

---

# Public Accounts and Estimates Committee

---

## Budget Estimates Hearings Health Portfolio 2012 -13

Minister for Health, Hon. David Davis MP

# 2012-13 Budget Focus

---

As outlined by the Treasurer the 2012-13 budget:

- is shaped by the economic challenges of the present,
- is focused on securing the future,
- is about driving economic activity, productivity & jobs, and
- is about investing in infrastructure, enhancing frontline services and meeting the needs of the community.

# 2012-13 Policy Context

---

- Tight Fiscal Environment Nationwide
- Historical Issues include:
  - Budget Blackholes
  - Public Holiday Costs
- Ageing Population
- Increasing Patient Demand
- Ambulance Victoria – Financial & Operational Challenges
- EBAs – Forthcoming Pressures
- Commonwealth-State Negotiations
  - Financial Impacts
  - Cost of Implementation

# Enterprise Bargaining Agreements

(EBAs)

---

- Nurses – In-principle agreement, awaiting ballot
  - Allied Health (HSUE) – In-principle agreement
  - Mental Health (HACSU) – In negotiation
  - Medical Scientists – Log of Claims
  - Ambulance Paramedics – Log of Claims
  - Doctors – November 2012
- 
- Government Wages Policy = 2.5% + productivity

# Nurses EBA: Impact on Performance

---

- During EBA negotiations:
  - 965 elective surgeries were cancelled (closed beds) across all health services
  - 755 elective surgeries were cancelled (closed beds) across 31 health services where performance is measured.
- Agreement within Government Policy
- Productivity Gains
- Professional Development

# ICT - HealthSMART

---

- Originally scheduled for completion end of 2007; timelines extended until end of 2009.
- Originally budgeted at \$323m; end of 2011-12, \$471m would have been spent
- ~ \$95m additional funding to complete remaining six health services; final project costs estimated \$566m
- Health services to find between \$700k - \$2m a year to keep the clinical application running
- Victorian Ombudsman, and Victorian Auditor-General critical reports on ICT projects.

# ICT - Health Innovation

---

- Victorian Innovation, e-Health and Communications Technology Fund  
(\$100 million)
- National E-Health Transition Authority  
(\$16 million)

# Highlights - 2012-13 State Budget

---

- \$13.68 billion in this year's State Budget
- \$1.3 billion increase on the bottom line since coming into office at the end of 2010
- This 2012-13 increase includes:
  - an extra \$320 million for health including funds for hospitals
  - a further \$364 million for capital investment

# Key Projects - Victorian Comprehensive Cancer Centre (VCCC)

- \$1 billion project
- State has provided \$428.5m, remainder from Commonwealth Health & Hospitals Fund and Non-government sources.
- Construction started in December 2011 and will be completed by December 2015.



# Key Projects - Bendigo Hospital

---

- \$630m project- largest health project in country Victoria.
- Significant work has occurred to ensure the project is delivered within scope and budget.
- Formal RFT Imminent
  - Two Consortia Shortlisted for RFT

# Budget Highlights: Hospitals

---

- Statewide infrastructure replacement program - \$25 million
- Sustaining hospital performance: patient demand growth - \$603 million
- Ballarat Hospital – Additional beds, ambulatory care, and helipad - \$46 million
- Medical equipment replacement program - \$35 million

# Other Budget highlights : Capital

---

- Monash Childrens - \$7 million
- Charlton Hospital - \$23 million
- Castlemaine Hospital - \$10 million
- Frankston Hospital - \$40 million
- Geelong Hospital Upgrade - \$93 million
- Kilmore Hospital - \$20 million
- Eye and Ear - \$2 million
- Sunshine ICU - \$15 million

# Sunshine Hospital Critical Care

---

- 13 new intensive care beds
- Expanded maternity services
- 2 new labour delivery rooms

## Other Highlights: Fight against cancer

---

- Victorian Cancer Agency
- Seymour Health Chemotherapy Beds
- South-West treatment services
- Victorian Comprehensive Cancer Centre

## Other Highlights: Preventative Health

---

- Victorian Health and Wellbeing Plan 2011-2015
- Vision 2020: Preventing Avoidable Blindness
- Prevention Community Model

# Commonwealth Financial Impacts

---

- \$6.1 billion Goods and Service Tax Revenue Reduction over forward estimates
- Backfill of concluding Commonwealth programs including critical emergency department and elective surgery funding



# Risks from Commonwealth Action

---

- Uncertainty
- Private Health Insurance Rebate
- Medicare Safety Net
- Health 'Deal' Implementation Costs
- Data Duplication & Reporting Burden
- Proliferation of National Bodies
- Carbon Pricing



# Private Health Insurance Rebate

---

Commonwealth legislation to implement the Private Health Insurance rebate and Medicare Levy Surcharge (MLS) was passed on 15 February 2012.

