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Stabilising the system: Federal Budget Briefing 2022-23

About the Victorian Healthcare Association

The Victorian Healthcare Association (VHA) is the peak body supporting Victoria's public and community health services to deliver high-quality care. Established in 1938, the VHA represents Victoria's diverse public healthcare sector, including public hospitals, aged care and community health services.

As well as providing a unified voice for the sector, the VHA delivers value for its members by offering tailored professional development programs, networking opportunities, and informative events. The VHA advocates on behalf of its members on sector-critical issues.

Utilising national resources to support local responses

Victoria's health system has been under considerable and sustained stress since the onset of the current global pandemic, which has only been exacerbated by the recent Omicron surge. It is not alone in facing these issues, but due to numerous outbreaks and six lockdowns, Victoria's public and community health services have faced more sustained pressure than any other jurisdiction.

The VHA's submission builds on its recent [Stabilising the system](#) white paper, which highlighted potential solutions for how Victoria's healthcare system can be supported to continue to deliver its pandemic response.

This submission calls for Commonwealth involvement and leadership in increasing health funding, improving workforce availability and ensuring greater care in the community. The Commonwealth Government has a vital role to support and augment the health response as Australia continues to navigate the pandemic.

Health funding that meets increased demand

Victoria, in facing the most extensive lockdowns in the country, has felt the biggest impacts of the pandemic. This has had major ramifications for its public health and aged care services, who have battled to protect and care for patients and staff. Even as the virus starts to become endemic, these pressures will not dissipate; they will only change, with Victoria likely to face the consequences of the pandemic for years to come. This means it is essential that adequate funding is available to ensure health and aged care in Victoria can meet the needs of the population.

Recommendation 1: The Commonwealth Government should remove the 6.5 per cent funding increase cap in the National Health Reform funding agreement for Commonwealth health funding for 2022-23 and 2023-24 to support the post-pandemic response.

Victoria has, so far, been the state most disrupted by the COVID-19 pandemic, which continues to impact the Victorian health system both directly and indirectly. Despite initial drops in activity at the start of the pandemic, the demand for care has since exceeded pre-pandemic levels, while the health system has still been attempting to respond to the pandemic and operating under restrictions.

These pressures will not end overnight. The Victorian health system, as well as the rest of Australia, will be facing pressure arising from the pandemic over the coming years. For instance, the [Australian Institute for Health and Welfare](#) identified a drop in cancer screening in 2020 compared to 2019, stating that the 'long-term effects of delayed screening during the COVID-19 pandemic will not be known for some time'. More health funding will be required to ensure all care needs are met.

To ensure the health system can continue to respond to the effects of the pandemic, including any subsequent issues, the 6.5 per cent funding increase cap in the National Health Reform funding agreement should be temporarily

removed for the next two years. Removing the cap ensures that any additional funds required can be provided and that there are no artificial restrictions hampering the pandemic response, while ensuring responsibility is equitably shared between the states, territories, and the Commonwealth.

Recommendation 2: The Commonwealth Government should provide catch-up funding for Public Sector Residential Aged Care Services (PSRACS) and Multi-Purpose Services (MPS) to ensure equity and to overcome historical funding inequality.

The Victorian public health system is the largest provider of public sector residential aged care in Australia, with 178 public sector residential aged care services delivering approximately 10 per cent of operational places across the state, while over 89 per cent of all Victorian public sector residential facilities are in regional and rural areas. These services have played a vital role in protecting their clients and communities during the pandemic, but further funding is required so that they continue to provide high-quality care and overcome wider systemic issues, including workforce shortages.

The VHA welcomes the upcoming removal of the Adjusted Subsidy Reduction (ASR) through the recent Royal Commission legislation which is passing through the Commonwealth Parliament. The ASR has unfairly penalised PSRACS for years, leading to an unjustified funding shortfall of approximately \$4,800 per bed per year, and has been a key policy recommendation for the VHA, including in our Royal Commission submissions. While the removal of the ASR is positive moving forward, its legacy of underfunding public aged care providers has left them far behind equivalent services in the private and not-for-profit sectors – yet the Royal Commission and the pandemic response highlight the need for funding equity, not disparity based on ownership. To rectify this long-standing issue, a new block-funding arrangement for PSRACS is required in addition to the new AN-ACC funding model, to overcome years of under-funding due to the ASR.

Similarly, the Commonwealth Government should ensure that the Budget delivers on its commitments to Multi-Purpose Services as part of its Royal Commission response. The Royal Commission was clear on the need for funding parity for these vital services. There should be additional funding from July 2022 to uplift and broadly align the funding for MPS with mainstream aged care, as well as better access to other aged care funding opportunities, which MPS have previously often been [ineligible](#) for, and establishing a co-contribution model between the state and the Commonwealth to redevelop MPS.

