

This briefing outlines measures announced in the Federal Government's 2016-2017 Budget, particularly those relevant to HIV and STIs. The briefing draws on material from the Department of Health Budget Lock-up, information separately released by the Departments of Health and Foreign Affairs and Trade, and analyses by non-government health and welfare organisations.

Overview

Key features of the 2017-2018 Federal Budget relevant to HIV and STIs include:

- references in detailed Health Budget papers to a combined *National BBV and STI Strategy 2018-2022*. Subsequently, the Government has confirmed its decision to maintain standalone National Strategies for HIV, STIs, hepatitis B and hepatitis C, with an accompanying strategy on Aboriginal and Torres Strait Islander BBVs and STIs. This preserves existing arrangements for national policy at a critical time in the responses to these diseases. The Government decision is significant for AFAO and other national peak organisations who have together advocated on this issue on the strength of our members' views
- a strong statement from the Government on its approach to the Pharmaceutical Benefits Advisory Committee, stating that "the Government has maintained its commitment to list all medicines on the PBS [Pharmaceutical Benefits Scheme] that have received a positive recommendation from the PBAC." This signals a non-political approach to the approval of PBAC-recommended medicines, with a positive PBAC recommendation being the sole determinant. PBAC will consider two applications for HIV PrEP at its July 2017 meeting. We will need to remain vigilant in ensuring prompt action by the Government on a positive recommendation
- the abandoning of measures announced in 2014 related to the Medicare Safety Net and Pharmaceutical Benefits Scheme safety net, the effect of which is to retain these schemes
- a punitive trial to drug-test welfare recipients even while demand for alcohol and drug services far outstrips supply. AIVL has issued a statement calling out the absence of evidence for coercive measures and the illogic of such punishing arrangements when alcohol and drug treatment services remain seriously under-funded for those people who are seeking support
- an effective cut to the aid budget from 2019-2020 onwards. This brings Australia's aid commitment to a new all-time low. The effects of previous cuts have already seen massive loss of capacity within Australia and the region for HIV programs, despite the continued growth of regional epidemics and the critical importance of Australian support and leadership in the region. Nonetheless, the Budget confirms continued Australian funding for UNAIDS, the Global Fund to Fight AIDS, Tuberculosis and Malaria and a third phase of the Sexual and Reproductive Health Program in Crisis and Post Crisis Situations (SPRINT) program delivered by the International Planned Parenthood Association

The Budget marks a 'move to the centre' by the Federal Government on health. The established of a Medicare Guarantee Fund to give confidence that the Federal Government will fully fund Medicare and the PBS signals a desire by the Government to restore trust in its commitment to Australia's universal health care system. This measure, and health commitments more broadly, also seek to neutralise politically damaging criticism of earlier Budgets, particularly that of 2014, and point to a greater sensitivity by the Government to the very high priority voters place on healthcare.

On Budget night and subsequently, the Minister for Health, the Hon Greg Hunt MP, has emphasised as centrepieces major compacts with the Pharmacy Guild of Australia, Medicines Australia and the Generic and Biosimilar Medicines Association. These compacts provide underpinning support for a number of the key health budget measures, particularly those related to the PBS and Medicare Benefits Schedule. Their negotiation since the appointment of Minister Hunt in January 2017 is impressive, and reflects the rapid pace at which the Minister and his office has mastered the complexity and detail of the portfolio and been able to negotiate major agreements.

With these compacts announced, the Minister has foreshadowed priorities for the coming and subsequent year, including:

- in 2017/18 (for the 2018/19 Budget): private health insurance, mental health (particularly rural mental health), workforce, and aged care reform
- in 2018/19 (for the 2019/20 Budget): public hospitals agreement with States and Territories, primary care, and preventive health including Indigenous Health.