By reducing health expenditure in Australia by this amount, this would result in a potential reduction of health resources in Victoria of around \$600 million over the next three years – or \$25 billion over the next 40 years.



# Medicare Safety Net

---

- Obstetrics
- Chronically ill

# National Health Implementation Issues

---

- Administrator
- Legislation
- Scope of Services Issues
- Block funding vis-a-vis ABF
- National Bodies
- Data



# Data – Duplication/Cost

---

- Health Ministers considered a report in April sponsored by NSW + Victoria from the Working Group on Data Rationalisation
- The report canvassed the concerns about the Data Burden consequent on the plethora of new Commonwealth Agencies - eg IHPA, NHPA, ASQCHC, NFB
- DH Victoria has estimated the additional cost to DH and hospitals of responding to new agencies as over \$20 million pa
- The report noted the Ground Hog Day affect of many agencies issuing reports in the same month - using different data - different times and data definitions
- The data now being supplied to Commonwealth agencies from Victoria is estimated in the hundreds of millions of lines of data
- Health Ministers have agreed to stop the growing Data Burden, and to bring under their control - all health data, reporting, indicators and classification activity

# New National Bodies

Acronym	Name	Description
<b>IHPA</b>	Independent Hospital Pricing Authority	An independent Commonwealth statutory authority established for the purpose of calculating and determining a national efficient price for public hospital services. The IHPA will also determine payments for block funding health services that are better funded in this way, such as small rural hospitals.
<b>NHPA</b>	National Health Performance Authority	<p>The NHPA will publicly monitor and report on the performance of each health service, as well as all private hospitals and Medicare Locals against new national standards and performance indicators. The NHPA will monitor the performance of these entities against the standards and indicators in order to identify high-performing entities (to facilitate sharing of innovative and effective practices) or poorly performing entities (to assist with performance management activities).</p> <p>It will perform its tasks in accordance with the Performance and Accountability Framework, which supports improved local level performance assessment to contribute towards the achievement of the COAGs' objectives for national health reform.</p> <p>The NHPA will report on the performance of individual hospitals and health services via the MyHospitals website and will also be responsible for maintaining the website.</p>
<b>NHFP &amp; NHFB</b>	National Health Funding Pool & Administrator and the National Health Funding Body	The NHFP is to be established under legislation and will be a collection of separate state bank accounts at the RBA. The Administrator will be responsible for overseeing payments in to the pool, and making payments out of the pool, at the direction of the state minister (for Health in Victoria's case). The NHFB is to be established to assist the Administrator. It is not to be part of a Commonwealth agency and the Administrator cannot delegate any functions to it. It cannot be directed by a Minister of the Commonwealth.
<b>ACSQHC</b>	Australian Commission on Safety and Quality in Health Care	The Australian Commission on Safety and Quality in Health Care will lead and coordinate improvements in safety and quality in healthcare by developing national data sets and implementing nationally agreed standards for safety and quality. The Commission will work with clinicians to identify best practice clinical care to ensure appropriate services are being provided in the right healthcare settings.

# Carbon Pricing Scheme Impacts

---

- Additional cost to health services \$13.4m per annum 2012.
- 90% of costs are related to energy use in public hospitals.
- \$1.16m is being invested to reduce the carbon intensity of the health system.
- Share Carbon Pricing Analysis with Interstate Colleagues : “ Impact of Carbon Price on Victorian Health Care System”

