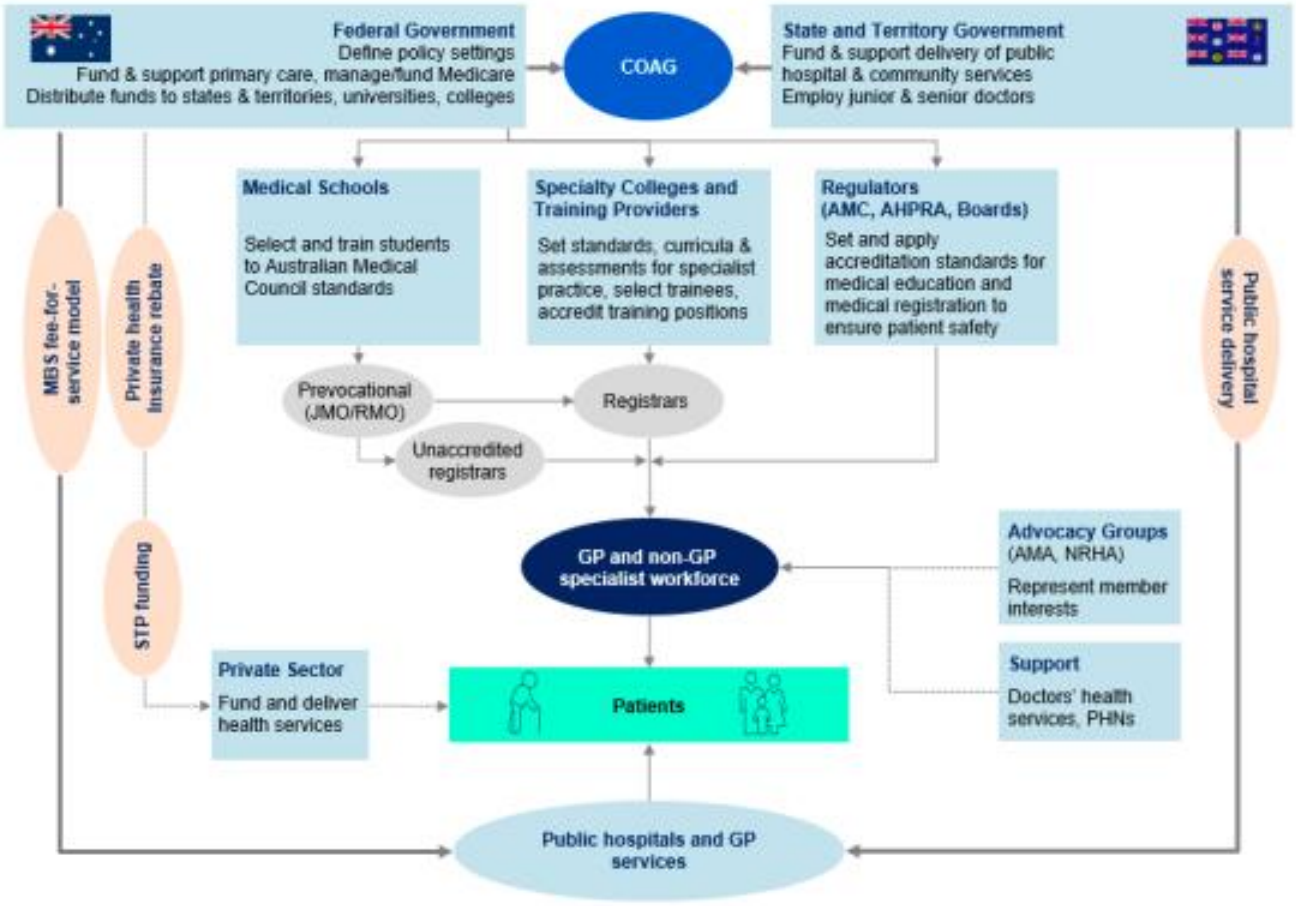
The Hon Greg Hunt MP
Minister for Health and Aged Care

Pre-budget healthcare submission to the government – where should the money be spent?

Review of Healthcare Funding



COAG: Council of Australian Governments, JMO: Junior Medical Officer, RMO: Resident Medical Officer, STP: Specialist Training Pathway, MBS: Medicare Benefit Scheme, AMC: Australian Medical Council, AHPRA: Australian Health Practitioner Regulation Authority, PHN: Primary Health Network, AMA: Australian Medical Association, NRHA: National Rural Health Alliance

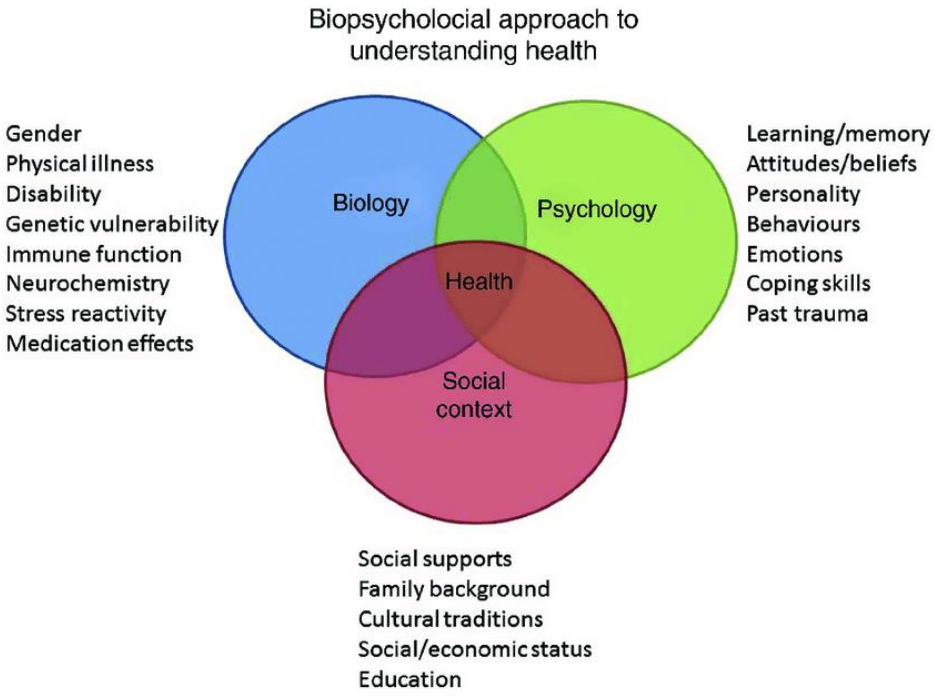
Burden of chronic disease

- Australians are lucky enough to enjoy some of the best health outcomes in the world. As Australia is such a developed and affluent nation in comparison to other countries around the world, Australians do not face the healthcare issues that dominate impoverished countries, such as diseases associated with poor hygiene, contaminated water, or air pollution. Instead, as a developed nation, the health issues that dominate Australia are chronic diseases that manifest due to ageing, lifestyle factors or a combination of both.
- Chronic diseases are the leading cause of morbidity, disability mortality in Australia. They affect millions of Australians every year and it is these Australians that subsequently rely more on the healthcare system. The most common chronic diseases seen in Australia, and therefore the diseases most in need of being addressed, are:
    - Mental and behavioural conditions
    - Back pain
    - Arthritis

- Asthma
- Diabetes
- Cardiovascular disease
- Osteoporosis
- Chronic obstructive pulmonary disease
- Cancer
- Kidney disease

Preventative medicine – a focus on primary healthcare and lifestyle factors

- As highlighted above, Australia is an affluent nation and the vast majority of the chronic diseases suffered by Australians are largely preventable through regular GP check-ups, regular screening tests and lifestyle modifications.
- Although there are some non-modifiable risk factors for chronic diseases, such as age, gender and ethnicity, there are many modifiable risk factors an individual can change to prevent suffering from a chronic disease such as:
  - Regular exercise
  - Eating a healthy diet
  - Maintaining a healthy weight
  - Avoiding/ cessation of smoking and recreational drugs
  - Drinking alcohol in moderation
  - Maintaining cognitive stimulation
    - *Especially important for older Australians*
  - Staying socially connected
    - *Especially important given the mental health crisis, particularly in younger Australians*
- Health is a complex, multifactorial concept that does not only refer to biological factors but includes a person's overall wellbeing which is influenced by social, emotional, cultural and economic factors. Therefore, the government must take an approach when addressing health needs of the Australian community from a biopsychosocial model of health.



