

ANZ HEALTH CHECK BUDGET 2024-25

OVERVIEW OF SELECTED
HEALTHCARE-RELATED MEASURES

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Commonwealth Government commitments to fund higher wages in both the aged care and childcare sectors are the material developments in relation to the Health and Aged Care and Education Portfolios respectively, though specific details are pending events progressing through the industrial relations sphere.

Notable primary care and mental health measures include expansion of the UrgentCare Clinic (UCC) network, initiatives to reduce preventable hospitalisation, a small number of MBS items for critically underserved areas of women’s health, greater access to bulk-billing MRIs, new and “upgraded” mental health care services.

Pharmacy makes another contribution to cost-of-living relief with freezes on maximum PBS co-payments, while expanding and extending PBS listings, having secured funding via another 5-year Community Pharmacy Agreement.

Aged care measures include funding to upgrade the system’s IT, bolster the regulatory framework, and increase the number of Home Care Packages—though there’s no response to the Aged Care Taskforce’s recommendations on funding arrangements—while the sector waits also for a new Act and homecare system.

NDIS measures under the banner of “Getting the NDIS Back on Track” make a start on responding to the Independent NDIS Review, addressing concerns about participants’ experience and the scheme’s long-term financial sustainability.

SUMMARY OF SELECTED MEASURES:

Medicare (Primary Care and Mental Health)	Pharmaceutical Benefits Scheme (PBS)	Aged Care	Childcare	National Disability Insurance Scheme (NDIS)
<i>“Strengthening Medicare”</i>	<i>“Cheaper medicines”</i>	<i>“Quality aged care”</i>	<i>“Strong and sustainable foundations”</i>	<i>“Getting the NDIS back on track”</i>
<ul style="list-style-type: none"> • \$227m to establish an additional 29 urgent care clinics (UCC) • \$882m to support programs aimed at relieving pressure on the hospital sector • \$361m to expand free mental health services • \$105.6m to support women’s health services • \$336.6m to bolster access to and availability of diagnostics and testing 	<ul style="list-style-type: none"> • \$3.4b for funding additional/expanded listings of high-cost medicines on the PBS • \$318m to fund a freeze on the maximum PBS co-payment for one year for Medicare cardholders • \$151.1m for increasing the number of Dose Administration Aid services that a pharmacy can provide 	<ul style="list-style-type: none"> • \$1.4bn for upgrades to technology and digital infrastructure • \$531.4m for an additional 24,100 Home Care Packages • \$111m for reinforcing the regulatory framework • \$88.4m for staffing solutions and improved working conditions for the aged care workforce • \$32.1m for the Specialist Dementia Care Program • \$27.8m for preparations for the new rights-based Aged Care Act 	<ul style="list-style-type: none"> • The Commonwealth Government has pledged to support a wage raise for early childhood education and care (ECEC) sector workers—pending consideration of the Fair Work Commission (FWC) Annual Wage Review expected in June 2024 • \$614.7m over four years from 2024-25 through the Community Child Care Fund (CCCF) to enhance access in regional, remote, disadvantaged, and First Nations communities • \$98.4m in additional funding for the Inclusion Support Program • \$128.6m to fund measures aimed at enhancing the payment and accuracy of the Child Care Subsidy (CCS) program 	<ul style="list-style-type: none"> • \$160.7m over four years from 2024–25 for upgrading the NDIS Quality and Safeguards Commission’s IT systems • \$129.8m over two years from 2023–24 for design and consultation work in response to the findings of the Independent NDIS Review • \$83.9m over two years from 2023–24 to enhance fraud detection systems • \$45.5m over four years from 2024–25 to establish a NDIS Evidence Advisory Committee to provide advice on the effectiveness and cost-benefits of NDIS-funded supports • \$23.5m over two years from 2024–25 to continue fraud investigation and response efforts • \$20m allocated over a two-year period starting from 2024–25 for design and consultation work on improving service navigation



MEDICARE (PRIMARY CARE AND MENTAL HEALTH):

Increasing access and availability of bulk-billing, aiming to relieve pressure on hospitals, expanding access to mental health care, supporting better access for women's health service, and bolstering access and availability to diagnostics and testing.

