul McGuire
Senior Director, System Funding and Health Economics
Healthcare Purchasing, Funding and Performance Management Branch

Great state. Great opportunity.



Key issues

- Changes to C'wealth hospital funding
- Implications for State
- Options
- Proposed approach
- Own Source Revenue
- Review
- Medium term challenges from C'wealth budget

RTI Release

C'wealth hospital funding (1)

2012-13 & 2013-14

- Indexation formula based on National Healthcare SPP parameters
 - Health price index
 - Growth in population weighted for hospital utilisation
 - Technology factor (1.2% per year)
- Equal per capita funding across States

RTI Release

C'wealth hospital funding (2)

2014-15 to 2016-17

- C'wealth funds 45% of 'efficient growth' in public hospital services
 - Previous year amount
 - Price adjustment
 - Volume adjustment: $\text{Change in NWAUs} \times \text{NEP} \times 45\%$
 - Block funding adjustment
- Growth funding calculated at State level

RTI Release

C'wealth hospital funding (3)

2017-18

- Commonwealth budget announced return to indexation formula
 - Consumer price index
 - Growth in population (unweighted)
- Hence funding no longer linked to public hospital activity
- Return to equal per capita funding across States

RTI Release

Implications for State

- Since 2012-13, 'fixed value' service agreements to HHSs
- But C'wealth 'efficient growth' funding provides opportunity to review model
- Opportunity to incentivise HHSs to undertake more activity if they can do so at marginal cost & attract more C'wealth funding...at no extra cost to State

RTI RELEASE

Options (1)

Option 1 – Fixed contract value in service agreement

- If C'wealth funding changes, State funding adjusts to compensate (2013-14 model)
- State bears risk and reward of changes in C'wealth funding
- No incentive for HHS to do more activity

RTI Release

Options (2)

Option 2 – Fixed State funding contribution

- State funding remains unchanged if C'wealth funding changes
- If HHSs produce additional NWAUs, they retain additional Commonwealth funding
- But HHSs bear risk if Commonwealth funding goes down
- Calculation of C'wealth funding extremely complex and can change for reasons outside HHS control

Proposed approach (1)

- Department and HHSs share risks and rewards of changes in C'wealth funding
- Contract value in service agreements to include both State and Commonwealth ABF
- Separate public QWAU targets established for HHSs with ABF facilities
 - Covering services in-scope for national ABF model
 - But valued where possible based on Queensland ABF model
 - Public QWAUs would apply only to ABF facilities

Proposed approach (2)

- Where HHS above public QWAU target, it would receive 45% of QEP per additional public QWAU
- Where HHS below public QWAU target, funding reduced by 45% of QEP (or budget cost per QWAU if this is lower)
- Notwithstanding the above, funding would be reduced by 100% of QEP where:
 - HHS below target because specifically funded initiative not commenced or operating below capacity
 - HHS is >2% below target (1% for metro HHSs) and is not delivering on KPIs

Proposed approach (3)

- Department would not fund State component of activity above target
- Budget adjustments would coincide with service agreement amendment windows, currently scheduled for February, May and September 2015.

RTI REQUEST

Own Source Revenue

- Where HHS above OSR target, would retain the additional OSR
- Where HHS below OSR target, it would experience reduction in revenue with no compensating adjustments to funding
- Model facilitates HHS choice around the mix of public and private patients
- Where HHS converts private patient to public, HHS would receive 45% of QEP for increase in public QWAUs, but would forego OSR

Review

- In event of major change in overall C'wealth funding, discussion would need to take place between Department and HHSs on how to manage this
- Model would be reviewed in February 2015 to ensure risks and rewards of changes in C'wealth funding are shared appropriately

RTI RELEASE

Medium term challenges

- C'wealth budget gives rise to uncertainty
- Higher activity leads to higher growth funding until 2016-17, but rebased to equal per capita shares in 2017-18
- Incentive to convert some private patients to public 2014-15 to 2016-17, but incentive may be reversed 2017-18

RTI RELEASES

QUESTIONS ??

RTI Release

Impact of 2014-15 Federal Budget for the Queensland Public Health System

Nick Steele

Executive Director

Healthcare Purchasing, Funding and Performance
Management Branch

Great state. Great opportunity.



Queensland
Government

Presentation Outline

1. Commonwealth Funding Projections
2. Commonwealth NPA and PA Funding
3. Key Budget Highlights
 - New and Continuing Initiatives
 - Savings Measures
4. Completion of Briefing Package
5. Strategic Issues for Consideration
 - Medicare Benefits Schedule – Introducing Patient Contribution for GP, Pathology and Diagnostic Services
 - Primary Health Organisations
6. Where to from here.....

RTI Release

Commonwealth Funding Projections

Figures as per Commonwealth Budget – May 2014	LFY	Budget Year	Forward Estimates			4 Year Total
	2013-14 (\$M)	2014-15 (\$M)	2015-16 (\$M)	2016-17 (\$M)	2017-18 (\$M)	(\$M)
National Health Reform Funding - Hospital Services	2,803.0	3,162.6	3,471.1	3,803.9	3,829.5	14,267.1
Additional Funding (one-off payment)	38.8					
National Partnership Payments	344.1	212.6	132.5	129.7	134.6	609.4
Total	3,185.9	3,375.2	3,603.6	3,933.6	3,964.1	14,876.0

RTI Released

Key Budget Outcomes

- Abolition of the funding guarantees in the *NHRA* - estimated reduction in Commonwealth funding of \$400 million over 2014-15 to 2017-18
- Replacement of Commonwealth growth funding linked to activity with a much less generous indexation formula from 2017-18
- Reduced base funding for 2013-14 by around \$28 million per year from 2014-15 onwards
- No baseline adjustment for services funded through the *NPA on Improving Public Hospital Services* in 2013-14 - reducing funding by around \$69 million per year from 2014-15 onwards
- The budget projections imply moderate growth in health expenditure in 2014–15 and in the medium term

Page 108 redacted for the following reason:

s.48, Sch. 3(2)(1)(b)

RTI Release

DOH-DL 13/14-042

Key Impacts on NPAs

National Health Reform Agreement – changed arrangements

- **Savings of \$1.8 billion** over four years from 2014-15 by:
 - ceasing the funding guarantees and
 - revising funding arrangements from 1 July 2017 - the Commonwealth will index its contribution to hospitals funding by a combination of CPI and population growth, removing the funding guarantee provisions that currently exist under the *NHRA*.

National Partnership Agreement on Improving Public Hospital Services — cessation

- **Savings of \$201.0 million** over three years from 2015-16 by ceasing reward funding to States and Territories.
- The DoH has progressed with purchasing services through the draft contract offers with HHSs based on the assumption this agreement would not be continued.

National Partnership Agreement on Preventive Health — cessation

- **Savings of \$367.9 million** over four years by ceasing this NPA. The cessation of this agreement was not an expected budget measure.