Potentially preventable hospitalisations (PPH)

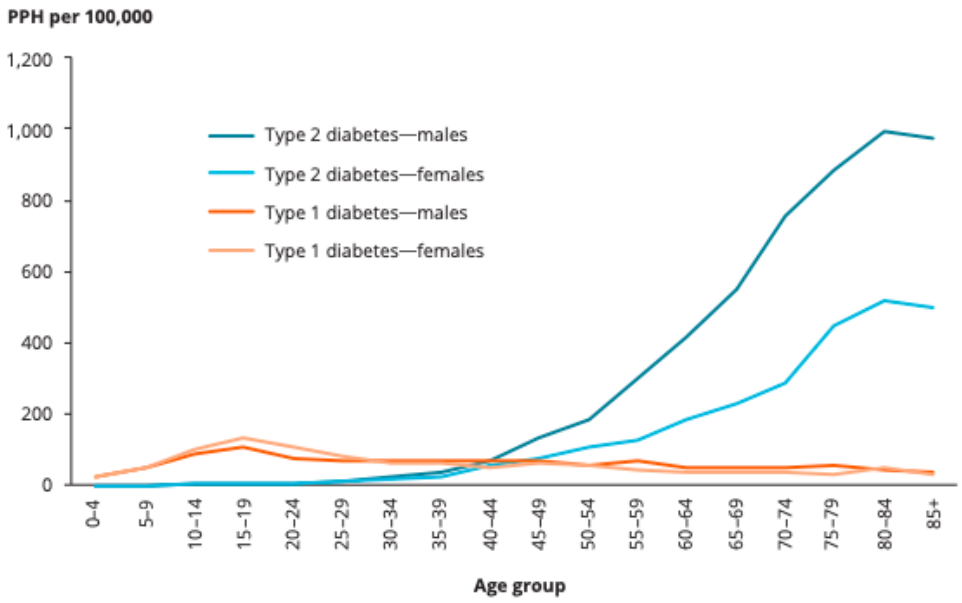
- As highlighted above, chronic health diseases experienced by Australians can largely be prevented, or if already diagnosed could be prevented from worsening, with a robust primary and community health care system, preventative measures and early intervention.
- In Australia, PPH refer to a set of conditions that are used to monitor patient's access to timely, effective and appropriate primary healthcare services. The PPH framework takes a holistic approach to patients, including their sex, age, ethnicity as well as their place of residence, socioeconomic status, living circumstances, social supports, health literacy, health behaviours, and mental health. It is an effective way of assessing all the elements that increase a patient's susceptibility to disease, such as:
    - Geographical barriers to healthcare (living in regional or remote communities)
    - Lack of health education or promotion (inadequate focus on nutrition education at school, advertisements promoting unhealthy food choices)
    - Lack of access to health-promoting facilities (such as public green spaces, safe walking paths, cycling tracks)
    - Ease of access to unhealthy food choices (vending machines, fast-food outlets)
    - Inability to afford healthy options (gym memberships, swimming pool fees)
    - Mental ill-health (alcohol abuse, drug addictions, eating disorders)
- In Australia, PPH account for one in 15 hospitalisations, resulting in almost three million bed days. Chronic diseases making up the vast majority of hospitalisations that are preventable, such as heart disease, diabetes complications, and chronic obstructive pulmonary disease.

Diabetes mellitus Type II

- A prime example is *diabetes mellitus type II (DMT2)* which affects over 5 per cent of Australians, resulted in 1.2 million hospitalisations, and caused 11 per cent of total deaths in Australia in 2018.
- Unlike *diabetes mellitus type I (DMT1)*, which is an autoimmune disorder that manifests in genetically susceptible individuals mainly in younger life, DMT2 largely affects older Australians and is essentially caused by obesity. Despite new research is continuing to show a genetic component of obesity susceptibility, obesity is largely a lifestyle-related condition resulting from poor diet choices and lack of adequate physical activity. Therefore, DMT2, which comes with countless complications leading to hospitalisations not to mention a poorer quality of life for the patient, is *preventable with early intervention and this must be the focus of diabetes management in Australia.*
- A robust primary healthcare system is the key to preventing DMT2. Diabetes is most commonly diagnosed by a blood test called HbA1c, a simple blood test that measures the level of glucose within the blood. This can be ordered by a GP at a regular check-up and easily carried out by a patient in the community. An HbA1c of 6.5 per cent is defined as *pre-diabetes state*, and this is the timeframe in which an individual can act to prevent HbA1c rising to 7.0 per cent, which is the diagnostic level for diabetes. The modifiable risk factors for diabetes include being overweight, smoking, poor diet, sedentary lifestyle, high cholesterol and smoking. These risk factors can be managed by the individual and their GP in the community, with the GP being able to offer tailored advice for weight loss, healthier eating, physical activity targets as well as prescribing cholesterol-lowering medications, such as statins.

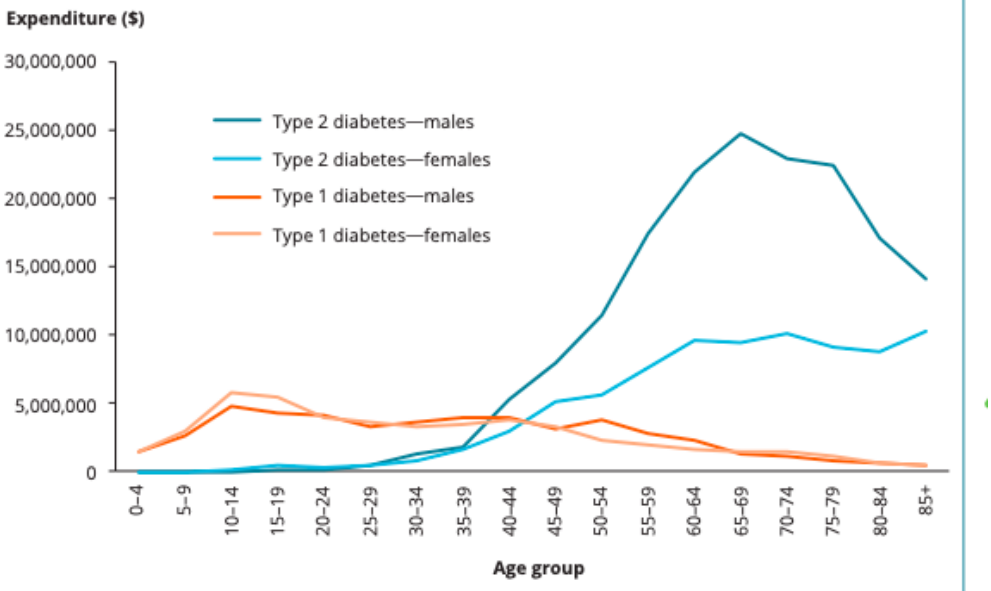
- By *preventing diabetes*, Australia can reduce the burden the complications associated with the disease which currently is putting a strain on the hospital system.

Figure 5.3: Rate of potentially preventable hospitalisations for type 1 and type 2 diabetes complications, by age and sex, 2017–18



Source: AIHW National Hospital Morbidity Database.