- **\$227m to establish an additional 29 urgent care clinics (UCC)**, to take the total to 87, providing greater access to bulk-billing care, and taking pressure off emergency departments;
- **\$882m to support programs aimed at relieving pressure on the hospital sector** including virtual care, hospital outreach, and other initiatives designed to prevent avoidable hospitalisations;
- **\$361m to expand free mental health services**, over four years, including
 - \$29.8m for a network of 61 (by mid-2026) no-referral-required Medicare Mental Health Centres: “built on” existing Head to Health sites with “upgraded” clinical capability to provide access to a psychologist and psychiatrist;
 - \$71.7m funding for Primary Health Networks to work with general practices to bring in mental health nurses, counsellors, and other supports for patients with complex needs; and
 - \$163.9m funding for a new early intervention service modelled on the UK’s “talking therapies,” designed to also take pressure off services geared towards people with more complex mental health needs.
- **\$105.6m to support women’s health services** including
 - \$49.1m for long MBS consultations (45 mins +) for women with endometriosis and other complex gynaecological conditions; and
 - \$56.5m for long MBS consultations, provided by “endorsed midwives,” for women pre and post childbirth.
- **\$336.6m to bolster access to and availability of diagnostics and testing** including
 - \$69.8m to expand MBS-funded MRI services;
 - \$92.8m to provide for indexation on nuclear medicine imaging items; and
 - \$174.1m to provide for indexation on pathology tests.

Bottom line:

- While Budget 2023–24 boosted MBS bulk-billing incentive payments, prompting enthusiastic responses from peak bodies and others in primary care, the 2024-25 budget has garnered a less positive reception.
- A budget for primary care in response to the latest wish list from the Royal Australian College of General Practitioners (RACGP) would have more likely focused on various significant funding measures addressing GP shortages, attracting and retaining junior doctors, supporting regional workforce needs, strengthening team-based primary healthcare, funding care coordination, and promoting annual child health checks.

- Though there’s some slight overlap between the RACGP’s wish list and Budget 2024-25 to the extent that the latter includes measures aimed at
 - addressing preventable hospitalizations;
 - supporting longer consultations (granted the focus is on a specific, albeit critically underserved area of women’s health); and
 - enhancing mental health care (though as with the UCC concept, some may likely suggest alternative measures using existing infrastructure and resources would be more efficient).
- “Bigger picture” measures such as more on MyMedicare was what the Rural Doctors Association of Australia (RDAA) was looking for. Although the RDAA welcomed funding to support health services at risk of closing in “thin markets” (a one year extension of the General Practice Incentive Fund), the rural doctors’ body also called for “investment and system reform” to prevent such situations.
- Mental health peak body Mental Health Australia welcomed the mental health-focused measures despite characterising them as “broad, but not deep.” As Mental Health Australia highlighted, expectations in the sector are set somewhat higher given the investment in mental health support remains well below the “burden of disease” (e.g., 7% of expenditure compared to 13% of burden, according to Mental Health Australia).
- Still, in theory, the new early intervention service and other measures may go some way to answering the calls of some in the wider mental health workforce (e.g., outside psychologists and psychiatrists) who have been calling for the system to make greater use of their skills and expertise to help meet demand for mental health services.



PHARMACEUTICAL BENEFITS SCHEME (PBS):

Providing “cheaper medicines,” funding for high-cost medicines on the PBS along with co-payment freezes, and expanding Webster pack services.

- **\$3.4b for funding additional or expanded listings of high-cost medicines on the PBS** including treatments for early breast cancer and two types of heart disease as well as \$1.3b for extending access to COVID-19 oral antiviral treatments;
- **\$318m to fund a freeze on the maximum PBS co-payment for one year for Medicare cardholders** (max. co-payments capped at \$31.60 for 2025) and **up to five years for pensioners and other Commonwealth concession cardholders** (max. co-payments capped at \$7.70); and,
- **\$151.1m for increasing the number of subsidized Dose Administration Aids (“Webster packs”)** that a pharmacy can provide per week, from 60 to 90 services.

Bottom line:

- **Another noteworthy contribution to cost-of-living relief from the pharmacy sector, following on from last year's with 60-day dispensing (60DD).**
- While the 60DD measure in Budget 2023–24 was quite targeted (applying to the most commonly prescribed PBS items), the caps on maximum PBS co-payments are similarly quite targeted given the greatest beneficiaries are older Australians, pensioners (and other concession cardholders), the heaviest users of the PBS (pensioners accounting for ~6 out of 10 PBS scripts according to the Treasurer).
- Pre-budget, in mid-March 2024, the pharmacy sector had already effectively secured its funding after signing a Heads of Agreement for its next 5-yr Community Pharmacy Agreement ("the 8th CPA," effective 1 July 2024).
- The sector will welcome the additional funding for providing Dose Administration Aids (and the rest of the announced measures) announced in Budget 2024-25, on top of the \$3bn allocation already flagged pre-budget.