Expanding the healthcare workforce

Across Victoria, public health, aged care and community health services are facing workforce pressures; from outright shortages to ‘stretching’, the wider health workforce is being pulled in all directions. At a recent member forum, it was the issue highlighted by VHA members as the biggest area of concern. This is occurring in the context of a long 24 months, where the broader health workforce has been utilised during the pandemic to provide support wherever it has been necessary – services are reporting that there are no parts of their workforce that are not already being utilised or repurposed. And Victoria is not alone facing these pressures.

In the aforementioned white paper, the VHA highlighted opportunities for the state government to improve workforce wellbeing and capacity. The VHA now calls on the Commonwealth Government to implement the following recommendations to support this process by encouraging more people into Australia’s health workforce, thereby reducing the pressure on the existing health workforce.

Recommendation 3: The Commonwealth Government should support the growth of the health and aged care workforce by removing barriers to immigration for health professionals, including:

- removing age limits for permanent residency for those in the sector
- reducing the limit on working hours for international students
- streamlining immigration pathways for overseas professionals.

The reduction of immigration during the pandemic has massively exacerbated health workforce shortages, with immigration having long been a key tool to support care delivery, particularly, but not exclusively, in rural and regional areas. While the Victorian Government's [support to recruit 1,000 international health professionals](#) has been welcomed, services think it is unlikely to lead to many new recruits in rural or regional areas – broader immigration support, that the states cannot provide, is required.

This means it is vital that the Commonwealth Government removes barriers to immigration for health professionals – this will aid both our immediate efforts to fill current, urgent skills gaps necessary to respond to the pandemic and deliver 'catch-up' care as well as the longer-term recovery of our system over the coming years. The VHA's recommended changes are aligned with Recommendation 4, to ensure there is a consistent immigration approach for all associated health areas.

Recommendation 4: The Commonwealth Government must incentivise working in rural and regional areas by remitting all or part of Higher Education Loan Programme (HELP) debt for allied health practitioners and registered nurses.

The COVID-19 pandemic has highlighted the need to ensure that the health workforce, and health services, are located in the right places to deliver the care that people need. That means the right incentives need to be utilised, particularly to ensure access to care in rural and regional areas.

The VHA welcomes the recent [initiative](#) from the Commonwealth Government to remit all or part of HELP debt for eligible doctors and nurse practitioners. However, the approach excludes allied health practitioners and registered nurses – both a critical part of the health workforce. Incentives such as this need to take account of the entire workforce that delivers in-hospital and out-of-hospital care, so that rural and regional Australians can receive care comparable to that in major cities. The VHA calls on the Commonwealth Government to extend this incentive for allied health practitioners and registered nurses, to help facilitate and encourage greater availability of allied health and healthcare professionals in rural and regional areas.

Recommendation 5: The Commonwealth Government should support the growth of the mental health workforce by:

- **expediting the National Mental Health Workforce and National Medical Workforce strategies with actionable implementation plans**
- **reducing immigration barriers, such as age limits for permanent residency and working hour limits for international students**
- **removing blockages in the training pipeline, including expansion of critical provision of training places, delivery of quality and fit-for-purpose course content, and support for placements in mental health settings**
- **removing training hurdles for allied health graduates, such as requiring a high number of hours of unpaid placement**
- **ensuring there is appropriate training, resources and opportunities for clinical mental health professionals.**

It is now widely recognised that the pandemic has led to increased demand for mental health care, including by the [Australian Institute for Health and Welfare](#). This increased demand is anticipated to continue over coming years, which means having the right mental health workforce is more important than ever.

As part of its broader mental health reforms, the Victorian Government has developed the [Victorian Mental Health and Wellbeing Workforce Strategy](#). While the Strategy is focused on Victoria, it identifies a number of areas where Commonwealth action is required. These changes will strengthen the mental health workforce across Australia.

Recommendation 6: The Commonwealth Government should fund a primary health surge workforce, comprised of nurse practitioners and RIPERNs, to ensure GPs can continue to support rural and regional services and communities.

At a recent VHA membership forum on 'Navigating COVID Peak', public and community health services highlighted issues with receiving support from the primary care system. This included a lack of connections, availability or care, particularly in regional areas. Primary care, especially general practice, is vital for rural and regional communities – public and community health services need their support and involvement to be as effective as possible as they respond to the current surge in COVID-19 cases and the longer-term effects of the pandemic.

The VHA has previously called on the state government to develop a primary health surge workforce as part of the *Stabilising the system* white paper – and now extends this recommendation to the Commonwealth Government. Victoria, and some other jurisdictions, are already utilising advanced practice nurses, including Rural Isolated Practice Endorsed Registered Nurses (RIPERNs), to supplement and augment the role of GPs, which could support this process.