Figure 5.4. Potentially preventable hospitalisations expenditure for type 1 and type 2 diabetes complications, by age and sex, 2015–16



Source: AIHW Disease Expenditure Database.

Tackling obesity epidemic in Australia

Key important findings from 2017-2018 National Health Survey, the latest health survey conducted by ABS, that relate to being overweight or obese in Australia

Overweight/ obese

- *67.0% - two in every three Australians, an increase from 63.4% in 2014-2015*
    - *Aged 18-24 – 38.9%, an increase from 46.0% in 2014-2015*
    - *Men – 74.5%*
    - *Women – 59.7%*
    - *Children aged 5-17 – 24.9%*

Alcohol consumption

- 16.1% of adults (18-65 years old) consumed more standard drinks per day than recommended per day
    - Recommendation: two standard drinks on average per day
- 42.1% of adults consumed more than four standard drinks on one occasion

Fruit and vegetable consumption

- 51.3% of adults (18-65 years old) consumed recommended amount of fruit per day
    - *Recommendation*: at least two serves
- Only 7.5% of adults consumed recommended amount of vegetables per day
    - *Recommendation*: at least five serves
- Only 5.4% of adults consumed recommended amount of fruit and vegetables per day
- Only 6.0% of children (aged 5-17 years old) consumed recommended amount of fruit and vegetables per day

Soft drink consumption

- Almost one in 10 adults (18-65 years old) and one in fourteen children (5-17 years old) consumed sugar-sweetened drinks every day
- Almost twice the number of men consumed sugar-sweetened drinks daily compared to women
- Men who consumed sugar-sweetened drinks every day were also more likely to consume a greater amount of these drinks on any given day

Physical activity

- The vast majority of Australians of all ages are not meeting the National Physical Activity Guidelines
    - 15-17 years old – 1.9%
        - *Guidelines:* at least 60 minutes of exercise everyday
    - 18-64 years old - 15.0%
        - *Guidelines:* at least 150 minutes of exercise per week
    - 65 years old and above – 17.2%
        - *Guidelines:* at least 30 minutes of exercise five or more days per week
- Adults (18-64 years old) describe their workday as mostly sedentary – 43.7% of an average working day spent sitting

Why is addressing obesity important?

- Obesity is one of the major risk factors that causes the majority of chronic diseases seen in Australia that cause strain on the healthcare system through increased hospitalisations, increased mortality rates and reduced quality of life for individuals
- Obesity is a known risk factor for all the following diseases:
    - Heart disease
    - DMT2
    - Stroke
    - Gallbladder disease
    - Osteoarthritis
    - Obstructive sleep apnoea
    - Cancer
    - Mental ill-health

What are the contributing factors to the obesity epidemic that we can address?

- *Lack of health education*
- *Ease of access to unhealthy food choices*
- *Lack of public exercise spaces*
- *Advertisement of unhealthy food choices and alcohol*

Tackling mental health

- Mental ill-health in Australia was well-known to be a major health issue in Australia prior to the COVID pandemic, but the past two years has a significantly adverse impact of people's mental health and wellbeing. It is one of the most complex health conditions and requires adequate funding and major reform to ensure a multidisciplinary, individualised approach to mental ill-health.
- The Royal Australian College of General Practitioners annual report, *General Practice: Health of the Nation 2021*, indicates an increasing burden of mental illness on general practice. It is the fifth consecutive year that psychological issues have been the most commonly seen presentations seen by GPs. In 2021, 70% of presentations to the GP were mental health-related, an increase from 61% in 2017. GPs around Australia have collectively named mental health as the second highest priority needing to be addressed by the federal government.
- **Key alarming statistics relating to mental ill-health in Australia:**
    - One in five (20 per cent) of Australians will experience a mental illness in their life
    - Three million Australians live with anxiety and depression per year
    - Overall, mental ill-health is more common in women than men
    - Over 75 per cent of mental illnesses occur before the age of 25
    - Suicide is the number one cause of death in young Australians
    - One in ten young Australians have self-harmed
    - Over 50 per cent of people who experience mental ill-health do not seek treatment or support, with young people more likely not to reach out for professional help compared to older Australians
    - Aboriginal and Torres-Strait Islanders children have three times the rate of deaths caused by suicide compared to non-Aboriginal Australians

The 'shadow' pandemic

- Across the globe, the COVID pandemic has forced countless nations into lockdowns of various natures in attempt to control the spread of the deadly virus, reduce hospitalisations and reduce mortality. In Australia, every state and territory has experienced some form of lockdown during the past two years, with Victorians being most heavily impacted, experiencing over 200 days of strict restrictions on life.
- Despite the very restrictive measures being necessary to preserve life and prevent the hospital system from becoming overwhelmed, seemingly endless lockdowns have had the unintended consequence of what The Economist magazine rightly labelled the *'shadow' pandemic,* referring to the significant toll lockdowns have had on people's mental health across the globe.
- In Australia, it is predicted that the mental ill-health caused by lockdowns and isolation during 2020 resulted in a burden of disease ultimately four times greater than that of the virus itself. The rates of depression and anxiety have increased by 25 per cent across the globe. The mental health crisis exacerbated by stringent lockdowns has been most significant in young people. Professor Patrick McGorry, an expert within the field and executive director of Orygen, a youth mental health service facility, is advocating for all political parties ahead of next year's federal election to prioritise mental health as a central element of the overall recovery from the pandemic.
- As McGorry points out, the mental health effects of lockdowns have not been mild, but rather extremely severe cases of mental ill-health, such as suicide attempts. Not surprisingly, Victoria, the state that has faced the longest and more restrictive lockdowns in response to contain the virus, has experienced the most alarming mental health-related consequences. The most recent, and shocking, statistics indicate disastrous effects on mental health in Victoria during 2021, particularly in children and adolescents.
- **Key 2021 statistics obtained through *Freedom of Information Act 1982 regarding Victoria's mental health crisis***
    - *Children aged up to 17 years old:*
        - Mental health ED presentations: 342 per week with 336 admitted
            - *Compared to 234 in 2019 and 217 in 2020*
        - Intentional self-harm and suicidal ideations ED presentations: 156 per week with nearly 40 of those presenting requiring resuscitation
            - *Compared to 90 in 2019 and 83 in 2020*
        - 184 per cent increase in suicide and child abuse emergency interventions between January and June 2021
    - *All ages:*
        - Intentional self-harm and suicidal ideations ED presentations: 578
            - *Compared to 462 in 2019 and 461 in 2020*
- ***Further key statistics related to Australia's mental health during the pandemic***
    - Calls to *Lifeline* have increased 40 per cent in 2021 compared to pre-pandemic levels
        - Average number of daily calls to Lifeline have increased from 2, 400 to 3, 400
    - *Beyond Blue* support demand has surged by 29 per cent in 2021
    - The Butterfly Foundation, Australia's national eating disorder charity, experienced a 116 per cent increase in demand for online helpline services in 2020

    - *Headspace* survey shows 75% of young Australians rate their mental health as worse since the pandemic
- The effect on children's mental health in Victoria has been so severe that, in August 2021, a group of distressed parents created a group, *Shadow Pandemic Victoria*. The group is urging governments to consider child and adolescent mental health in all decisions related to lockdowns and restrictions. It runs an Instagram page, organises various promotion events and have set up a petition page for all Australians, particularly Victorians, to sign as an indicator of their support.
- The federal government must address the *shadow pandemic* not only to benefit the lives of Australians, particularly children and adolescents, but due to the significant financial burden that the *shadow pandemic* has caused, and will continue to cause, Australia.
- The University of Sydney's *Brain and Mind Centre* revealed modelling that found mental ill-health caused or exacerbated by lockdowns in Victoria and NSW during July and August 2021 cost Australia $1 billion in lost productivity. The centre's modelling also recognises not only the acute crisis in mental health, but the fact that mental health conditions associated with lockdowns will have ongoing economic effects. There will be a need for ongoing funding for mental health support in the healthcare system but also costs due to continued lost productivity, with people suffering from severe mental ill-health unable to work and contribute to the economy.
- Despite the government's early interventions aimed at addressing Australian's mental health during the pandemic, they are not sufficient to treat the highly complex and severe illnesses that are dominating the shadow pandemic. The interventions introduced thus far for young people include mental health hubs, emergency helplines and telehealth to strengthen the existing headspace program, Australia's National Youth Mental Health Program. However, headspace is designed for young people experiencing mild and acute forms of depression and anxiety.
- As highlighted above, young people are not experiencing mild depression or anxiety. They are presenting to emergency departments with suicide attempts, suicidal ideations, self-harm and psychosis. These tragedies are beyond the scope and the capacity of the headspace program, GP clinics, psychologists or self-help resources. These illnesses require long-term, multidisciplinary specialist care.