AGED CARE:

Upgrading the system's IT, increasing Home Care Packages, bolstering the regulatory framework, and supporting people with dementia.

- **\$1.4bn for upgrades to technology and digital infrastructure** to ensure systems "remain contemporary" and align with yet-to-be-delivered, new legislation;
- **\$531.4m for an additional 24,100 Home Care Packages** in 2024–25;
- **\$111m for reinforcing the regulatory framework** and the capability of the Aged Care Quality and Safety Commission;
- **\$88.4m for staffing solutions and improved working conditions for the aged care workforce**, including increasing the home care workforce in rural, regional and remote areas facing acute shortages, and supporting aged care nursing career pathways;
- **\$32.1m for the Specialist Dementia Care Program** aiding individuals with dementia in transitioning from hospital to aged care while funding "clinical in-reach services"; and
- **\$27.8m for preparations for the new rights-based Aged Care Act.**

Bottom line:

- **More remarkable for what is absent may well be the take on the aged care section of the 2024-25 Budget for more than a few in the sector and other observers.**
- With the Aged Care Taskforce's recommendations on funding going to the Commonwealth Government late last year, there may have been some with rather elevated expectations that at least a partial response could have flowed through into Budget 2024-25.
- But just like the New Aged Care Act, the next round of wage rises for workers in the sector flowing from "Stage 3" of the Aged Care Work Value Case in the FWC, and the Support

at Home programme, the service providers, workers, and consumers will all have to wait somewhat longer.

- Nevertheless, additional Home Care Packages will always be welcome, granted supply is still expected to continue materially lagging demand.
- Home Care is the part of the aged care system experiencing high growth in users: With the ageing demographic tailwinds and a preference for ageing at home, Home Care user numbers almost tripled between 2018 and 2023 (from ~90k to ~260k) while Residential Care numbers plateaued (~190k). And that has also made Home Care recipients the bulk of aged care system users overall (57% of the total in 2023 compared to 33% in 2018).²
- But as in Residential Care, the needs of those users have become weighted towards the upper half of the spectrum: Home Care users receiving Level 3 (intermediate) and Level 4 (more complex) packages now collectively account for more than half of all Home Care users (55% in 2023 compared to 39% in 2018).³
- Funding for growing the rural, regional, and remote home care workforce will provide some marginal support to enabling greater access to home care for many older Australians still living outside metro areas.
- On top of the shorter term challenges of delivering a new Act and homecare system, the longer term challenges of establishing a sustainable funding framework at the system level and addressing workforce issues remain.



CHILDCARE:

Provisioning for a wage increase, funding to enhance access in underserved areas and support inclusion of children with disabilities.

- **The Commonwealth Government has pledged to support a wage raise for early childhood education and care (ECEC) sector workers**, pending review of the FWC's decision on the Annual Wage Review, expected in June 2024; hence, details of the Government's contribution are yet to be finalised.
- **\$614.7m over four years from 2024-25 through the Community Child Care Fund (CCCF) to enhance access in regional, remote, disadvantaged, and First Nations communities**, with approximately 70% of the funding earmarked for services in regional and remote areas (currently ~900 services nationwide);
- **\$98.4m in additional funding for the Inclusion Support Program** in 2024-25 to bolster services' capacity to support inclusion of children with disabilities and additional needs through funding additional educators; and
- **\$128.6m to fund measures aimed at enhancing the payment and accuracy of the Child Care Subsidy (CCS) program** in order to achieve net savings totalling \$410.7 million over four years from 2024-25.

