

What does the Federal Budget 2016 mean for eye health and vision care?

4 May 2016

Overview

The first Federal Budget for Prime Minister Malcolm Turnbull and Treasurer Scott Morrison, handed down on Tuesday 3 May, can only be described as uninspiring for the eye health and vision care sector.

There will be cumulative cuts to the tune of \$182 million over the forward estimates, across the suite of flexible fund programs, incorporating outreach ophthalmology services; and the indexation freeze on the **Medicare Benefits Schedule (MBS)** will be extended for a further two years to June 2020 with an estimated additional cost saving of \$925 million to the health budget. This has direct relevance to the eye health and vision care sector given that this continued pause on indexation will mount additional pressure on service providers to pass on rising operational costs to patients who do not currently pay an out-of-pocket fee.

The most significant breakthrough in this Budget is in reducing the impact of **diabetic related eye disease**, particularly among Aboriginal and Torres Strait Islander people and people living in rural and remote locations. As of 1 November 2016, \$33.8 million has been committed over the forward estimates to allow General Practitioners to utilise new MBS item numbers to claim a rebate for photographs taken using non-mydratiac retinal cameras. This initiative will help encourage non-Indigenous Australians living with diabetes and Aboriginal and Torres Strait Islander people who do not have regular eye examinations to be screened for signs of retinopathy.

The **National Disability Insurance Scheme (NDIS) Savings Fund** will be established to assist in meeting the future costs of the NDIS, with an initial injection of \$2.1 billion in the 2016-17 financial year. However, the net impact of this fund on people who are blind or vision impaired and people with disability more generally is unclear, with funds being offset from other social welfare priorities and shifting people from the disability support pension onto the lesser payment of the Newstart Allowance through capacity to work assessments.

The **My Aged Care Gateway** will receive a capacity boost from 1 July 2016 of \$136.6 million over the forward estimates to assist with increasing demand from consumers and their families. There will also be a 10 per cent increase to the aged care viability supplement within residential and home care packages and better targeting of eligible locations with a change to geographical remoteness classifications. The changes will come into effect on 1 January 2017 and increase funding by \$102.3 million over the forward estimates. Again however, it is unclear if older Australians who are blind or vision impaired will materially benefit from these new arrangements as blindness related needs within the aged care system are often prioritised behind other needs related to frailty.

Australian aid has received further cuts that will see a potential Turnbull Government overseeing an aid budget in 2016-17 which is at a historical low of 0.23 per cent of gross national income at \$3.8 billion. The Indo-Pacific region will remain the focus of the aid program, where more than 90 per cent of country-attributable aid will be spent. There is minimal change in nominal terms to country program allocations, however, after adjusting for inflation this is theoretically a cut to aid spending. Overseas development assistance to South East and East Asia has been cut significantly, from \$909.5 million to \$880.4 million, with aid to Vietnam cut from \$89.6 million to \$83.6million. Cambodia's allocation remains neutral.

Health spending in the aid budget will be further reduced by 16 per cent in 2016-17 based on the most recent estimates accounting for inflation. By 2016-17, health will be down by 37 per cent since 2013-14.

Gender equality will remain a central pillar of the aid program with an increase to the Gender Equality Fund from \$50 million to \$55 million in 2016-17. It is pleasing that in line with Vision 2020 Australia's pre-election policy platform, the budget allocation for **disability inclusive development** has been extended for another year at the same level of \$12.9 million for 2016-17. It remains unclear, however, whether this will carry through over the forward estimates for the life of the *Development for All Strategy 2015-2020* as recommended by the sector.

In closing, while the Australian Government has delivered the promised "no surprises" budget, it remains important heading into an election that all sides of politics take this budget as the platform with which to edge their own vision for Australia's future for eye health and vision care.

Snapshot of the Federal Budget 2016-17

The following provides a snapshot of measures noted or arising from the 2016-17 Federal Budget with implications for the eye health and vision care sector.

Prevention and Early Intervention

Further reduction to flexible funds

There will be cumulative cuts to the tune of \$182 million over the forward estimates, across the suite of flexible fund programs, by reducing uncommitted funds and continuing the current pause in the indexation of the funds for a further two years from 2018-19. The Health Flexible Funds include programs such as the Rural Health Outreach Fund (RHOF). All existing contracts will be honoured and future spending will be prioritised towards frontline services, while savings will be focussed to reduce the impact on high priority areas.

Diabetes related eye disease

The Australian Government will provide \$33.8 million over four years ongoing from 1 November 2016 with a listing of a new item on the Medicare Benefits Schedule (MBS) for retinal photography with a non-mydratic retinal camera. The listing will benefit communities in rural and remote locations where there is limited access to optometric and ophthalmic services to diagnose diabetic retinopathy. Non-indigenous Australians at risk of diabetes-related eye diseases will be eligible for this benefit every two years. Aboriginal and Torres Strait Islander people will be eligible for the new MBS item for retinal photography with a non-mydratic retinal camera annually.