Ageing and growing population

- Australia is continuing to see increases in life expectancy. A child born in 2012 is predicted to live to over 90 years old (94 for women and 91 for men). This is a positive reflection on Australian society as it indicates lower mortality rates and Australians enjoying longer lives. However, it does come with significant effects on the workforce, economic growth, and, of course, puts greater pressure on the healthcare sector.
- Not only is the Australian population expected to continuing growing rapidly, reaching 38 million by 2060, but a significant *demographic change* in the population is expected, with growth rates of older Australians accelerating far more rapidly than other cohorts.
    - It is predicted that between 2017 and 2057, the number of Australians aged over 60 will more than double from four million to nine million.
    - It is predicted that between 2012 and 2060, the number of Australians aged over 75 years old will increase by four million.

    - The current trends indicate there will be 25 centenarians for every 100 babies born in Australia 2060, compared with only one centenarian per 100 babies born in 2012.
- Despite the crucial need to focus on primary healthcare to prevent chronic disease, it is a fact that chronic diseases do become more common with ageing due to natural bodily function decline. The ageing population in Australia is predicted to put much greater strain on the healthcare system into the future.
- Australia defines an *older Australian* as 65 or older, however there are two further categorisations that are helpful in terms of determining the most effective and necessary focus of the healthcare budget for the ageing population.
    - *Younger cohort: 65-84 years*
        - This age bracket is mostly affected by lifestyle-related chronic diseases, such as T2DM, compared to previous generations. This reinforced the importance of primary healthcare for early intervention and community management of these diseases.
        - Currently, 60 per cent of the population over 60 years old report having more than two chronic conditions, compared with 25 per cent for the general population.
    - *Older cohort: 85 years and above*
        - This age bracket is more susceptible to diseases whereby age is the major risk factor, such as vision impairment, dementia and cancer. The healthcare budget must therefore focus on addressing these key diseases as Australia continues to age.

Specific geriatric interventions

Residential aged care facilities and home supports

The government must take into account all of the shocking findings from the Aged Care Royal Commission when assessing the healthcare budget.

- The lack of adequately skilled staff in residential aged care facilities presents as a huge looming problem in Australia. This shortfall was raised to the government's attention over a decade ago, but the COVID pandemic in the past two years has highlighted the problem.
- Currently, the aged care sector in Australia is facing a significant staffing shortage of over 20, 000 adequately trained workers, resulting in older Australians being declined admission into residential aged-care facilities or access to in-home care. Shockingly, a report released by Committee for Economic Development (CEDA) this year predicts a shortage of at least 110, 000 direct aged-care workers over the next decade.
- The *Australian Aged Care Collaboration* is urging for a greater response from government in the short-term to combat the effect that the pandemic has had, as well as in the long-term to ensure the needs of Australia's ageing population are met.
- The 22, 000 vacancies in aged care services spans across all domains – residential facilities, home-care packages, and home support packages. The staff shortage is a multifactorial issue, but the **low pay for workers** is the major factor.
- Aged Services Australia, Union Workers Union, and aged-care providers are all rallying for a meaningful increase in wages to be funded by the federal government. The government is tasked with this responsibility to address low wages because the providers themselves simply do not have the financial capacity, as most aged-care facilities already are running at a deficit.
- The rise in wages will act as an incentive for new workers to enter the sector, as well as reduce the number of workers leaving the sector due to inadequate pay. Aged-

workers are vowing to strike now unless they see significant changes in the sector to address the low wages, inadequate staffing and burnout due to being overworked.

Dementia – a key focus into the future

- Globally, the burden of Alzheimer's disease (AD), the most common form of dementia, is expected to triple within the next 30 years. Due to Australia's ageing population, the burden of dementia on the healthcare and aged care sectors is in keeping with the global predictions of increased dementia rates. Therefore, the government must start preparing for the significant toll that dementia has on the individual and their families' lives, the impact of dementia on the healthcare system, and the importance of funding for dementia research to increase understanding of this complex disease.
- Importantly, it is predicted that up to a third of dementia cases may be preventable by focusing on the modifiable risk factors. This again indicates that a focus on primary healthcare is the key to growing a healthier Australia to tackle preventative diseases.
- The modifiable risk factors for dementia include targeting:
    - Brain health in mid-life (smoking, obesity, hypertension, physical activity)
    - Cognitive ability (education)
    - Mental health (depression, social isolation, physical inactivity, addiction disorders)
- Research published in the *Lancet* indicates that a 20 per cent reduction in the above risk factors could reduce dementia prevalence by 15 per cent by 2050.

Current government funding and interventions

- The *Dementia and Aged Care (DACS)* fund is an Australian government initiative that is focused on supporting older Australians who are living with chronic conditions such as dementia.
- The federal government has also committed $229.4 million in funding for dementia over the next five years in the 2021-2022 budget.

Addressing nursing shortages

- The most recent modelling available with regards to the future of the nursing workforce in Australia is not overly accurate due to being conducted in 2014. The 2014 modelling by Health Workforce Australia (HWA) predicts a shortage of nurses of 85, 000 by 2025 and 123, 000 by 2030. The burnout effects of the COVID-19 pandemic are likely to have increased these numbers due to nurses retiring early and choosing other, less stressful careers. More optimistic modelling based on the premise of improved retention of nursing students and graduate nurses compared to current levels shows reduced shortfalls of 39, 000 by 2025 and 45, 000 by 2031.
    - HWA commenced a new study in September 2021 and is due to publish a report on the nursing workforce in mid-2022.
- The general trend over the past two decades has been an increase in the number of registered nurses in Australia, even throughout the pandemic. However, it remains unknown whether these increases will be enough to deal with the future burden of an ageing population and increases in chronic diseases. The most recent data shows an increase in vacancies in the healthcare assistance industry from 8.2 per cent in February 2020 to 21.2 per cent in August 2021 due primarily to increased resignations and increased workload.

How can the problem be addressed?

- Increased retention of nursing graduates
    - There is a current worrying trend of highly skilled nurses, who have specialisations in specific areas such as intensive care or mental health, being recruited into other industries due to better career opportunities and increased wages
- Increased opportunity to study nursing
    - Increased opportunities to specialise through post-graduate studies
    - Financial incentives
    - Greater number of undergraduate and post-graduate places
- Improved wages
- Addressing nurse burnout
    - This is especially important due to the burnout effects of COVID-19 the past two years – the International Council of Nurses 2020 report a real concern about the effect of the pandemic (heavy workloads, insufficient resources, stress, fatigue) on nurse numbers globally.