Full implementation of National Bowel Cancer Screening Programme

- **An additional \$95.9 million** over four years to accelerate the full implementation of the *National Bowel Cancer Screening Programme* (CHO negotiations to finalise PA are still underway).

New and Continuing Initiatives

Research

- Establishment of the Medical Research Future Fund, to be funded through reinvestment of savings achieved through budget health reforms.
- The Fund is estimated to reach the \$20 billion by 2020 and the capital base will be preserved in perpetuity.

New and Continuing Initiatives (2)

PBS

- \$378.7 million over five years for a number of new and amended listings on the PBS and the Repatriation PBS.
- \$8.1 million over five years for price amendments for certain medicines currently listed on the PBS and the Repatriation PBS.
- \$16.5 million over five years to reduce red tape for medical practitioners by enabling paperless claiming for PBS medicines dispensed from medication charts in public and private hospitals.

New and Continuing Initiatives (3)

E-Health

- \$140.6 in 2014-15 for the continued operation of the Personally Controlled Electronic Health Record system

Rural Health

- \$35.4 million over two years from 2013-14 to meet higher than anticipated demand for the General Practice Rural Incentives Programme.

New and Continuing Initiatives (4)

Mental Health

- Headspace Program - \$14.9 million over four years to establish ten new headspace sites that provide community based services for young people aged 12 to 25 years who have, or are at risk of, mental illness and conduct a two year evaluation
- National Centre of Excellence in Youth Mental Health - \$18.0 million over four years to the Orygen Youth Health Research Centre to establish and operate a National Centre for Excellence in Youth Mental Health.

New and Continuing Initiatives (5)

Aboriginal and Torres Strait Islander Health

- \$25.9 million will be provided in 2014-15 to continue to support programmes which address teenage sexual and reproductive health and young parent support for Aboriginal and Torres Strait Islander people.
- This funding will continue activities currently funded under the National Partnership Agreement on Indigenous Early Childhood Development which ceases on 30 June 2014.

RTI RELEASE

Savings Measures

National Agreements

- Aforementioned changes to *MHRA* and cessation of *NPA IPHS*
- Cessation of the *NPA on Preventive Health*

RTI Release

Savings Measures

MBS

- Savings of \$3.5 billion over five years by reducing MBS rebates from 1 July 2015 by \$5 for standard GP consultations and out-of-hospital pathology and diagnostic imaging services
- Providers will be allowed to collect a patient contribution of \$7 per service.
- Removal of restrictions on States and Territories from charging patients presenting to hospital EDs for GP like attendances.
- Savings of \$1.7 billion over five years by pausing the indexation of some MBS fees for two years from 1 July 2014 and the income thresholds for the Medicare Levy Surcharge and Private Health Insurance Rebate for three years from 1 July 2015.

Savings Measures

PBS

- Savings of \$1.3 billion over four years by increasing the PBS co-payments and safety net thresholds from 1 January 2015.
- PBS safety net thresholds will increase each year for four years from 1 January 2015 - general safety net thresholds to increase by 10 per cent each year and concessional safety nets to increase by the cost of two prescriptions each year.
- These increases are in addition to the existing annual indexation of co-payments and safety net thresholds in line with the Consumer Price Index.

Savings Measures

Dental

- Savings of \$390.0 million over four years from 2014-15 through deferring the commencement of the *NPA for adult public dental services* from 2014-15 to 2015-16. This agreement has not been factored into the draft contract offers to HHSs for 2014-15.
- The Commonwealth Government will achieve savings of \$229.0 million over four years by ceasing the *Dental Flexible Grants Programme*.

Savings Measures

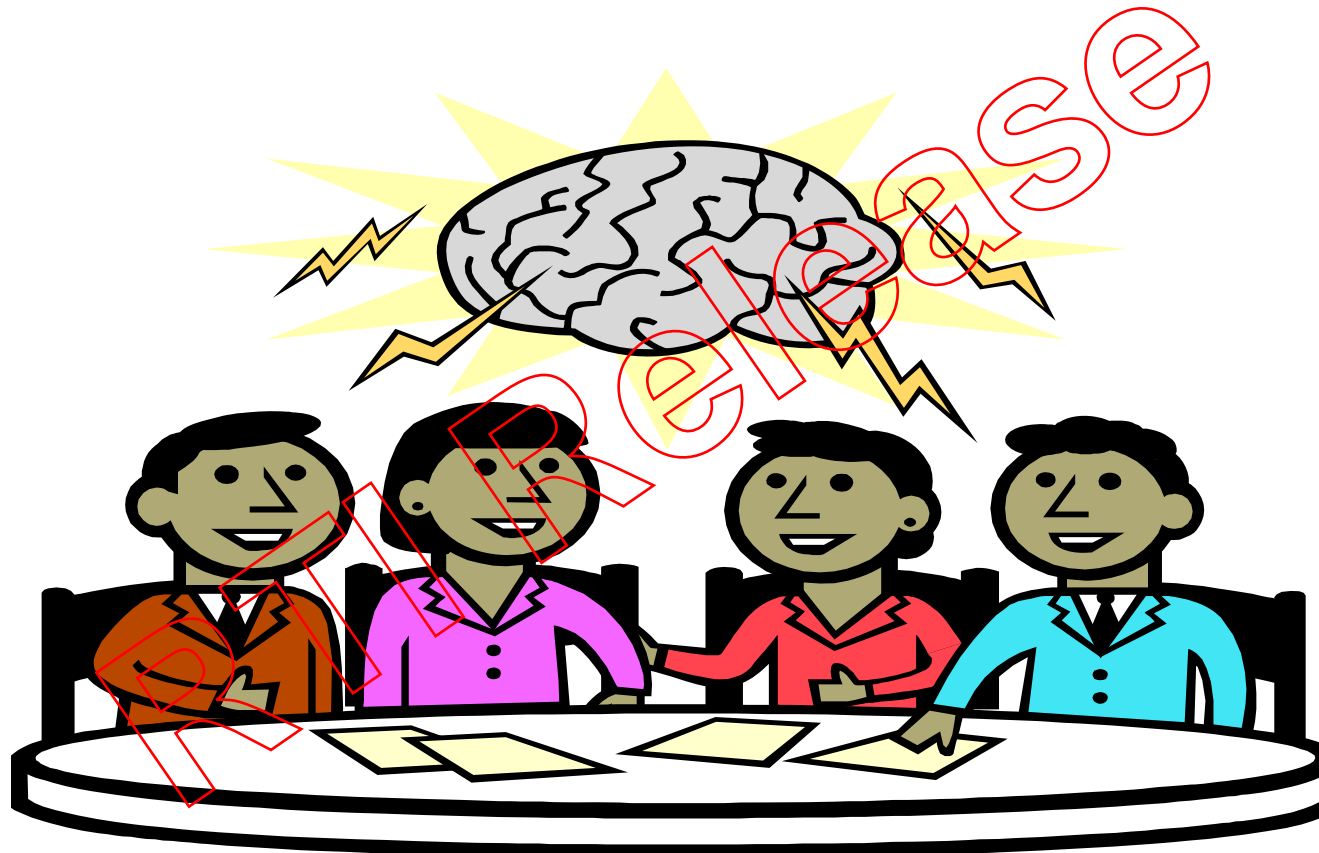
Rationalisation and Consolidation of Government Agencies