Bottom line:

- Relatively recently, pre-budget, the Commonwealth Government confirmed it would contribute to higher wages for workers in the childcare sector, and sector stakeholders enthusiastically welcomed the Government's commitment.
- Peak bodies, operators, advocacy groups and others had all for some time been calling on the Commonwealth Government to step in directly to fully fund a boost to wages for the childcare workforce—just as it had done for the Aged Care sector in response to the FWC's Stages 1 and 2 decisions earlier (and is still expected to do with Stage 3).
- Operators and others have maintained that higher wages in other care sectors, including aged care and the NDIS, are drawing staff away from childcare; operators will benefit to the extent higher wages stem the loss of staff, support recruitment and retention, and enable staffing for greater room utilisation, which all bode well for business performance.
- A large number of workers do stand to gain at least some cost of living relief: The sector had a total of ~217k workers, ~33% fulltime, ~68% in centre-based care, more than half on the award wage, according to the latest available workforce census from 2021.⁴
- Families also stand to benefit via increased availability of services, to the extent higher wages help address staff shortages that have been curtailing operators' ability to staff rooms, and thereby achieve greater room utilisation.
- As the Education Minister notes in his Portfolio Budget Statement, the Productivity Commission (PC) is expected to deliver the Final report of its ECEC inquiry by 30 June 2024.
- Although the PC's final recommendations are still forthcoming, the body's Draft report recommendations broadly mirrored those from the recent inquiry by the Australian Competition and Consumer Commission (ACCC) in relation to
 - a "stewardship role" for Government;
 - recognising the need to address workforce challenges (though looking to the industrial relations system to drive improved wages and conditions);
 - considering the need for supply side support in thin markets; and
 - recommending potentially significant alterations to the Child Care Subsidy (CCS) framework, such as revised indexation of the CCS and the potential removal of the activity test.
- After higher wages for the sector's workforce, with the Commonwealth Government's response to the PC inquiry's final recommendations, could there be another round of changes to the CCS—potentially supporting some additional increase in demand—along with changes to sector governance on the cards?



NATIONAL DISABILITY INSURANCE SCHEME (NDIS):

Getting started on responding to the Independent NDIS Review, addressing sustained growth in NDIS expenditure, participant concerns, and long-term financial sustainability.

- \$468.7m over five years starting from 2023–24 (\$37.9m p.a. ongoing) for various initiatives under "Getting the NDIS Back on Track", including
 - \$160.7m over four years from 2024–25 (\$24.6m p.a. ongoing) for upgrading the NDIS Quality and Safeguards Commission's IT systems to bolster participant safety, reduce regulatory burden on providers, and enhance cybersecurity;
 - \$129.8m over two years from 2023–24 for design and consultation work in response to the findings of the Independent NDIS Review;
 - \$83.9m over two years from 2023–24 to enhance fraud detection systems at the National Disability Insurance Agency (NDIA) to strengthen the integrity of the NDIS;
 - \$45.5m over four years from 2024–25 (\$13.3m p.a. ongoing) to establish a NDIS Evidence Advisory Committee to provide advice to the Government on the effectiveness and cost-benefits of NDIS-funded supports; and
 - \$23.5m over two years from 2024–25 to continue fraud investigation and response efforts as part of the Fraud Fusion Taskforce;
 - \$20m allocated over a two-year period starting from 2024–25 for design and consultation work on improving service navigation for participants and individuals with disabilities; and
 - \$5.3m for the Independent Health and Aged Care Pricing Authority in 2024–25 to collaborate with the Department of Social Services and the NDIA on reforms of NDIS pricing structures.

Bottom line:

- Following on from the Independent NDIS Review (publicly released in December 2023), legislation under the banner "Getting the NDIS Back on Track" is aimed at (1) implementing key recommendations from the Independent NDIS Review; (2) ensuring consistent budget allocation based on participant needs; (3) clarifying support funding criteria; and (4) enhancing the NDIS Commissioner's authority to safeguard participants.
- Budget Paper No. 2 notes that National Cabinet has agreed to collaborate on legislative and other changes to enhance NDIS participant experience and uphold the scheme's core purpose; and that the Commonwealth Government plans to create an NDIS Implementation Advisory Committee and a Working Group to supervise reforms endorsed from the Independent NDIS Review.
- Budget 2024-25 makes a start on responding to the Independent NDIS Review, and concerns about NDIS participants' experiences as well as the scheme's long-term financial sustainability.

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1. "Manufacturer premiums" may also apply on some items, according to Pharmacy Daily, 14 May 2024.
 2. Figures based on ANZ Health analysis of annual reports on "People using aged care services" for years ended 30 June from the AIHW Gen database: <https://www.gen-agedcaredata.gov.au/resources/access-data/2024/april/gen-data-people-using-aged-care>
 3. As above.
 4. Refer "2021 Early Childhood Education and Care National Workforce Census August 2022," Report prepared by The Social Research Centre for Australian Government Department of Education: <https://www.education.gov.au/early-childhood/early-childhood-data-and-reports/national-workforce-census>

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