

# Briefing Paper

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AUSTRALIAN FEDERATION OF AIDS ORGANISATIONS INC.  
PO BOX 51 NEWTOWN NSW 2042 AUSTRALIA  
PH +61 2 9557 9399 FAX +61 2 9557 9867  
Email: [afao@afao.org.au](mailto:afao@afao.org.au)  
[www.afao.org.au](http://www.afao.org.au)



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## **'A Healthier Future for all Australians': Report of the National Health & Hospitals Reform Commission**

- The final report of the National Health and Hospitals Reform Commission was released on 27 July. The report has been widely anticipated and is expected to have a major influence on the health policy directions of the Rudd Government.
- The purpose of this briefing paper is to brief AFAO members about the contents of the Report.

### **Background**

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The National Health and Hospitals Reform Commission was established by the Rudd Government in February 2008. The Commission was charged with producing a long-term plan for reforming the Australia's health system in the context of rising healthcare costs, an ageing population, and the increasing burden of chronic disease.

The Commission consulted widely and produced several interim documents including a preliminary report titled 'Beyond the Blame Game: Accountability and performance benchmarks a set of principles for the next Australian Health Care Agreement', a set of principles to shape the health care system, and an interim report.

The scope of the Commission's Final Report is broad, considering:

- Access and equity issues,
- Acute hospital, outpatient, primary and community care
- Funding, governance, reporting and standards,
- Mental health, oral health and aged care.

### **Recommendations:**

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The Report makes 123 recommendations. Major areas of interest include:

- The Report does not recommend a Commonwealth take-over of the health system, which was mooted by Kevin Rudd during the election campaign and has been the subject of much speculation since. However, it does recommend significant 'realignment' of the roles and responsibilities of the Commonwealth and State governments. It recommends that Commonwealth assume full responsibility for primary health care, basic dental care, aged care and Indigenous health while the States would retain responsibility for public hospitals, though with different funding arrangements.
- A national insurance system to fund basic (i.e. non-specialist) dental care for all Australians. Similar to Medicare, 'Denticare' would be funded by an increase of 0.75% in the Medicare levy; internships for dental students would also be introduced to increase the availability of dentists in public hospitals. Access to dental care has been identified as one of the major areas of inequity. If implemented, the Denticare scheme would constitute possibly the most significant change to the health system since the introduction of Medicare.
- Strengthening of primary health care services. This would more large, multi-disciplinary medical centres and fewer small general practices. The aim of this is to provide more accessible and coordinated services for patients, particularly people with chronic and complex health problems. This initiative would also have significant implications for the Divisions of General Practice.

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- Establishment of a National Health Promotion and Prevention Agency to promote prevention and early intervention, particularly for children and young people. Such an initiative has already been signalled by the National Preventative Health Taskforce, which is also due to release its final report soon.
  - Establishment of a National Aboriginal and Torres Strait Islander Health Authority. All funding for Aboriginal health would be aggregated to this new agency, which would be responsible for purchasing health services as well as Aboriginal health.
  - Improvement of mental health services. This would include an increased focus on prevention and early intervention (particularly for young people), expansion of sub-acute services, improved support services and housing options for people living with a mental illness, and a national campaign to reduce the stigma attached to mental illness.
  - Transfer of all aged care services to the Commonwealth. This would mean that Home and Community Care (HACC) and Aged Care Assessment Teams (Acts) would become Commonwealth services. Bonds for nursing home care would also be introduced, and there are a range of recommendations designed to improve palliative care.
  - Changes to the Medicare Benefits Schedule (MBS), designed essentially to limit growth in costs over the long term. The report recommends various mechanisms for ensuring evidence-based decision-making in listing MBS items.
  - Promotion of 'e-health'. Slow progress in implementation of e-health initiatives by successive federal and state governments has been widely criticised by health experts. The report recommends introduction of a 'person-controlled electronic health record for each Australian', and that the federal government should legislate to protect privacy and security of patient data.

## Implications

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- The Report makes no reference to HIV or hepatitis and few references to sexual health, beyond noting that sexual health should be included in health promotion programs targeting young people and that sexual health is a key function of primary care services. The implications for HIV services and other services accessed by people living with HIV are therefore likely to be indirect and incremental, though nonetheless these may be significant over the longer term.
- The Commission's recommendations have significant funding implications. Along with the resistance of State/Territory governments form the most significant barrier to implementation. The Report costs the recommendations at between \$2.8 and \$5.7 billion annually, with the Denticare initiative likely to cost a further \$3.6 billion a year. The Report also quotes modelling research suggesting reforms will lead to significantly lower costs in the medium to longer term.

## Reference

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'A Healthier Future for all Australians': Report of the National Health & Hospitals Reform Commission, Commonwealth of Australia, 2009. Available at: <http://www.nhhrc.org.au/>