- Abolition of the Australian National Preventive Health Agency
- Abolition of Health Workforce Australia
- Sale of Medibank (previously announced)
- Scoping study will be undertaken in relation to the ownership of Australian Hearing

Briefing Package

- Briefs are currently being prepared by policy and program areas on these key budget and savings measures
- CEO/DDG (unless otherwise delegated) endorsed briefs are due to Fleur Ward and/or Rachel Pearce in State and Commonwealth Funding Unit by **noon Thursday 15 May.**

Strategic Issues for Consideration



Medicare Benefits Schedule – Introducing Patient Contribution for GP, Pathology and Diagnostic Services

- From 1 July 2015 , Medicare Benefits Schedule(MBS) rebates for standard general practitioners consultations and out-of-hospital pathology and diagnostic imaging services will be reduced by \$5
- Providers of these services will be able to collect a patient contribution of \$7 per service.
- State and Territory Governments will be able to charge patients presenting to hospital EDs for GP like attendances.

Impact for Queensland

- May impact the public health system as people may tend to visit GP less frequently.
- Evidence suggests people with low incomes and those with chronic illnesses will be impacted and potentially be more acutely unwell upon presentation in ED.

RTI Release

Impact for Queensland (2)

- If Queensland were to implement the \$7 co-payment for Emergency Department non-admitted category 4 and 5s the estimated revenue raised would be \$6.2 million per year, assuming no net change to the volume of patient numbers.
- The cost of administering the co-payments would most likely negate the revenue raised.
- The Minister has stated he does support the introduction of a co-payment for public Eds.

Primary Health Organisations

- From 1 July 2015, the Australian Government will refocus primary care funding by replacing Medical Locals with Primary Health Organisations

RTI REQUEST

Where to from here.....

Primary Health Organisations:

- Consider if the Department of Health takes on the functions of the proposed PHOs across Queensland

RTI Release

Where to from here.....

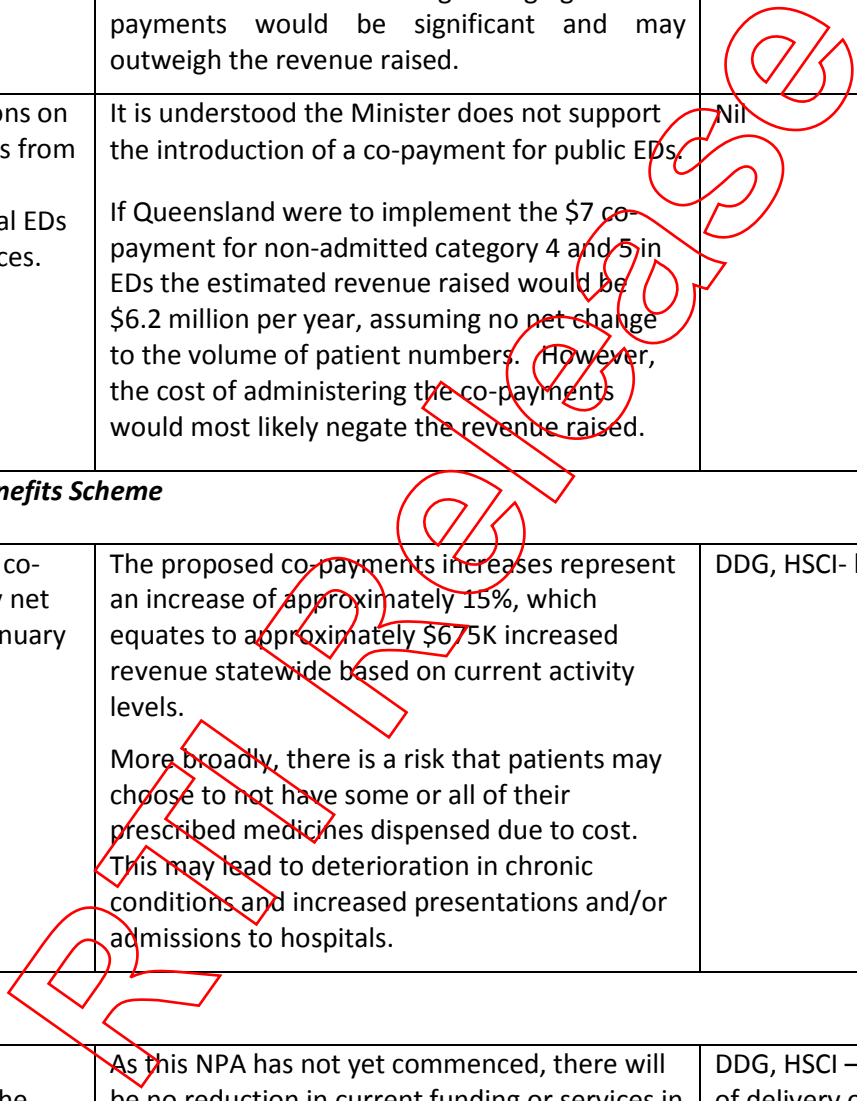
Comments and suggestions

RTI Release

**2014-15 Commonwealth Budget:
Key Budget Measures and Impact for Department of Health
EMT – Wednesday 14 May 2014**

Budget outcomes	Potential Overall Impact	Action Required
National Health Reform Agreement		
Reduced base funding for 2013-14 by around \$28 million per year from 2014-15 onwards	Reduced Commonwealth funding received by Queensland Health	Further discussions to occur between Nick Steele and Malcolm Wilson regarding how the Department will absorb the reduction.
Abolition of the funding guarantees in the <i>National Health Reform Agreement</i>	Estimated reduction in Commonwealth funding of \$446.2 million over 2014-15 to 2017-18	Nil
Cessation of growth funding from 2017-18	Difficult to calculate the impact of this adjustment on Queensland. Based on the Commonwealth forward estimates, it is expected that Queensland will be adversely impacted by receiving minimal funding growth in 2017-18 as a result of a redistribution of overall health funding between States. Beyond 2018, it is expected Commonwealth funding would increase by around 4.5% per year, compared to around 8.5% under the funding model in the NHRA.	DDG, SPP - EMT paper to be submitted regarding impact.
National Partnership Agreements		
No baseline adjustment for services funded through the <i>NPA on Improving Public Hospital Services</i> in 2013-14	Reduction in funding by approximately \$69 million per year from 2014-15 onwards	Nil
Cessation of the <i>NPA on Preventative Health</i>	\$38.8M reduction in payments to the Queensland over the next four years for programs and services to improve the health of children and workers, with a potential further \$32.5M reduction for reward payments.	It was agreed that a review would be undertaken however at a subsequent teleconference on 16 May 2014 the DDG, HSCI – indicated that he would submit an EMT paper on 20 May regarding impact.
Medicare Benefits Schedule (MBS)		
Reducing MBS rebates from 1 July 2015 by \$5 for standard GP consultations and out-of-hospital pathology and diagnostic imaging services.	Acute Primary Care Clinics (APCCs)- The introduction of a co-payment for bulk billing clinics would impact on the operation of the APCCs by creating a financial disincentive to access these clinics. These patients may therefore access EDs as a consequence	CFO, SSS - Own Source Revenue to undertake global impact of MBS savings measure including radiology, pathology and definition of GP service.