While the 2019/2020 Budget is a long time to wait for serious preventive health reform, we have been pleased to hear the Minister announce that those reforms will include a serious examination of structural issues. The Minister has indicated an intention to incentivise a stronger focus on prevention through the Agreements with States and Territories, at the Commonwealth level and through primary care. We've highlighted to the Minister the important role of the non-government sector in preventive health (and broader hospital avoidance). The Minister has announced the appointment of Dr Lisa Studdert to the newly created role of Deputy Secretary for Preventive Health within the Department of Health. AFAO will meet with Dr Studdert in coming weeks to begin dialogue on the proposed reforms and the importance of communicable diseases being comprehensively recognised within preventive health initiatives.

Despite promising future signs for preventive health, there were notable gaps in 2017/18 Budget with no or little new money for public health priorities including communicable disease, tobacco, alcohol and nutrition.¹ The absence of substantive measures addressing Aboriginal and Torres Strait Islander health priorities is also disappointing. With the Australian Government's defunding of Aboriginal and Torres Strait Islander BBV and STI programs in NSW, Queensland and the Northern Territory, it is especially disappointing to note no new announcements. This leaves a critical gap in activity. More promisingly, the Federal Government is seriously considering the problem of growing HIV rates and sustained high rates of STIs in Aboriginal and Torres Strait Islander communities. We will continue to work closely with the Government toward a solution.

National Strategies

The detailed Health Budget Papers include reference to a combined *National BBV and STI Strategy 2018-2022*. AFAO has subsequently clarified that the Minister has confirmed his decision to maintain standalone National Strategies for HIV, STIs, hepatitis B and hepatitis C, with an accompanying strategy on Aboriginal and Torres Strait Islander BBVs and STIs.

Following consultation with our respective members, AFAO and other national peak organisations had advocated for the preservation of existing standalone arrangements, noting we are at a critical moment in HIV and hepatitis C, requiring renewed focus and deepened efforts to achieve the goals of these Strategies. STIs and hepatitis B likewise deserve unique attention, not least in order to critically examine existing efforts and find new and better ways forward.

¹ <https://www.phaa.net.au/documents/item/2116>

AFAO is very grateful to the Minister for his decision and his willingness to consider stakeholder views.

The Department is currently sourcing support for the development of the Strategies, and a consultation process will commence shortly. We will work closely with the Department to support their work on the Strategies and to provide input through the consultation process. The Strategies are intended to be submitted for approval around August or September 2017, with a view to endorsement at the COAG Health Council in November 2017.

Funding for PrEP on the Pharmaceutical Benefits Scheme

The Health Budget Papers and Minister Hunt's press release on the Budget include strong commitments to protecting the integrity of the PBAC. The PBAC provides recommendations to Government on the cost-effectiveness of new medicines. The Minister has confirmed unambiguously that the Government will "continue to provide affordable access to new medicines that are recommended by the Pharmaceutical Benefits Advisory Committee without fear or favour."

Two applications for PrEP are currently before the PBAC for a discussion and recommendation at its July 2017 meeting. AFAO is preparing submissions to the PBAC on these applications in consultation with members. We will share the final draft submission with members in advance of the submission closing date to allow the community position derived through AFAO's consultations to be referenced in member submissions and letters of support.

Drug-testing of welfare recipients

The Budget will allocate funding to trial drug-testing of welfare recipients. Individuals on Newstart Allowance or Youth Allowance in trial locations may be subject to randomised drug-testing. A positive test could lead to these individuals receiving future welfare payments through a cashless welfare card.

AIVL, with sign-on from AFAO, NAPWHA and Scarlet Alliance, has called out the measures. In a media release,² our organisations have highlighted the exercise as "costly and pointless". There is no evidence that punishing people for using drugs deters drug use or leads to rehabilitation. Punishing people who use drugs increases the stigma associated with drug use and deters people from accessing services. The costs of this trial (listed in Budget papers as 'commercial-in-confidence') should be re-directed into expanding alcohol and other drug services so people who want support can get the support they need. The media release highlights that while approximately 200,000 people receive alcohol and other drug treatment each year, an additional 200,000-500,000 people seeking treatment are unable to access it.³

The drug-testing Budget measure is accompanied by a suite of additional welfare reforms aimed at coercing engagement with alcohol and drug treatment, including the "removal of exemptions due to drugs or alcohol abuse" and removal of eligibility for the Disability Support Pension.