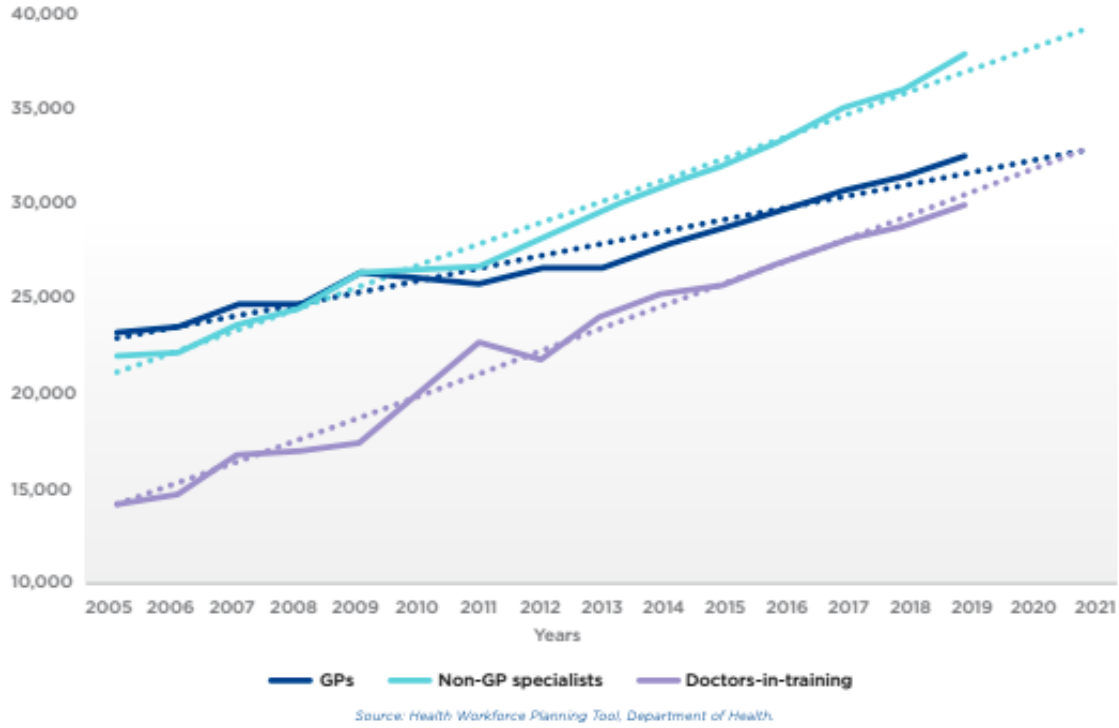
Rural and regional health inequality

Addressing GP shortages – NOTE: this is also an major city problem due to junior doctors more often choosing non-GP specialties, but the shortage of GPs is much more stark in rural, regional and remote areas

- The *ANZ Health Sector Report 2021* shows that the number of doctors in clinical practice has been increasing steadily each year, with a 3.9 per cent increase from 2014 to 2019, almost three times the rate of the population growth.
- The number of GPs in Australia has risen over this time period, however, the number of junior doctors choosing a non-GP specialty training pathway is far higher than those deciding to become a GP (4.5 compared to 3.5 per cent per year) . In 2019, the Royal Australian College of General Practitioners (RACGP) reported a fall in GP training applications by 400 since 2015.
- The reasons junior doctors choosing non-GP specialties over becoming a GP are varied, but research indicates that future earnings play a major role. In 2018, non-GP specialists earned almost double as much as GPs. The rate of wage growth was also higher for non-GP specialists. The RACGP President in 2019 also raised the issues of the frequent changes to GP training, the effect of the Medicare rebate freeze, the abolition of the *Prevocational General Practice Placement Program (PGPPP)* and the perception of GP training as less prestigious than non-GP specialist training.
- This concerning trend seen in Australia must be addressed because chronic diseases cause the largest burden for Australia's healthcare sector. These diseases can be prevented or, if already present, managed, at the primary healthcare level through quality GPs which would lead to less reliance on the hospital system.
- The GP shortage is most stark in rural and regional areas in Australia, particularly within the Northern Territory. Between 2016 and 2020, the number of junior doctors enrolling in GP training program in the NT halved, compared with the average national decline of 12 per cent seen in the same timeframe. A 2021 report by the *Menzies Institute* highlights the need to incentivise medical students and junior doctors to experience regional and rural healthcare, such as increased salaries and flexible work arrangements. A spokesman for the Australian Department of Health indicates the "primary problem" faced by the healthcare sector is not a lack of GPs but the distribution of GPs around the country.

- The shortage of GPs in regional and remote areas must be addressed to manage and treat the chronic diseases that dominate Australia's healthcare sector (*see above regarding burden of chronic disease*) as these are placing a greater burden on regional hospitals. Compared to major cities, people living in regional and rural locations are much more likely than those in inner cities to present to the emergency department of their nearest hospital than a general practice with a condition that could be managed by a GP. As the population continues to age and grow, there is a need for more GPs generally in Australia to help manage the burden of chronic diseases.
- The federal government committed $62.5 million in the 2019-2020 budget to create the *National Rural Generalist Pathway*, a dedicated program to encourage, retain and support GPs working in rural settings. Generalists in these communities require additional skills such as obstetrics, anaesthetics and mental health to address the diverse needs seen in rural and regional communities due to the lack of specialists (*see below*).

Figure 1. Number of doctors 2005 to 2019 (linear projections to 2021).



Source: Health Workforce Planning Tool, Department of Health.

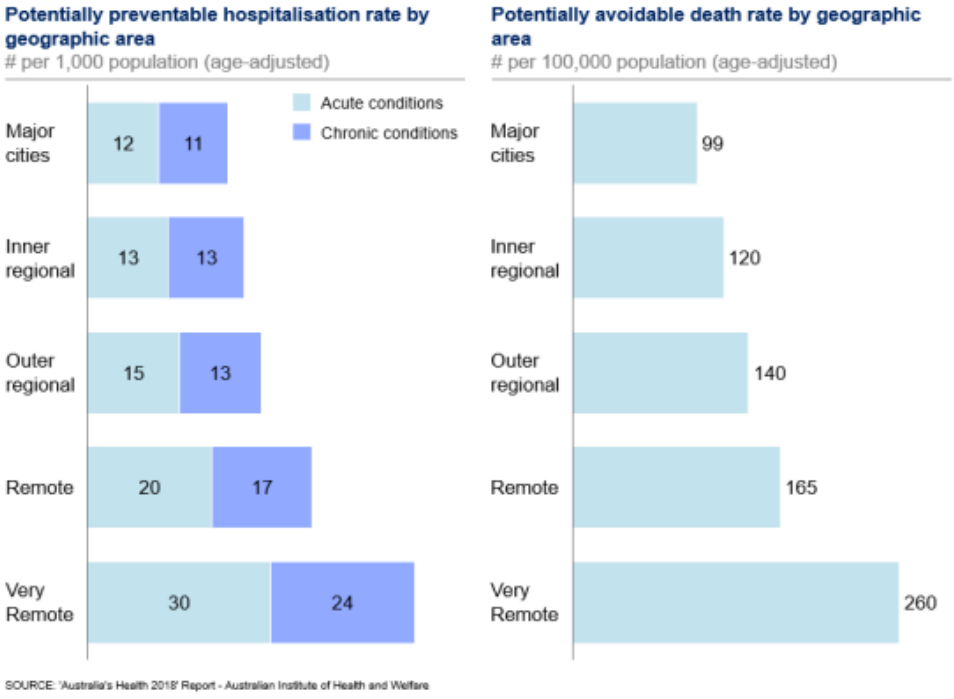
How can the problem be addressed?