Budget outcomes	Potential Overall Impact	Action Required
<p>Providers will be allowed to collect a patient contribution of \$7 per service.</p>	<p>(assuming EDs do not charge a co-payment).</p> <p>19(2) facilities - Introduction of co-payments at Section 19(2) clinics will essentially mean public patients will no longer be able to access services free of charge. This may mean that patients chose to attend less frequently or not at all.</p> <p>If APCCs and 19(2) sites continued their current practice of not requiring any co-payments MBS revenue would reduce by \$5 for each item, resulting in a net loss of some \$1.375 million. The cost of administering charging for co-payments would be significant and may outweigh the revenue raised.</p>	
<p>Removal of restrictions on States and Territories from charging patients presenting to hospital EDs for GP-like attendances.</p>	<p>It is understood the Minister does not support the introduction of a co-payment for public EDs.</p> <p>If Queensland were to implement the \$7 co-payment for non-admitted category 4 and 5 in EDs the estimated revenue raised would be \$6.2 million per year, assuming no net change to the volume of patient numbers. However, the cost of administering the co-payments would most likely negate the revenue raised.</p>	<p>Nil</p>
<p>Pharmaceuticals Benefits Scheme</p>		
<p>Increases to the PBS co-payments and safety net thresholds from 1 January 2015.</p>	<p>The proposed co-payments increases represent an increase of approximately 15%, which equates to approximately \$6.75K increased revenue statewide based on current activity levels.</p> <p>More broadly, there is a risk that patients may choose to not have some or all of their prescribed medicines dispensed due to cost. This may lead to deterioration in chronic conditions and increased presentations and/or admissions to hospitals.</p>	<p>DDG, HSCI- brief Minister</p>
<p>Dental Health</p>		
<p>Deferring the commencement of the <i>NPA for Adult Public Dental Services</i> from 2014-15 to 2015-16.</p>	<p>As this NPA has not yet commenced, there will be no reduction in current funding or services in Queensland as a result of this measure. However it will potentially make it more difficult for public oral health services to maintain the recent improvements in public dental waiting lists.</p>	<p>DDG, HSCI – undertake a review of delivery of adult dental services</p>



Ehealth		
\$140.6 in 2014-15 for the continued operation of the Personally Controlled Electronic Health Record system		CIO – Trigger NETA CBRC submission
Rationalisation and Consolidation of Commonwealth Government Agencies		
Abolition of Health Workforce Australia	<p>The Federal Government will honour all funding agreements entered into by HWA, and these will transfer to the DoH for administration. This includes funding agreements supporting expanded clinical training for health students.</p> <p>A reduction in Commonwealth funding for Clinical Training initiatives may result in a reduced focussed on strategies of building capacity, boosting productivity, improving health workforce geographic distribution and clinical education opportunities. The health planning and reform agenda HWA have been leading may also be lost.</p>	CHO - undertake an assessment of all current contracts and implications
Primary Care		
Replacement of Medical Locals with Primary Health Networks from 1 July 2015	To be determined. DoH still to do thorough policy analysis of the future roles of the PHNs, HHSs and the DoH and how these organisations will best work together.	Nil

RTI RELEASED

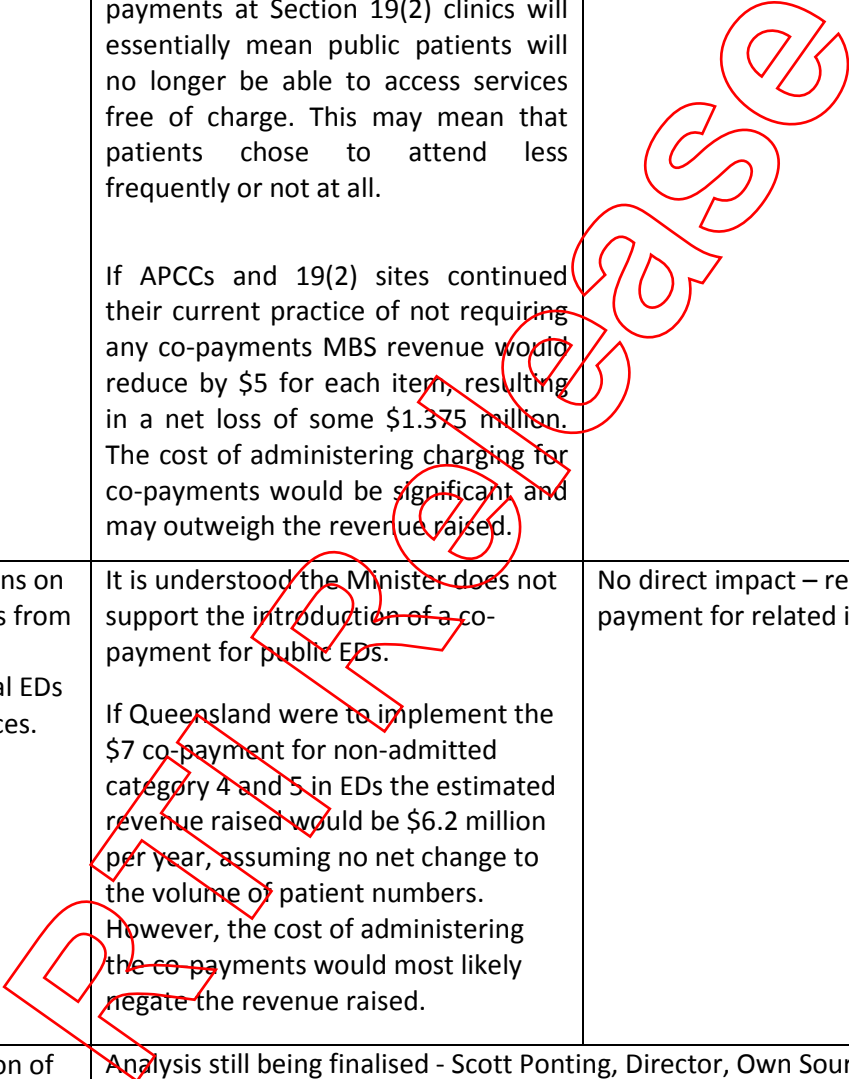
**2014-15 Commonwealth Budget:
Key Budget Measures and Impact on Hospital and Health Services**