² <http://bit.ly/2pDKZ7U>

³ New Horizons: The review of alcohol and other drug treatment services in Australia: [http://www.health.gov.au/internet/main/publishing.nsf/content/FD5975AFBFD7013CA258082000F5DAB/\\$File/Th e-Review-of-alcohol-and-other-drug-treatment-services-in-Australia.pdf](http://www.health.gov.au/internet/main/publishing.nsf/content/FD5975AFBFD7013CA258082000F5DAB/$File/Th e-Review-of-alcohol-and-other-drug-treatment-services-in-Australia.pdf)

Pharmaceutical Benefits Scheme savings

The Budget announces agreements for one-off price reductions for some medicines that have been on the PBS for 10 and 15 years, as well as ongoing reductions in PBS prices and initiatives to increase the uptake of generic medicines. Importantly, all savings achieved through the measures will be retained within the Health portfolio for re-investment.

Medicare costs

The Government announced that it is lifting the freeze on the indexation of bulk-billing incentives for general practitioners from 1 July 2017. The pause has been in place since 2014. The recommencement of indexation will ease pressure on bulk-billing services and, consequently, on out-of-pocket expenses. The 'phase in' of the re-introduction of indexation for items will commence from 1 July 2018 for standard consultations with GPs and specialists and 1 July 2019 for specialist procedures and allied health services.

My Health Record

My Health Record will be continued and expanded through the transition of the scheme to an opt-out arrangement, as agreed by the Council of Australian Governments.

My Health Record allows individuals to place their health records in one online place. Upon consent, this information is available to doctors, specialists and hospitals. My Health Record is intended to reduce duplication of tests and procedures, time spent in medical consultations and support health care providers to better coordinate care for people with chronic and complex health conditions. Transitioning to an opt-out arrangement expedites the impact of My Health Record for individuals who need ongoing care, which supports better informed treatment decisions.

There is no doubt that bringing together health information can have benefits for all, including people with HIV. AFAO has previously advocated however that for such records to meet their aims, they must ensure that rights to privacy and confidentiality and processes for personal control of the record are not undermined by initiatives to enhance the completeness of information held. AFAO has also advocated for strong consumer protections and accessible, effective and speedy complaint and appeal processes.

Pharmaceutical Benefits Scheme and Medicare Benefits Scheme safety nets

A number of previously announced 'budget repair' measures that had failed to pass the Senate will no longer be pursued. This means that Medicare Safety Net arrangements and Pharmaceutical Benefits Scheme safety net thresholds will be retained. While the thresholds are high, this news is nonetheless good for our communities. The costs of HIV treatment and associated healthcare can be considerable. For people with multi-morbidities these costs are even greater.

Health Care Homes

The first 200 Health Care Homes trial sites were announced as the Government continues to position Health Care Homes as the centrepiece of its reforms for people living with chronic and complex health conditions. Twenty practices will begin as Health Care Homes on 1 October 2017. A further 180 practices will begin on 1 December 2017. The trial sites are clustered within ten regions.

The Health Care Homes initiative seeks to improve primary care for people with complex and chronic conditions by bundling payments and incentives for General Practitioners working with enrolled patients (as opposed to the existing fee-for-service model). The effect of coordinating services in one location is intended to remove the impost associated with having to navigate a system that is fragmented between State and Federal funding with locations in multiple sites.

For people living with HIV who have multi-morbidities and whose health requires ongoing care, Health Care Homes may in the future offer benefits. At this stage, we have not recognised any sites in the 200 named practices that offer s100 HIV prescribing.

Medicare Benefits Schedule Review

The Medicare Benefits Schedule Review will continue. The Government is continuing with an independent clinician-led review of MBS line items to ensure that the MBS is safe, contemporary and enables equity of access for consumers. This review will include the removal of services that have been superseded, obsolete, or of 'limited clinical benefit'. The savings realised from the review will be redirected into new services or existing services with proven benefit.