Medicare Benefits Schedule

The Australian Government will extend the pause on indexation of Medicare Benefits Schedule fees introduced in 2014, achieving a cost saving of \$925.3 million over two years from 1 July 2018. This affects all services provided by general practitioners, medical specialists, allied health and other health practitioners until 30 June 2020. There is an opening for possible review of the pause as further improvements and inefficiencies are identified through the *Healthier Medicare* reform process.

Rolling out *Healthier Medicare*

The Australian Government will provide \$21.3 million over four years from 2015-16 to trial the Health Care Homes model of coordinated primary health care, a key recommendation of the Primary Health Care Advisory Group's report – *Better Outcomes for People with Chronic and Complex Health Conditions*. The trial will support eligible primary care providers across seven sites around the country for two years from 1 July 2017 to deliver coordinated care, management and support to approximately 65,000 voluntary participants with chronic and complex conditions. Funding will be provided to health care practitioners by redirecting fee for service payments for Chronic Disease Management Medicare items for participating patients.

An evaluation of the impact of the pilot on improving participant health outcomes and reducing avoidable hospitalisations will be considered in 2018.

Primary Health Care Development Program

By November 2016 the Australian Government will establish the Primary Health Care Development Program to fund measures that seek to provide better access to innovative and cost effective health, and medical care, accurate advice and information about health, illness and service availability. The program is intended to result in improved delivery of health services through current and emerging interactive communication channels.

Reducing the impact of chronic disease

In 2016-17, the Department will continue to focus on better access to quality care including through disease management plans and improved care coordination through the Integrated Team Care activity (previously the Care Coordination and Supplementary Services and Improving Indigenous Access to Primary Care programs).

Rural and remote health care

The Australian Government will provide Rural General Practice Grants for existing general practices to strengthen the rural health workforce through additional infrastructure. This will enable general practices to deliver increased health services and increased opportunities to provide teaching and training for health practitioners. Existing funding of \$20.7 million from the Department of Health will be redirected for this purpose. The objectives of the program are:

- to provide additional infrastructure and appropriate space to enable rural and regional health practitioners to maintain and increase the level of services locally
- to enable existing rural and regional general practices to provide teaching and training opportunities for a range of health professionals within the practice
- to enable existing rural and regional general practices to provide an environment to increase health literacy within the community.

Independence and Participation

Consumer-centred aged care services

The Australian Government will provide \$136.6 million over four years from 2016-17 to support the operation of the My Aged Care contact centre, enhancing My Aged Care as a single point of entry for accessing aged care information and services.

Additionally, the Australian Government will increase the aged care viability supplement by \$102.3 million over four years from 2016-17 and better target rural and remote locations. This will improve rural and remote aged care services and increase the viability supplement rate paid to rural and remote residential services and some special needs services.

Commonwealth Home Support Program (CHSP)

The Commonwealth Home Support Program (CHSP) will continue to provide entry-level home support for older people who need assistance to keep living independently. From 1 July 2016, the Australian Government will assume full funding, policy and operational responsibility for home support services for older Victorians from the Commonwealth-State Victorian HACC Program.

To meet the Commonwealth's commitment to provide continuity of support arrangements to achieve similar outcomes to older people with a disability who are 65 years and over, and Aboriginal and Torres Strait Islander people over 50 accessing state administered specialist disability services who are ineligible for the National Disability Insurance Scheme, the Commonwealth will utilise existing aged care programs as well as create a new Program - Commonwealth Continuity of Support (CoS).

Home and community care services in WA

The Australian Government will provide \$392.9 million over two years from 1 July 2016 to continue the National Partnership Agreement for Home and Community Care services in Western Australia. The National Partnership Agreement (NPA) provides funding for entry level community care services that support older people, and younger people with a disability, and their carers to remain living in their own homes and communities. The extension of the NPA will allow for continued negotiation to transition Western Australia Home and Community Care services to the Commonwealth Home Support Programme, in line with other States and Territories.

Short-Term Restorative Care

From 1 January 2017, Short-Term Restorative Care places will progressively become available with at least 2,000 places available from 2021.

In 2016-17, the Australian Government will continue to improve access to aged care services for Aboriginal and Torres Strait Islander people by establishing a service in Nhulunbuy. Small regional and remote communities will be supported to deliver flexible and integrated health and aged care services through the Multi-Purpose Services Program.

Aged Care Provider Funding - revision of the Aged Care Funding Instrument

The Australian Government will save \$1.2 billion over four years through changes to the scoring matrix of the Aged Care Funding Instrument (ACFI) that determines the level of funding paid to aged care providers. The Government will also reduce indexation of the Complex Health Care component of the ACFI by 50 per cent in 2016-17 and establish a \$53.3 million transitional assistance fund to support providers.