Budget outcomes	Potential Overall Impact	Potential HHS Implications
National Health Reform Agreement		
Paul McGuire, Senior Director, System Funding and Health Economics		
Reduced base funding for 2013-14 by around \$28 million per year from 2014-15 onwards	Reduced Commonwealth funding received by Queensland Health	Nil in 2014-15 – The DoH will absorb the funding reduction.
Abolition of the funding guarantees in the <i>National Health Reform Agreement</i>	Estimated reduction in Commonwealth funding of \$446.2 million over 2014-15 to 2017-18	There is no financial exposure for the HHSs given that no expenditure commitments to hospital avoidance programs have been made which would have been reliant on this funding.
Cessation of growth funding from 2017-18	Difficult to calculate the impact of this adjustment on Queensland. Based on the Commonwealth forward estimates, it is expected that Queensland will be adversely impacted by receiving minimal funding growth in 2017-18 as a result of a redistribution of overall health funding between States. Beyond 2018, it is expected Commonwealth funding would increase by around 4.5% per year, compared to around 8.5% under the funding model in the NHRA.	All State and Territory Premiers will be meeting on Sunday to consider a joint strategy/approach.
National Partnership Agreements		
Paul McGuire, Senior Director, System Funding and Health Economics		
No baseline adjustment for services funded through the <i>NPA on Improving Public Hospital Services</i> in 2013-14	Reduction in funding by approximately \$69 million per year from 2014-15 onwards	Nil in 2014-15 – The DoH has progressed with purchasing services through the draft contract offers with HHSs based on the assumption this agreement would not be continued.
Jeannette Young, Chief Health Officer		
Cessation of the <i>NPA on Preventative Health</i>	\$38.8M reduction in payments to the Queensland over the next four years for programs and services to improve the health of children and workers, with a potential further \$32.5M reduction for reward payments.	May impact on HHSs that receive funding under this initiative. An interim letter will be sent to all organisations while a review of all impacted services is undertaken.

Medicare Benefits Schedule (MBS)

Scott Ponting, Director, Own Source Revenue

<p>Reducing MBS rebates from 1 July 2015 by \$5 for standard GP consultations and out-of-hospital pathology and diagnostic imaging services.</p> <p>Providers will be allowed to collect a patient contribution of \$7 per service.</p>	<p>Acute Primary Care Clinics (APCCs)- The introduction of a co-payment for bulk billing clinics would impact on the operation of the APCCs by creating a financial disincentive to access these clinics. These patients may therefore access EDs as a consequence (assuming EDs do not charge a co-payment).</p> <p>19(2) facilities - Introduction of co-payments at Section 19(2) clinics will essentially mean public patients will no longer be able to access services free of charge. This may mean that patients chose to attend less frequently or not at all.</p> <p>If APCCs and 19(2) sites continued their current practice of not requiring any co-payments MBS revenue would reduce by \$5 for each item, resulting in a net loss of some \$1.375 million. The cost of administering charging for co-payments would be significant and may outweigh the revenue raised.</p>	<p>To be determined – analysis of potential impacts is still underway. HHSs are encouraged to consider the potential impact on local patient flows, activity and revenue.</p>
<p>Removal of restrictions on States and Territories from charging patients presenting to hospital EDs for GP-like attendances.</p>	<p>It is understood the Minister does not support the introduction of a co-payment for public EDs.</p> <p>If Queensland were to implement the \$7 co-payment for non-admitted category 4 and 5 in EDs the estimated revenue raised would be \$6.2 million per year, assuming no net change to the volume of patient numbers. However, the cost of administering the co-payments would most likely negate the revenue raised.</p>	<p>No direct impact – refer to above MBS co-payment for related impacts.</p>
<p>Pausing the indexation of some MBS fees for two years from 1 July 2014.</p>	<p>Analysis still being finalised - Scott Ponting, Director, Own Source Revenue to provide verbal advice.</p>	



Pharmaceuticals Benefits Scheme		
Ruth Hay, Director, Medical Services Queensland		
Increases to the PBS co-payments and safety net thresholds from 1 January 2015.	<p>The proposed co-payments increases represent an increase of approximately 15%, which equates to approximately \$675K increased revenue statewide based on current activity levels.</p> <p>More broadly, there is a risk that patients may choose to not have some or all of their prescribed medicines dispensed due to cost. This may lead to deterioration in chronic conditions and increased presentations and/or admissions to hospitals.</p>	HHSs are encouraged to consider the potential local impacts in more detail.
Dental Health		
Dr Peter Osborne, A/Director, Office of the Chief Dental Officer		
Deferring the commencement of the <i>NPA for Adult Public Dental Services</i> from 2014-15 to 2015-16.	As this NPA has not yet commenced, there will be no reduction in current funding or services in Queensland as a result of this measure. However it will potentially make it more difficult for public oral health services to maintain the recent improvements in public dental waiting lists.	Nil in 2014-15 – This agreement has not been factored into HHSs draft Service Agreements for 2014-15. The current NPA will continue until March 2015 as planned.
Ceasing the <i>Dental Flexible Grants Programme</i> .	No specific funding was allocated for Queensland Health.	HHSs are no longer able to access this funding.
Rationalisation and Consolidation of Commonwealth Government Agencies		
Jeannette Young, Chief Health Officer		
Abolition of Health Workforce Australia	<p>The Federal Government will honour all funding agreements entered into by HWA, and these will transfer to the DoH for administration. This includes funding agreements supporting expanded clinical training for health students.</p> <p>A reduction in Commonwealth funding for Clinical Training initiatives may result in a reduced focussed on strategies of building capacity, boosting productivity, improving health workforce geographic distribution and clinical education opportunities. The health planning and reform agenda HWA have been leading may also be lost.</p>	Office of the CHO to undertake an assessment of all current contracts and implications

Primary Care

Replacement of Medical
Locals with Primary Health
Networks from 1 July 2015

To be determined. DoH still to do
thorough policy analysis of the future
roles of the PHNs, HHSs and the DoH
and how these organisations will best
work together.

No immediate impact. Further review and
analysis required.