- Continue funding existing programs developed by the government to address rural and regional health inequality
    - *National Rural Generalist Pathway*
        - A dedicated medical training pathway created in response to the National Rural Health Commissioner's advice to the government on how to best support healthcare of Australian's living in regional and rural areas.
        - https://www.health.gov.au/initiatives-and-programs/national-rural-generalist-pathway
    - *Stronger Rural Health Strategy*

        - A federal government strategy implemented in the 2018-2019 healthcare budget that aims to develop a sustainable and efficient health workforce in rural and remote areas. It consists of various incentives and interventions targeting the teaching, training, recruiting and retaining aspects of health practitioners.
        - http://www.ruralhealth.org.au/15nrhc/sites/default/files/esatchel/StrongerRuralHealthStrategy.pdf
- Increase clinical and non-clinical supports for doctors in rural settings
- Increase access to training and professional development for doctors in rural settings
- Develop programs that allow medical students and junior doctors to have greater clinical experience in rural settings

Addressing specialist shortages

- A lack of access to speciality care is one of the contributing factors resulting in greater morbidity and mortality in regional and remote areas. The rate of potentially preventable mortality rate in regional and remote areas is 20 and 65 per cent higher than urban areas respectively.

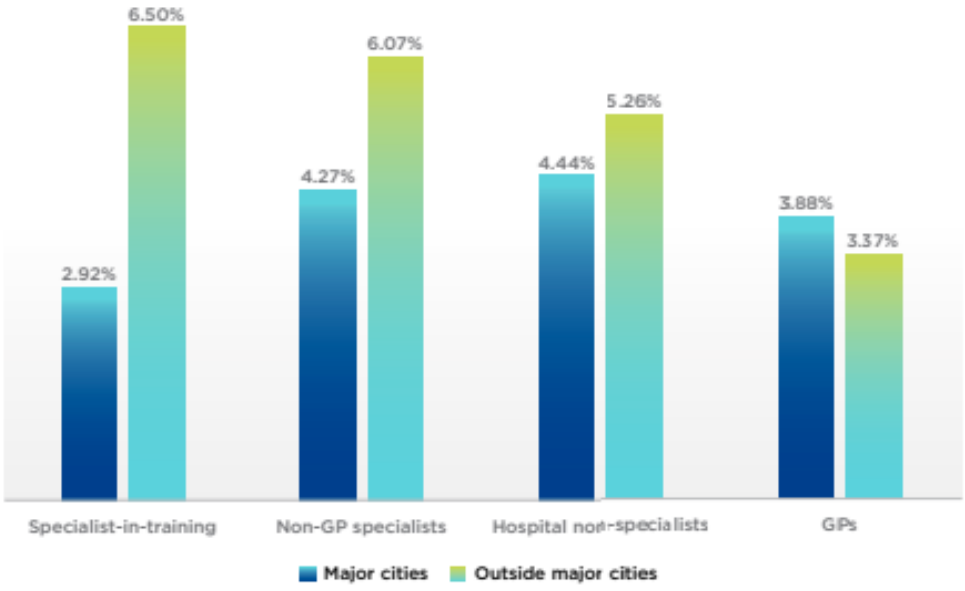


- Australians living in rural and remote areas have face great difficulty in accessing specialist services within their local community, with 80-90 per cent of specialists working in metropolitan areas. This is multifactorial but includes doctors' preference for living in major cities as well as the vast majority of specialist training being based in major city hospitals. It is the major hospitals that dominate specialist training programs due to having larger and better facilities, senior consultants available to oversee the training, and the required medical equipment and devices.
- The current model of specialty training is deemed to be 'city-centric', whereby training doctors are based in urban settings with only short-term placements in regional areas. Further, the training pathways potentially favour doctors applying with a background from cities, as some training programs require a large number of

references which is challenging to obtain for doctors who have trained in regional hospitals.

- Further, stakeholders have identified the lack of clinical and social support in regional and remote areas for doctors contributes to this problem. Doctors report having difficulty adjusting to working in a rural setting having trained in an urban setting. They suddenly are facing a broader, more complex range of conditions without having ease of access to required medical equipment or specialist advice. Doctors also report difficulty adjusting to regional life, and feelings of isolation and lack of support both personally and for their families.
- This has the effect of regional hospitals depending greatly on trainees and locum doctors, resulting in a fly-in-fly-out (FIFO) model of healthcare. The majority of specialist training programs only involve a short-term placement in a regional setting, meaning training doctors do not become integrate within these communities and are not incentivised to work in these settings in the future.

Figure 2. Average annual percentage increase in the number of doctors working outside and inside major cities (between 2013 to 2019).



Source: Health Workforce Planning Tool, Department of Health. Major cities defined as Modified Monash Model 1.

How can the problem be addressed?

- Financial incentives for specialists in rural and remote regions
  - GPs earn more in regional and rural settings, but specialists earn more in inner regional areas
- Development and funding of specialist training pathways based in regional and rural settings
  - As stated above, all specialist training programs and centred in major cities with only short-term placements in rural settings
- Implement more social and work support for specialists
  - Doctor wellbeing is a critical factor that must be addressed. Specialist's report feeling both socially and clinically isolated due to often being the only specialist in the region and therefore not being able to easily consult other doctors to discuss complex patients. Families also report difficulties adjusting to the different lifestyle in comparison to major city living.

New medications and medical devices funding

- A recent report by *Johnson & Johnson*, one of the largest pharmaceutical companies globally, has revealed that Australia is placed 17th out of the 20 OECD countries in terms of access to new medications, vaccines and medical devices.
- *Johnson & Johnson* are calling for a complete overhaul of Australia's "outdated" system for approving medicines and biopharmaceutical technologies. The report recommends an increase in funding of medicines on the Pharmaceutical Benefits Scheme.
- The report highlights that current system for drug and device approval in Australia is wrongly focused on short-term cost-saving rather than long-term investment in new technologies. By shifting the focus from short- to long-term budgetary outcomes, Australians will be able to access new medicines and medical devices more quickly and efficiently.

Medication Unaffordability

What is the problem?

- In 2019-2020, almost one million Australians went without their prescription medicines due to the associated financial cost (*ABS, Patient Experiences in Australia: Summary of Findings 2019-2020 financial year)*
- In 2021, almost one in five Australians from lower socio-economic status (earners of less than $35, 000 per annum) went without their prescription medicines because they were too expensive (*NAB Pharmacy Survey 2021)*
- In 2021, more than 20% of Australians aged 18-64 described prescription medicines as unaffordable *(Australian Healthcare Index, 2021)*
- Although Australia's GDP has grown strongly over the past decade, the PBS expenditure as a proportion of national GDP has fallen during the same time period
- Australia is below the OECD average in terms of pharmaceutical expenditure