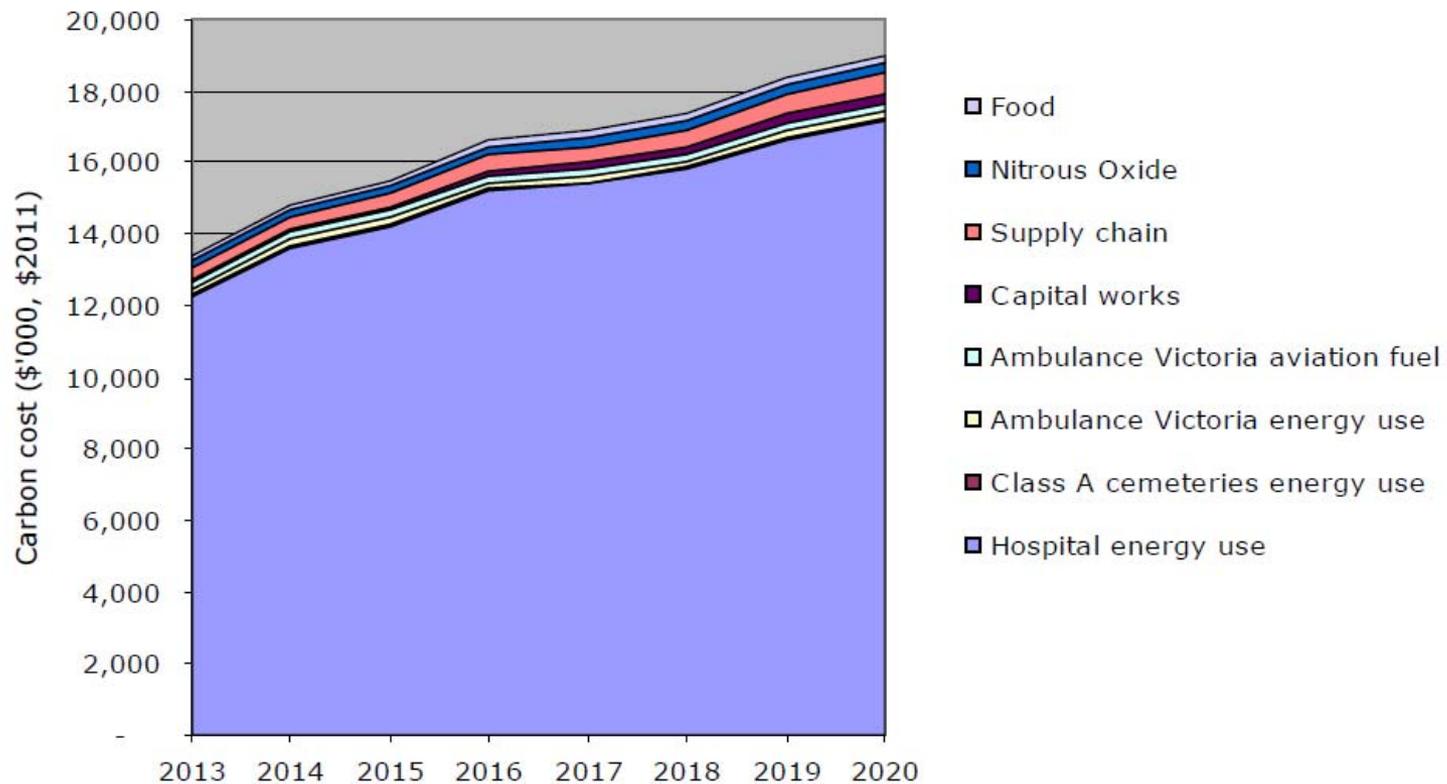
# Carbon Pricing – Further Issues

---

- Failure to make Health Carbon Tax Free (vis-à-vis GST)
- Will impact on:
  - Private Hospitals
  - Private Health Practices
  - Health Construction Costs
  - Ambulance Costs.

# Carbon Pricing Scheme Impacts

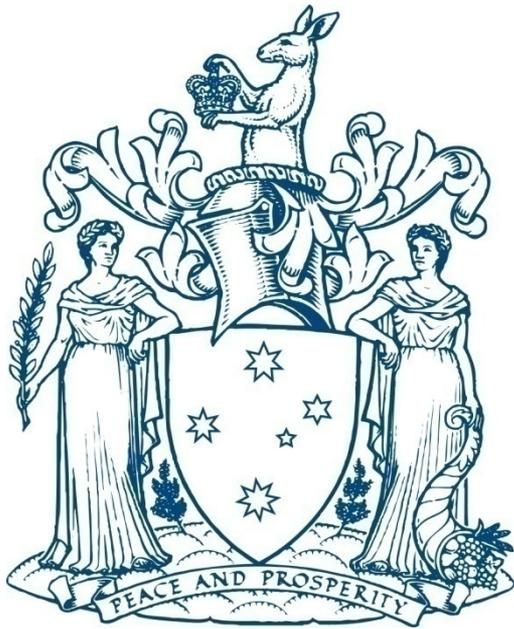
Graph 1: Carbon pricing impact by service cost



# Greenhouse Reduction Measures

---

- Greener Government Buildings program
- Expanding embedded generation in public healthcare facilities
- Investment in sustainability through the capital works program
- Sustainable procurement
- State-wide Infrastructure Replacement Program (Sustain envelope)
- Preparation of environmental management plans
- Facilitation of access to government funding



---

# Public Accounts and Estimates Committee

---

## Budget Estimates Hearings Health Portfolio 2012 -13

Minister for Health, Hon. David Davis MP