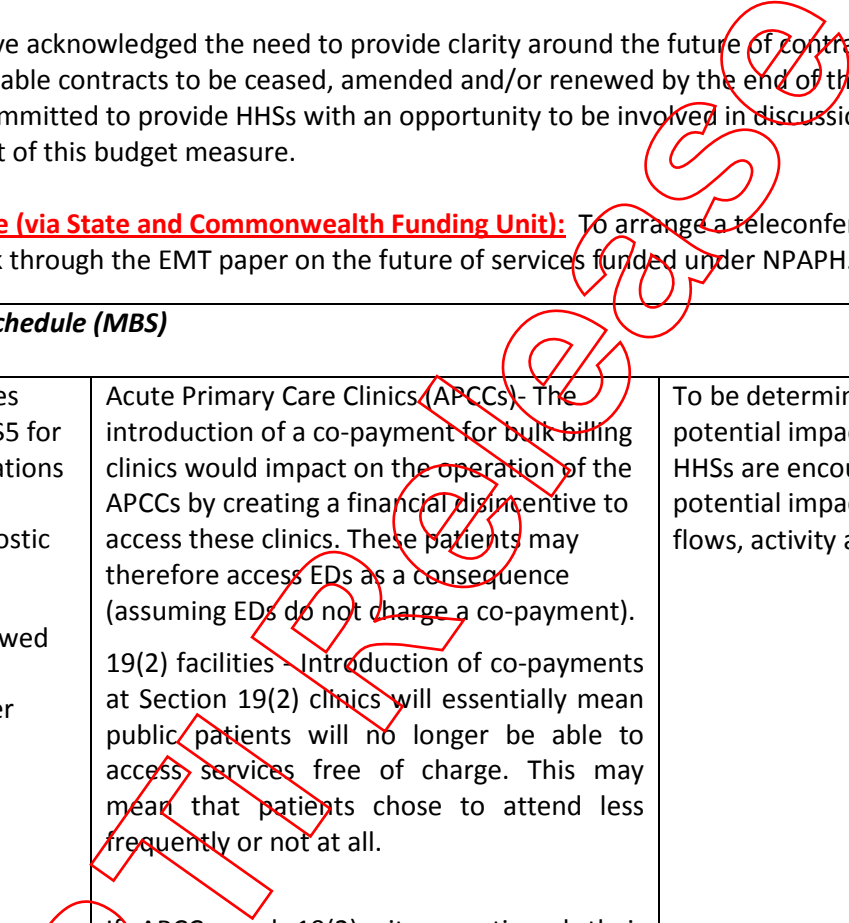
If you have any questions on these, or any other Commonwealth 2014-15 Budget Measures please don't hesitate to contact Vivienne Hassed, A/Director, State & Commonwealth Funding Unit on 3239 0923.

RTI Release

**2014-15 Commonwealth Budget:
Key Budget Measures and Impact on Hospital and Health Services
Summary of Discussion 16 May 2014**

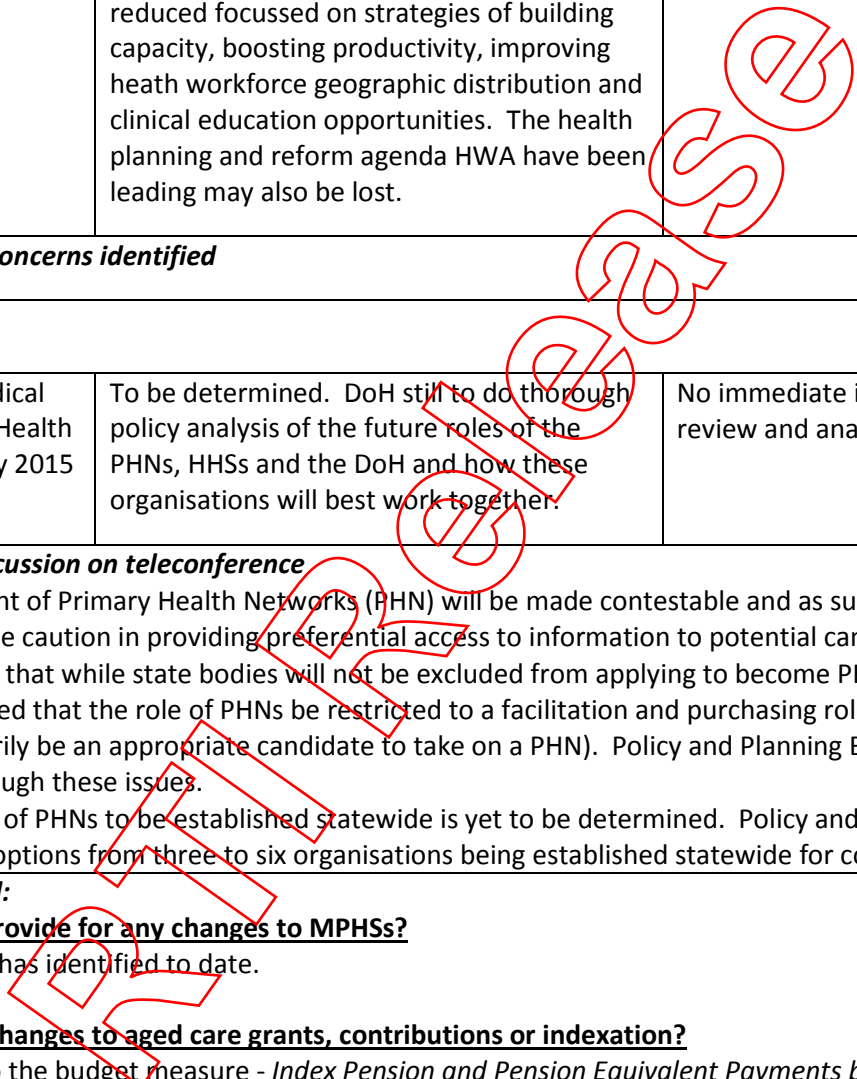
Budget outcomes	Potential Overall Impact	Potential HHS Implications
<i>National Health Reform Agreement</i>		
Reduced base funding for 2013-14 by around \$28 million per year from 2014-15 onwards	Reduced Commonwealth funding received by Queensland Health	Nil in 2014-15 – The DoH will absorb the funding reduction.
Abolition of the funding guarantees in the <i>National Health Reform Agreement</i>	Estimated reduction in Commonwealth funding of \$446.2 million over 2014-15 to 2017-18	There is no financial exposure for the HHSs given that no expenditure commitments to hospital avoidance programs have been made which would have been reliant on this funding.
Cessation of growth funding from 2017-18	Difficult to calculate the impact of this adjustment on Queensland. Based on the Commonwealth forward estimates, it is expected that Queensland will be adversely impacted by receiving minimal funding growth in 2017-18 as a result of a redistribution of overall health funding between States. Beyond 2018, it is expected Commonwealth funding would increase by around 4.5% per year, compared to around 8.5% under the funding model in the NHRA.	All State and Territory Premiers met on Sunday, 18 May 2014 to consider a joint strategy/approach.
<i>Summary of key discussion on teleconference</i>		
<ul style="list-style-type: none"> In relation to the growth observed in the 2014-15 figures, DoH advised that the methodology underpinning this does not appear to be appropriate and that the DoH is not expecting this figure will remain. Discussions to better understand this budget measure are ongoing. For further queries, please contact Paul McGuire on 3234 0868. Nick Steele advised it is the DoH's intention to ensure HHSs continue to receive 45% of growth funding over the next 3 years. The need to exercise caution in building in growth until 2016-17 so as to minimise the negative impact of changes to growth introduced in 2017-18 was raised. A paper prepared by Healthcare Purchasing and Performance Management (HPPM) on the impact of changes to Commonwealth growth funding has been prepared and will go to EMT the week commencing 19 May 2014. ACTION – Nick Steele: HPPM to circulate EMT paper on the impact of changes to Commonwealth growth funding to HHSs following EMT meeting. 		
<i>National Partnership Agreements</i>		
No baseline adjustment for services funded through the <i>NPA on Improving Public Hospital Services</i> in 2013-14	Reduction in funding by approximately \$69 million per year from 2014-15 onwards	Nil in 2014-15 – The DoH has progressed with purchasing services through the draft contract offers with HHSs based on the assumption this agreement would not be continued.