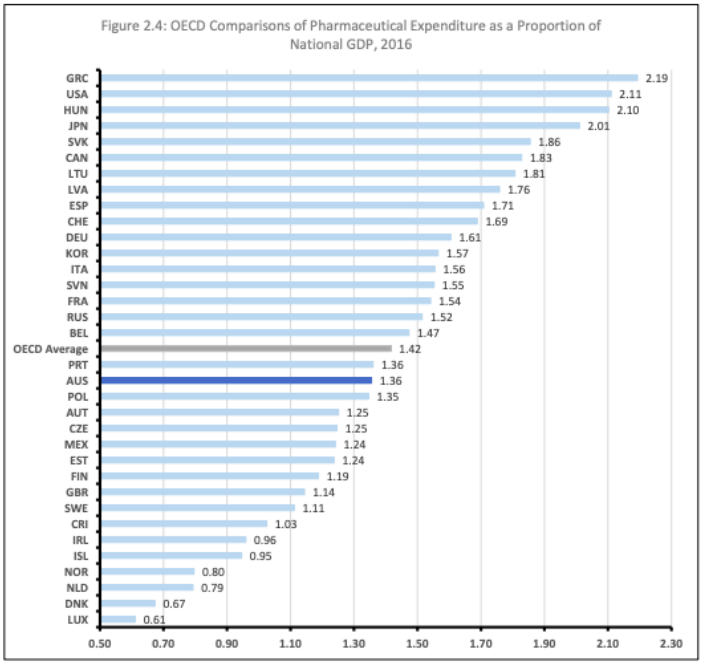
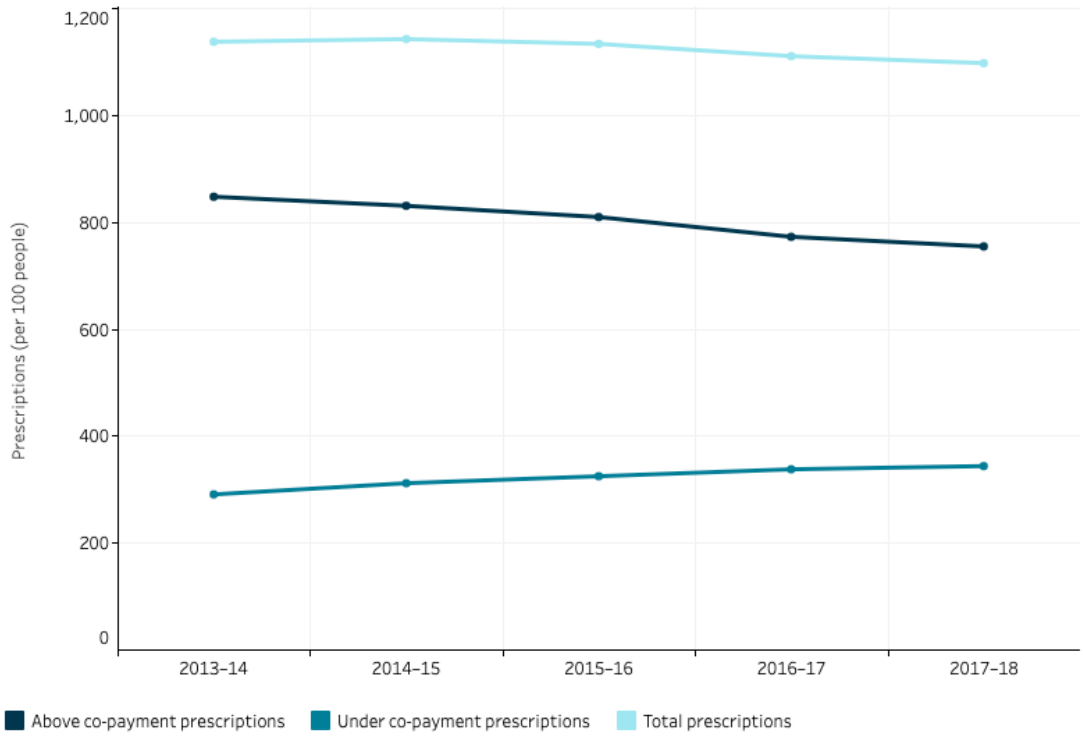


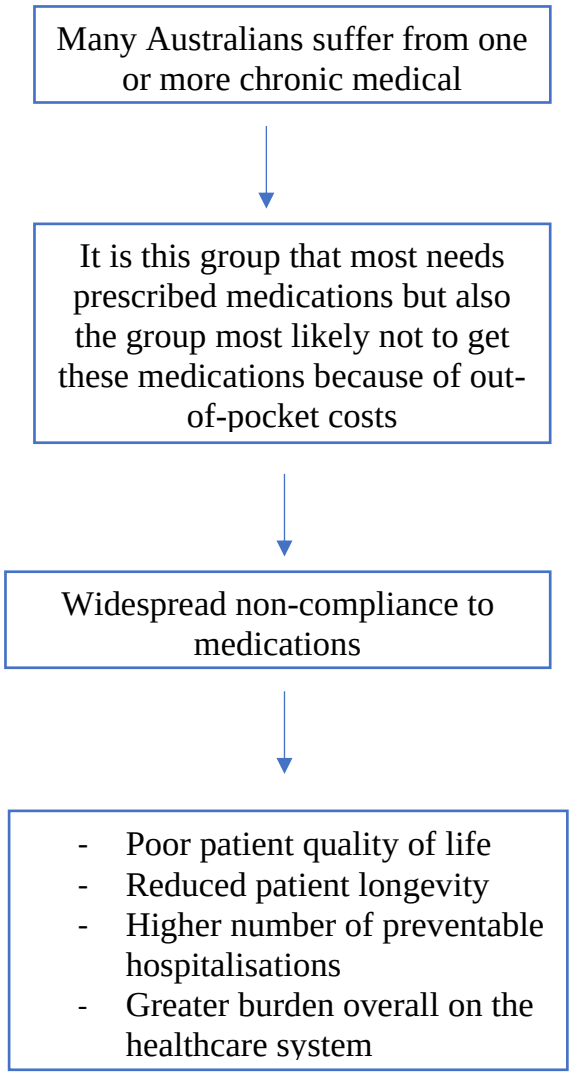
Figure 2.4 shows that Australia is below the OECD average for the proportion of the national GDP used for pharmaceutical expenditure:

- Based on 2013-2018 data, there is a concerning trend of PBS-listed medications of "under co-payment" prescriptions increasing and "above co-payment" prescriptions decreasing. This means more Australians are paying the full amount (unsubsidised) for their prescription medications.
    - An "above co-payment" means that the medication is priced above the "maximum co-payment" set by the Australian Government. In this case, the patient pays the "maximum co-payment" amount and the difference for the PBS medication is paid by the Australian Government and are therefore subsidised. For prescriptions priced "below co-payment", the Australian Government does not contribute, and the patient must pay the full amount.



- The more chronic diseases from which a patient suffers, the more likely they are to go without at least one of their prescription medications due to the financial cost. For patients with at least two chronic medical conditions, Australia is ranked as one of the worst countries in terms of medicine affordability.

What are the cascading effects of medication unaffordability?



How can medicines be more affordable?

- The Pharmacy Guild of Australia is proposing *affordable medicines reforms* that will see the general patient co-payment for prescribed medications reduced from $41.30 to $19.00 by 1 January 2023
- Modelling suggests this reform will half the cost of over 70 per cent of PBS-funded medications for over half of the Australian population

What are the benefits of medications being more affordable?

- Increased medication compliance, with the cascade effect of reducing the number of preventable hospitalisations and money needing to be spent on hospitals
- Greater equality within the healthcare system, allowing Australians living in lower socio-economic conditions access to prescribed medications
- Better patient quality of life and reduced mortality risks through medication compliance

Can the federal government afford the reforms?

- With a greater PBS expenditure as a proportion of national GDP, the government will save money on the costs associated with preventable hospitalisations that come about due to medication non-compliance
- The reduced spending on hospitals is expected to offset the increased spending on PBS-listed medications

Continuing COVID vaccinations, treatments and education

- The COVID pandemic will be an ongoing healthcare priority within Australia in the foreseeable future.

Vaccine booster programs and PCR testing clinics

- The government is moving from relying on specific vaccinations clinics that have been set up around the country to relying on GP clinics more for COVID vaccines, as is the case for all other vaccines. This is going to place greater strain on general practice clinics which must be addressed.
- The constant changes to the booster program, such as the shortening of time periods between second and third doses in Victoria and New South Wales to three months, is putting that the booster program in Victoria and New South Wales has moved

COVID-19 treatments

- It is inevitable that, despite high vaccination rates, people will continue to suffer from COVID-19 infections in the near future. There will still be people who refuse to be vaccinated, are severely immunocompromised, or very elderly. Therefore, Australia should consider the amount within the healthcare budget that can be dedicated to funding COVID-19 treatments.