School Funding for students with a disability

\$118.2 million over two years from 2016-17 has been committed in additional support for school students with a disability. This funding will be in addition to the current loading for students with disability.

Mobility Allowance

The Australian Government will provide \$46.5 million over four years from 2016-17 to provide continuity of support for recipients of the Mobility Allowance as the National Disability Insurance Scheme (NDIS) is rolled out and to revise the eligibility requirements.

National Disability Insurance Scheme

In Western Australia, the Australian Government has agreed to extend the National Disability Insurance Agency (NDIA) and Western Australia NDIS trials for an additional year, and expand them into new locations. The Commonwealth Government will invest \$213.5 million for this extension and expansion of the WA trials.

The Commonwealth Government has committed \$4.9 billion over the forward estimates for transition to full scheme in Queensland and \$422 million for the Northern Territory transition.

National Disability Insurance Scheme Savings Fund

The Australian Government will establish the National Disability Insurance Scheme Savings Fund Special Account to assist in meeting the future costs of the National Disability Insurance Scheme (NDIS). In 2016-17, \$2.1 billion will be credited to the fund that will partially comprise:

- savings of a total \$1.3 billion over five years which are the net proceeds of more efficiently targeting social welfare expenditure, after offsetting a range of new priorities in the Social Services Portfolio.
- \$62.1 million over five years by reviewing 30,000 Disability Support Pension recipients each year for three years by assessing their capacity to work.

Global

Aid

Total Australian Official Development Assistance (ODA) has been reduced to \$3.8 billion for 2016-2017, a cut of \$223.9 million or 6 per cent. This represents the fourth largest cut to the aid program in Australian history. ODA for 2016-17 is now 0.23 per cent of Australia's Gross National Income, down from 0.25 per cent.

It is clear that the Indo-Pacific region will remain the focus of the aid program, where more than 90 per cent of country-attributable aid will be spent. There is minimal change in nominal terms, to the Department of Foreign Affairs (DFAT) country program allocations. However, due to the rising costs associated with inflation this is theoretically a cut to aid spending.

ODA to South East and East Asia has been cut significantly, from \$909.5 million to \$880.4 million, with aid to Vietnam cut from \$89.6 million to \$83.6 million. Cambodia's allocation remains the same on paper, but this incorporates a \$10 million increase included in the revised estimates published a few months ago.

Health will be further reduced by 16 per cent in 2016-17 based on the most recent estimates, after inflation. By 2016-17, health will be down by 37 per cent since 2013-14.

The big changes to the aid budget relate to cash payments to multilaterals, which have been timed in such a way as to reduce their impact on the 2016-17 budget. As a result allocations to the United Nations, Commonwealth and Other International Organisations in 2016-17 will decline from \$334 to \$199 million and payments to multilateral development banks will decline by \$55 million.

Gender equality and disability inclusive development will remain central pillars of the aid program. In 2016-17, Australia will increase funding for the Gender Equality Fund from \$50 million to \$55 million. The allocation to implement the Development for All Strategy 2015-20 will continue for 2016-17 at \$12.9 million.

Innovation is a key element of the 2016-2017 Australian aid budget with \$50 million allocated to the *innovationXchange* within DFAT, this represents a \$30 million dollar increase from the previous year.

Other areas of interest

Public hospitals

The Government will provide up to \$2.9 billion over the forward estimates in additional funding to the states and territories (the states) for public hospitals. On 1 April 2016, the Council of Australian Governments (COAG) agreed to retain key features of Activity Based Funding (ABF), including the National Efficient Price (NEP), with the Commonwealth agreeing to fund 45 per cent of the growth in hospital services based on the NEP for three years from 2017-18. Growth in the Government's contribution will be capped at 6.5 per cent per year over this period.

The Commonwealth will also work with the states to implement reforms to improve the safety and quality of public hospital services and to reduce avoidable hospitalisations for patients. The states will also work with the Government on trials of the Commonwealth's Health Care Homes model of coordinated primary health care for patients with multiple chronic conditions.

Health workforce

The Australian Government is continuing to address workforce distribution by better targeting and refocussing investment in workforce support and training. The Department will expand support for the Rural Health Multidisciplinary Training (RHMT) Program, including establishing an additional three University Departments of Rural Health (UDRH) to increase clinical training capacity for nursing, midwifery and allied health students in rural areas. The Department will also establish a competitive funding round to support clinical training for professional entry students of nursing, midwifery and allied health in the private and non-government sectors. In 2016-17, the Department will continue to deliver a range of programs to support health professionals in rural, regional and remote Australia, including the Practice Nurse Incentive Program.

Ends