Budget outcomes	Potential Overall Impact	Potential HHS Implications
Cessation of the <i>NPA on Preventative Health</i>	\$38.8M reduction in payments to the Queensland over the next four years for programs and services to improve the health of children and workers, with a potential further \$32.5M reduction for reward payments.	May impact on HHSs that receive funding under this initiative. An interim letter will be sent to all organisations while a review of all impacted services is undertaken.
<p>Summary of key discussion on teleconference</p> <ul style="list-style-type: none"> The Chief Health Officer discussed this budget measure and its impact, most notably, that a decision around whether the State Government will provide 'replacement' funding is yet to occur. HHSs requested that the list of affected contracts with HHSs, community organisations and NGOs be circulated (attached to this summary). It was noted that this list will not necessarily provide clarity around the impact by region, as a number of contracts are with organisations for the statewide provision of services. DoH Executive acknowledged the need to provide clarity around the future of contracts funded under the NPAPH to enable contracts to be ceased, amended and/or renewed by the end of the financial year. DoH Executive committed to provide HHSs with an opportunity to be involved in discussions about the management of this budget measure. <p>ACTION – Nick Steele (via State and Commonwealth Funding Unit): To arrange a teleconference with HHSs 20 May – 22 May to talk through the EMT paper on the future of services funded under NPAPH.</p>		
Medicare Benefits Schedule (MBS)		
<p>Reducing MBS rebates from 1 July 2015 by \$5 for standard GP consultations and out-of-hospital pathology and diagnostic imaging services.</p> <p>Providers will be allowed to collect a patient contribution of \$7 per service.</p>	<p>Acute Primary Care Clinics (APCCs)- The introduction of a co-payment for bulk billing clinics would impact on the operation of the APCCs by creating a financial disincentive to access these clinics. These patients may therefore access EDs as a consequence (assuming EDs do not charge a co-payment).</p> <p>19(2) facilities - Introduction of co-payments at Section 19(2) clinics will essentially mean public patients will no longer be able to access services free of charge. This may mean that patients chose to attend less frequently or not at all.</p> <p>If APCCs and 19(2) sites continued their current practice of not requiring any co-payments MBS revenue would reduce by \$5 for each item, resulting in a net loss of some \$1.375 million. The cost of administering charging for co-payments would be significant and may outweigh the revenue raised.</p>	To be determined – analysis of potential impacts is still underway. HHSs are encouraged to consider the potential impact on local patient flows, activity and revenue.
Removal of restrictions on States and Territories from charging patients presenting to hospital EDs	<p>It is understood the Minister does not support the introduction of a co-payment for public EDs.</p> <p>If Queensland were to implement the \$7 co-</p>	No direct impact – refer to above MBS co-payment for related impacts.



Budget outcomes	Potential Overall Impact	Potential HHS Implications
for GP-like attendances.	payment for non-admitted category 4 and 5 in EDs the estimated revenue raised would be \$6.2 million per year, assuming no net change to the volume of patient numbers. However, the cost of administering the co-payments would most likely negate the revenue raised.	
Pausing the indexation of some MBS fees for two years from 1 July 2014.	Analysis still being finalised - Scott Ponting, Director, Own Source Revenue to provide verbal advice.	
<p>Summary of key discussion on teleconference</p> <ul style="list-style-type: none"> • Scott Ponting clarified that for the purposes of this commentary, RRMBS is considered a 19(2) affected services. • It was noted that clarification from the Commonwealth around what constitutes an “out of hospital” diagnostic service is still required. • It was noted that any effort to quantify the impact of introducing or waiving a cost for GP-type presentations to public EDs must consider the potential increase in volume and demand of ED activity in the absence of a cost signal (that is, when GPs charge a co-payment). • ACTION– Scott Ponting: Develop and circulate to HHSs a brief discussion paper capturing the issues in relation to changes to changes to the MBS. 		
<p>Pharmaceuticals Benefits Scheme</p>		
Increases to the PBS co-payments and safety net thresholds from 1 January 2015.	<p>The proposed co-payments increases represent an increase of approximately 15%, which equates to approximately \$675K increased revenue statewide based on current activity levels.</p> <p>More broadly, there is a risk that patients may choose to not have some or all of their prescribed medicines dispensed due to cost. This may lead to deterioration in chronic conditions and increased presentations and/or admissions to hospitals.</p>	HHSs are encouraged to consider the potential local impacts in more detail.
<p>No major issues or concerns identified</p>		
<p>Dental Health</p>		
Deferring the commencement of the <i>NPA for Adult Public Dental Services</i> from 2014-15 to 2015-16.	As this NPA has not yet commenced, there will be no reduction in current funding or services in Queensland as a result of this measure. However it will potentially make it more difficult for public oral health services to maintain the recent improvements in public dental waiting lists.	Nil in 2014-15 – This agreement has not been factored into HHSs draft Service Agreements for 2014-15. The current NPA will continue until March 2015 as planned.
Ceasing the <i>Dental Flexible Grants Programme</i> .	No specific funding was allocated for Queensland Health.	HHSs are no longer able to access this funding.