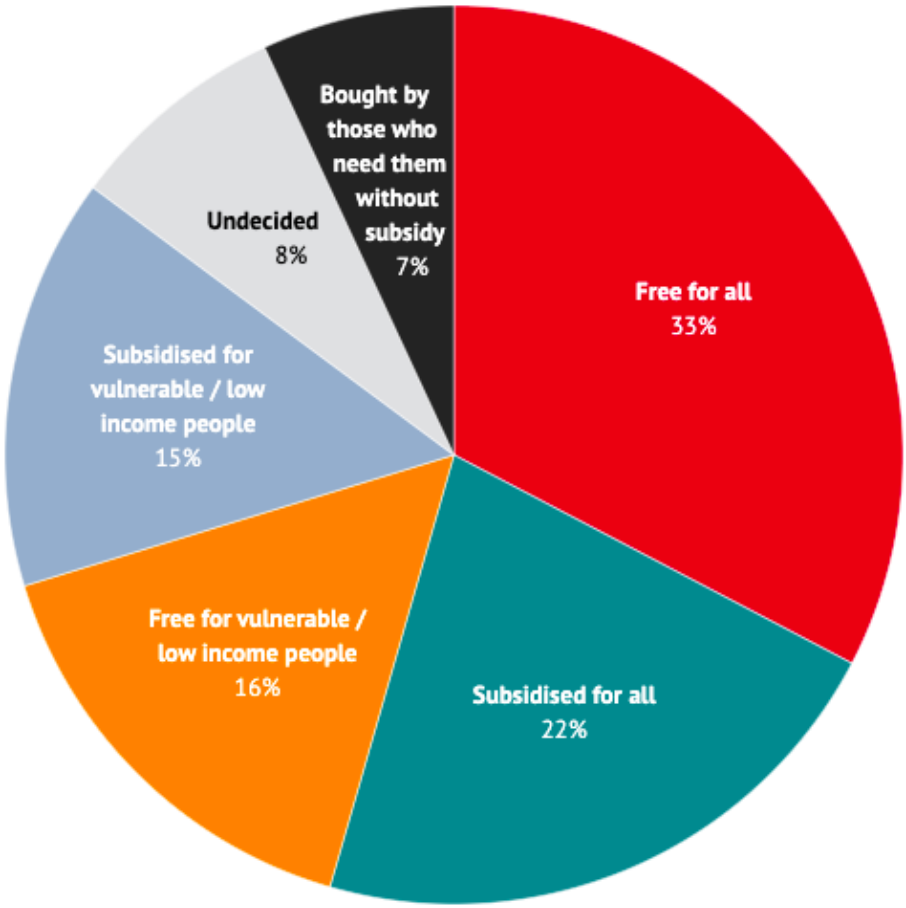
Education

- This probably does not fall into the specific "healthcare" budget but important for the government to address the misinformation regarding vaccinations and COVID-19 in general circulating on social media.

Rapid Antigen Test (RAT) Funding

- As Australia moves towards a different strategy to handling the pandemic, there is an ever-increasing reliance on RATs.
- RATs must be subsidised or free for certain members of the population, such as holders of healthcare cards listed below and international students.
    - Commonwealth Seniors Health Card
    - Department of Veteran's Affairs Gold, White or Orange Card
    - Health Care Card
    - Low Income Health Card
    - Pensioner Concession Card
- It is vital that RATs are free for low-income earners, those in need, and those who are more vulnerable to succumbing to COVID-19 not only as a moral imperative to protect the health and wellbeing of Australians but for our economy. With better access to RATs, people will be able to continue working in a safe way, hence contributing to our economy. The Federal Government has already cited that ten per cent of the workforce is currently unable to work because of the Omicron strain. This will continue to increase as Omicron continues to spread and people feel more safe staying away from work without the assurance of having been able to do a RAT and return a negative result.

- A *Resolve Political Monitor* survey conducted between January 12 to 15 of 1607



n = 1607. Some numbers are rounded

Source: Resolve Political Monitor

- The APA's position on the availability and funding of RATs is similar to the system used for aged care in Australia. Essentially, if a person can contribute to purchasing their RAT, they should contribute. At the end of the day, middle- and high-income Australians are able to afford the $12 or $15 it costs to buy a RAT from the supermarket or pharmacy. APA does not believe that $12 to $15 is likely to deter Australians with the means of purchasing a RAT from doing so.
- However, there is still a percentage of the population that $12 to $15 is a significant amount of money and not a fair price to have to pay. For these people, RATs must be free, or at least heavily subsidised by the Federal Government. Without being free or subsidised, low-income earners will not purchase RATs and instead choose either to continue living in the community whilst potentially being infectious or choose to stay at home to protect themselves and others. Both options could be disastrous. A low-income earner choosing to go out into the community whilst being infectious only exacerbates the already significant problem of COVID-19, particularly Omicron, spreading in the community. A low-income earner choosing instead to stay at home will not be working which has the double effect of putting them into financial stress as well as reducing the contribution being made to the national economy through people working.

Increased Manufacturing of RATs

- In order for the increased reliance on RATs in handling the COVID-19 pandemic to be viable and successful, there must be more local manufacturing of tests and this manufacturing must be funded and supported by the Federal Government.
- Currently, only one of the 22 home tests approved for use by ATAGI are manufactured locally. It is even more concerning that 16 of the 22 approved tests are currently being manufactured in China and shipped to Australia, as the potential for the Omicron outbreak worsening in China could lead to the exports reserved for Australia being requisitioned. *(Source: ABC News)*
- Australia already has accredited plants that could start manufacturing tests domestically, including Anteotech in Brisbane and Lumos Diagnostics in Melbourne. According to Dean Whiting, CEO of Pathology Technology Australia, establishing local manufacturing of RATs requires a "commitment from governments to order the products, a reimbursement for the tests [and]…certainty the tests would be bought locally." Sam Lanyon, executive chair of Lumos Diagnostics, agrees with this sentiment, stating that there must be a "local procurement mandate." (*Source: The Sydney Morning Herald)*.
- There is additional concern by those in the pharmaceutical industry regarding delays in approval for RATs by the Therapeutic Goods Administration (TGA). In order to be approved, the TGA requires a RAT to have a clinical sensitivity of at least 80 per cent and a minimum clinical specificity of at least 98 per cent. This is aligned with the performance requirements of RATs as determined by the World Health Organisation (WHO).

Immunisations other than COVID-19

- There is concern that the immense focus on COVID-19 vaccinations, despite being warranted to the unprecedented nature of the pandemic, has led to Australians forgoing their other required vaccinations.
- The *NIP Schedule* is created by the Australian Government and regularly updated based on the most current medical evidence and advice according to the World Health Organisation (WHO) for vaccine-preventable disease. It was last updated in July 2020, and includes vaccinations against many diseases including:
    - *Hepatitis B*
    - *Diphtheria*
    - *Tetanus*
    - *Pertussis*
    - *Rotavirus*
    - *Pneumococcal*
    - *Polio*
    - *Haemophilus influenzae type b*
    - *Meningococcal*
    - *Measles*
    - *Mumps*
    - *Rubella*
    - *Human papillomavirus*
    - *Varicella*
    - *COVID-19*

- Despite not many Australians travelling overseas currently due to the COVID-19 pandemic, for those that are required to do so for extraneous circumstances, additional vaccinations are strongly recommended for travel to certain regions due to potential exposure to:
    - *Hepatitis A*
    - *Cholera*
    - *Ebola virus*
    - *Japanese encephalitis*
    - *Rabies*
    - *Typhoid*
    - *Tuberculosis*
    - *Yellow fever*
- The Australian Government must continue to strongly educate and advocate for all Australians to receive their required vaccinations, other than COVID-19.

Australian Patients Association