Out-of-hospital care

The pandemic has highlighted ongoing opportunities to utilise beyond-hospital capabilities to ensure health services are not overrun. While the focus has largely been on hospitalisations and acute care, in Victoria, the pandemic response has also signalled the need to use the wider health system to ensure those worst affected by the virus can receive the intense care and support they need. It marked one of the first times that there has been a genuine, whole-of-system response to prevent people from requiring acute care.

The Commonwealth Government must support this process during the pandemic and beyond. Reaching people where they live should lead to reduced expenditure and better outcomes. It is vital that accessible policy interventions are utilised; otherwise, Australia risks not learning one of the pandemic's most important lessons.

Recommendation 7: The Commonwealth Government should, as part of the national rollout of the COVID Positive Pathway model, provide increased funding to Victoria to support its role as the leading jurisdiction.

Innovation has been a key feature of Victoria's health response to the pandemic, with a focus on ensuring that the whole health system is working together and that care is delivered where it is needed. Victoria's pandemic response has already generated new initiatives that both relied on, and strengthened, these links. The best example of this is the COVID-19 Positive Pathways program, which serves as a triage pathway between hospitals, community health services and primary care, enabling at-home monitoring and care for COVID-positive patients through the use of telehealth.

In operation since an initial trial in August 2020, the program has grown across the state and has ensured that COVID-positive patients could be treated at home, reducing their impact on the health system. There are now plans to establish a national model, with Victoria as the leading jurisdiction, and a pilot is underway exploring the involvement of Healthdirect Australia to lead monitoring.

However, access to the program is not equal. Regional and remote services have indicated a level of confusion around whether they will need to use a version of the pathway as their cases increase. Victoria needs further funding to expand and strengthen the COVID Positive Pathway model equitably so that it can continue to be an exemplar.

Recommendation 8: The Commonwealth Government must ensure telehealth is an enduring feature of our health system.

The use of telehealth in the Victorian health system has significantly increased since March 2020, enabling remote care during a period when face-to-face contact was difficult or impossible. There were 86,000 telehealth calls in September 2021, compared to approximately 800 for the same period in 2019. Telehealth is undoubtedly a major success story from Australia's pandemic response, and the VHA has welcomed recent attempts to make these changes [permanent](#).

The VHA also welcomes recent Commonwealth Government [announcements](#) for further funding to support telehealth delivery during the pandemic. However, the right system is needed to ensure that access to telehealth remains, as the Minister for Health and Ageing envisions, [a permanent feature of our health system](#). Telehealth is currently an uncertain blend of MBS items that will result in a complex system – when it needs to simply encourage and grow the use of remote care.

The Commonwealth Government needs to ensure patients and clinicians can use telehealth as they see fit, unhindered and not limited by MBS technicalities. Otherwise, it risks compromising one of the pandemic response's biggest innovations.

Recommendation 9: The Commonwealth Government must increase funding for preventive health in the budget, in line with its five per cent funding commitment in the National Preventive Health Strategy.

A greater focus on prevention reduces demand for care, eases the burden on services, and leads to better patient outcomes. The pandemic has only further highlighted how important it is to reach people as early as possible. The VHA was pleased to see the recent launch of the National Preventive Health Strategy. However, a strategy is only as valuable as the change that stems from it; it is vital that the Commonwealth Government, and others, deliver on the promise of the Strategy.

The prioritisation of prevention should be reflected in the budget. The VHA calls on the Commonwealth Government to increase preventive funding in 2022/23 Budget, in line with the commitment it made in the National Preventive Health Strategy that investment in preventive health will rise to be five per cent of total health expenditure by 2030. The VHA advocates for similar action at the state level, but the Commonwealth Government should use this opportunity to send a clear signal of intent.

Recommendation 10: The Commonwealth Government should extend Head to Health clinics for an additional two years to support post-pandemic demand for care.

Victoria has experienced an increased demand for mental health care in recent years, largely due to the pandemic, with the effects of this expected to continue over coming years. For instance, while Australia saw a rapid rise in telehealth consults, Victoria experienced the greatest rise due to the longer implementation of lockdown restrictions and a rise in demand, particularly for mental health presentations.

While Victoria has its own mental health pandemic response, the VHA and its members welcomed the August 2020 announcement of 15 Head to Health clinics from the Commonwealth Government to support the community. Largely delivered by community health services, they are a vital resource to support primary mental health care, augmenting existing care opportunities.

These clinics have since been expanded across the country, but funding is due to expire in June 2022. The Commonwealth Government must, as a matter of urgency, extend these clinics for at least the next two years to ensure they can support the community as it continues to face the impact of the pandemic.



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