Medical Research Futures Fund

The first disbursements to the Medical Research Futures Fund will commence from 1 July 2017 (\$65.9m), increasing to \$642.9m in 2020/21. The Budget papers refer to a number of 'preventive health' initiatives including:

- strategies to address chronic and complex conditions
- support for the Australian Prevention Partnership Centre to promote good health practices and strategies to help people avoid chronic and complex conditions and
- funding to support breakthrough research initiatives in areas like antimicrobial resistance

Unfortunately, much of what is termed 'preventive health' is restricted to chronic health conditions, and offers limited support for communicable disease efforts.

Mental health funding – suicide prevention

A number of suicide prevention initiatives have been announced as part of funding for mental health programs. These include \$115 million for mental health and suicide prevention efforts in locations with a high frequency of suicide attempts ('hot-spots'), particularly through changes to the physical environment to reduce suicide attempts or provide support at those places.

National Disability Insurance Scheme

The Budget commits to fully funding the NDIS through a 0.5% increase to the Medicare levy. The Australian Federation of Disability Organisations has welcomed this measure⁴.

⁴ <http://www.afdo.org.au/5755.aspx>

Australian Aid

Australia's overseas aid budget continues at historic lows as a percentage of national income. The overseas aid budget will increase slightly in 2017/18 and 2018/19 to \$3.9 billion and \$4.0 billion respectively, in line with inflation. However, the Government will then pause its commitment to continue to grow the aid budget in line with Consumer Price Index, which will amount in \$303.3 million of cuts in 2019/20-2020/21.

The Australian Council for International Development, of which AFAO is a member, has issued a media release⁵ rightly stating "this budget fails to do justice to who we are as a compassionate nation and what we have to offer the world – our people, our expertise and our position as a prosperous country who can offer a helping hand." ACFID calls on the Government to outline its plans for achieving Australia's overseas aid target of 0.7% of gross national income by 2030.

UNAIDS and the Global Fund to Fight AIDS, Tuberculosis and Malaria

The Australian Aid Budget Summary confirms that Australia's funding to UNAIDS will remain stable at \$4.5 million for 2017/2018. It also reconfirms Australia's \$220m commitment to the Global Fund to Fight AIDS, Tuberculosis and Malaria for the 2016/17-2018/19 triennium. This commitment, announced in 2016, is a 10 percent increase on Australia's previous contribution to the Global Fund.

Sexual and Reproductive Health Program in Crisis and Post Crisis Situations

The Budget confirms that in during 2017 to 2019, the Australian Government will provide a further \$9.5m to the Sexual and Reproductive Health Program in Crisis and Post Crisis Situations (SPRINT). The program is delivered by the International Planned Parenthood Association and has supported 890,000 people with services to avoid maternal death, reduce unplanned pregnancy, prevent morbidity and mortality in newborns and reduce HIV and STIs. The third phase of the program to which the funding relates will provide safe birthing environments, family planning services, HIV prevention and treatment, protection against sexual violence and support for survivors of rape and violence. With the Budget announcement, Australia's total contribution to the program will be more than \$26m. The highlighting of this program in the Australian Aid Budget papers is welcome.

Papua New Guinea

The Government will provide \$90.5m for health assistance to Papua New Guinea, but there is limited detail on the breakdown of these funds and none in relation to HIV or tuberculosis. The Budget papers indicate that Australia's health investment in PNG will "target maternal and child health and communicable disease control, and health security," together with a focus on health financing and human resources.

AFAO has advocated strongly for better management of its HIV investment in PNG, following alarming signals from the Government during 2016. These included the de-funding of AFAO's, NAPWHA and Scarlet Alliance's PNG counterparts Kapul Champions, Igat Hope and Friends Frangipani respectively at end December 2016. Nearly half of Papua New Guineas being treated for HIV are supported through Australian aid investment (some 10,000 people), and Australia must ensure that in the midst of current program changes, those people are not left without access to treatment and care. The Budget Papers highlight the transition in Australia's bilateral relationship with PNG, pointing to an 'evolving relationship'.

⁵ <https://acfid.asn.au/media-releases/stop-start-aid-budget-fails-match-scale-global-challenges>