Budget outcomes	Potential Overall Impact	Potential HHS Implications
No major issues or concerns identified		
Rationalisation and Consolidation of Commonwealth Government Agencies		
Abolition of Health Workforce Australia	<p>The Federal Government will honour all funding agreements entered into by HWA, and these will transfer to the DoH for administration. This includes funding agreements supporting expanded clinical training for health students.</p> <p>A reduction in Commonwealth funding for Clinical Training initiatives may result in a reduced focussed on strategies of building capacity, boosting productivity, improving health workforce geographic distribution and clinical education opportunities. The health planning and reform agenda HWA have been leading may also be lost.</p>	Office of the CHO to undertake an assessment of all current contracts and implications
No major issues or concerns identified		
Primary Care		
Replacement of Medical Locals with Primary Health Networks from 1 July 2015	To be determined. DoH still to do thorough policy analysis of the future roles of the PHNs, HHSs and the DoH and how these organisations will best work together.	No immediate impact. Further review and analysis required.
<p>Summary of key discussion on teleconference</p> <ul style="list-style-type: none"> Establishment of Primary Health Networks (PHN) will be made contestable and as such DoH and HHSs must exercise caution in providing preferential access to information to potential candidates. It was noted that while state bodies will not be excluded from applying to become PHN, the review recommended that the role of PHNs be restricted to a facilitation and purchasing role (that is, HHSs would not necessarily be an appropriate candidate to take on a PHN). Policy and Planning Branch are continuing to work through these issues. The number of PHNs to be established statewide is yet to be determined. Policy and Planning Branch are working up options from three to six organisations being established statewide for consideration. 		
<p>Other queries raised:</p> <p>Q. Did the budget provide for any changes to MPHs?</p> <p>A. Not that the DoH has identified to date.</p> <p>Q. Were there any changes to aged care grants, contributions or indexation?</p> <p>A. Yes. In relation to the budget measure - <i>Index Pension and Pension Equivalent Payments by the Consumer Price Index</i></p> <ul style="list-style-type: none"> The change in the indexation arrangements for pensions will have an effect on the level of increase in the daily care fees which clients pay for residential aged care, community aged care, transition care and in Multi-purpose services. This is because the daily care fees are based on the percentage of the pension. The proposed indexation arrangements under the budget are to be based on CPI whereas currently the indexation arrangements are based on the higher of the increases in the CPI, Male Total Average Weekly Earnings or the Pensioner and Beneficiary Living Cost Index. The proposed change takes effect on 1 July 2014. This change if implemented is likely to have a small negative impact Hospital and Health Services. 		



Budget outcomes	Potential Overall Impact	Potential HHS Implications
<p>In relation to budget measure - <i>Reprioritising the Aged Care Workforce Supplement</i></p> <ul style="list-style-type: none"> The Commonwealth will increase aged care subsidies for home and residential care providers and relevant community programmes by 2.4 per cent on 1 July 2014 and by providing an ongoing 20 per cent increase in the Viability Supplement to eligible residential aged care providers. The subsidy increase will benefit all Queensland Government residential aged care services, home care services and Multipurpose services. The commitment to an “ongoing increase the viability supplement” will benefit those small residential services in rural and remote locations. It would seem however that the increase in the viability supplement is about maintaining a previous increase rather than a further increase. <p><u>Q. Were there any changes to capital funding offered under the Health and Hospital Fund?</u></p> <p>A. No.</p> <p><u>Q. How is the DoH going to respond to the increased number of colonoscopies expected as a result of increased funding for the National Bowel Cancer follow-up activities?</u></p> <p>A. Nick Steele to consider and advise via RMGs.</p> <p><u>Q. Were there any changes announced in relation to the NPA on Homelessness?</u></p> <p>A. A one year extension of \$115 million nationwide to extend the NPA on Homelessness was announced.</p>		

If you have any questions on these, or any other Commonwealth 2014-15 Budget Measures please don't hesitate to contact Vivienne Hassed, A/Director, State & Commonwealth Funding Unit on 3239 0923.

RTI Release

Healthy Children Implementation Plan – NPAPH

Current contracted providers

Provider Target group	Service/s	Remaining amount in contract (from 1 July 2014)	Contract end date
Infants			
Children's Health Queensland HHS	Supporting nutrition in pregnancy, breastfeeding and optimal infant feeding	\$410,000	June 2016
Pre-schoolers			
Queensland University of Technology	Healthy eating and physical activity in early childhood settings - Learning Eating Active Play Sleep program	\$1,260,000	June 2016
Playgroup Association of Queensland	Supported playgroup program in low SES, Indigenous and CALD communities - Have Fun Be Healthy	s.49, Sch. 4	December 2015
Schools			
Department of Education, Training and Employment	Support implementation of healthy food and drink supply strategy in Qld schools - Smart Choices	\$677,750	June 2015
	Increase physical activity levels in primary school aged children - Physical Activity Innovation with Schools	\$1,694,990	June 2016
Department of Transport and Main Roads	Increase active transport to/from school in conjunction with local gov't - Healthy Active School Travel	\$629,580	June 2015
Queensland Children's Activity Network (QCAN) Inc	Resources and training to support Physical Activity and Nutrition in Outside School Hours Care		December 2015
Diabetes Association of Queensland Ltd	High school cooking program - Need for Feed	s.49, Sch. 4	June 2015
Queensland Association of School Tuckshops	Support tuckshops, schools and P&Cs to provide healthy food in schools - Healthy Tuckshop Support Program		June 2015
Families and community			
Queensland University of Technology	Family focussed weight management program for children 5-11 yrs - PEACH	\$2,430,666	October 2016
Department of National Parks, Recreation, Sport and Racing	Food for Sport - food and drink supply guidelines for sporting clubs	\$247,000	June 2015
Colmar Brunton Pty Ltd	Self-reported health status survey 2014, final payment	s.49, Sch. 4	August 2014
Multicultural			
Children's Health Queensland HHS	Healthy eating and physical activity program for Pacific Islander and Maori children delivered by multicultural health workers - Good Start	\$1,480,171	June 2015
HEALTHY CHILDREN TOTAL			\$9,965,317

Healthy Workers Implementation Plan – NPAPH

Current contracted providers

Provider Target group	Service/s	Remaining amount in contract (from 1 July 2014)	Contract end date
Families and community			
New South Wales Ministry for Health	Get Healthy Information and Coaching Service - statewide telephone based service	s.49, Sch. 4	Dec 2015
Workplaces			
Department of Justice and Attorney-General	High Risk Worker strategies – tailored assistance to industries with high prevalence of chronic disease risk factors	\$1,541,035	June 2015
	Advisory Service – establish and deliver advice and support to workplaces	\$419,900	June 2015
	Incentive Scheme to fund workplaces to implement health and wellbeing activities	\$500,000	June 2015
Latrobe University	Queensland Workplaces for Wellness (W4W) Evaluation		June 2015
UrbanTrans ANZ Pty Ltd	Sedentary Workplaces research	June 2015 s.49, Sch. 4	
Local Government Association of Queensland	Local Government Healthy Worker initiative		June 2015
Department of Transport and Main Roads	Travel 'n' Well – implement and evaluate an active transport program in the workplace setting	\$185,000	June 2015
Central Queensland University	10,000 Steps Workplace Challenge	\$930,000	June 2016
HEALTHY WORKERS TOTAL			\$5,027,605
TOTAL HEALTHY CHILDREN AND WORKERS NPAPH			\$14,992,922
Internal funding commitments			
Workplaces			
Health Services Support Agency	Workplace Quit Smoking Program	June 2015 s.49, Sch. 4	
Marketing and Online Communications Unit	Workplaces for Wellness Marketing, Communication and Web Development		June 2015
TOTAL			\$2,790,000