



Revenue Summit 18

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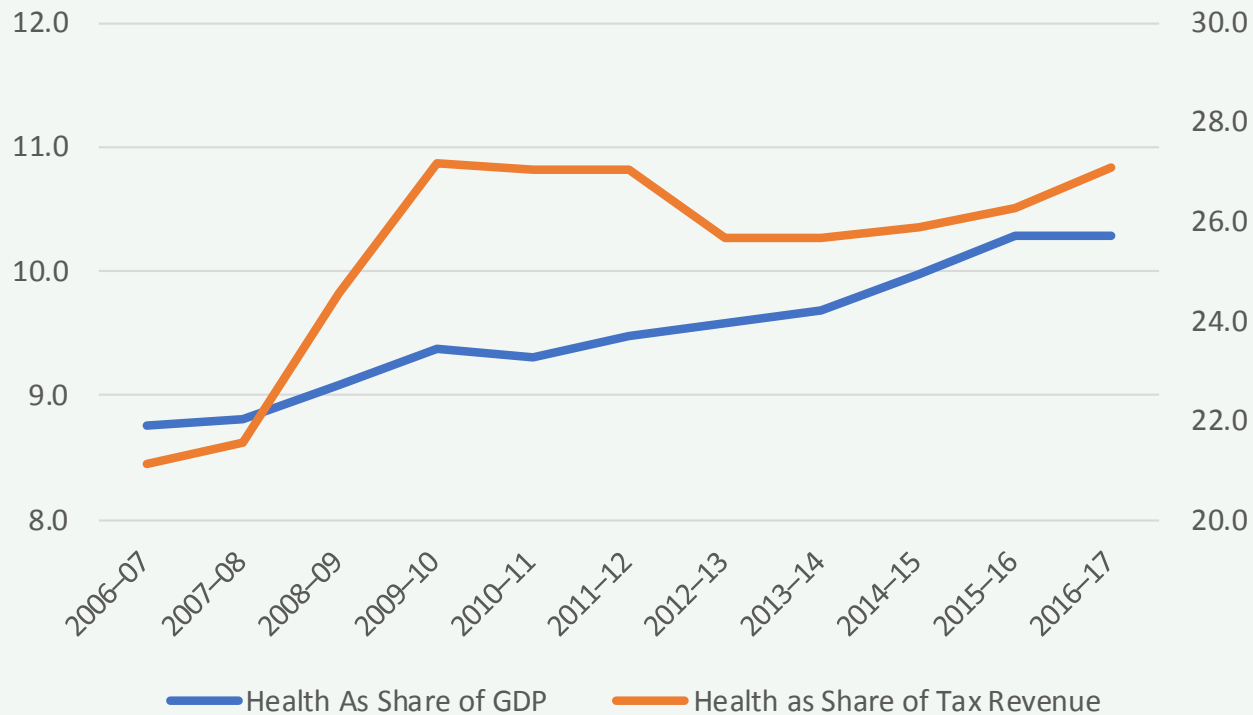
Overview

- A helicopter view of the Australian health system
- Some public finance numbers around our health system
- Some of the challenges associated with the delivery of effective and efficient healthcare
- Reflect on some aspects of government policies on revenue and the organisation of the health system

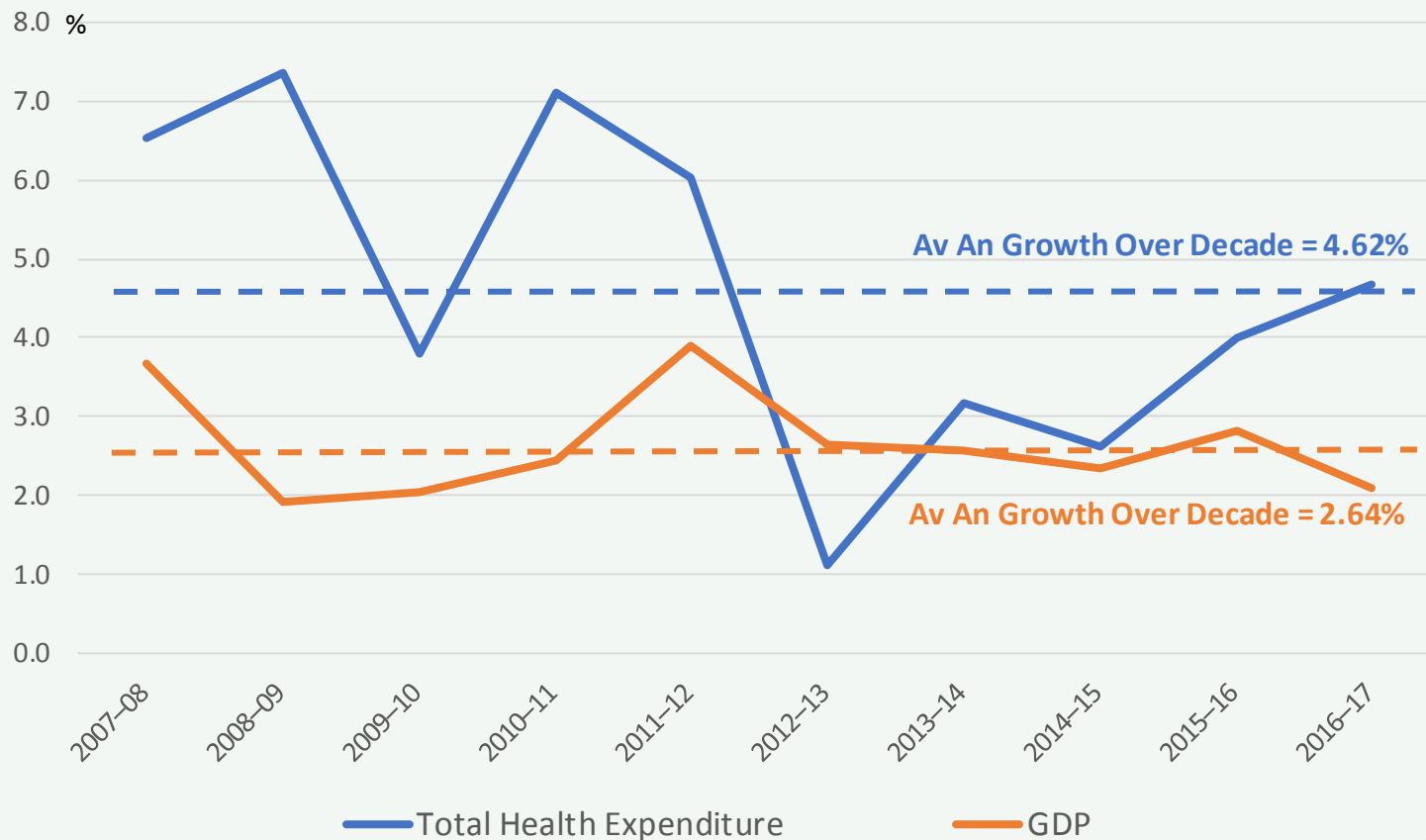
Health Expenditure 2016-17

- \$A180.7 billion (10.28% of GDP; funded 41.3% by Commonwealth, 27.4% states and territories and 31.3% non-government)
- Primary healthcare 34.3%, Hospital care 38.2%
- \$A7,411 per person (13th out of 44 OECD countries in 2016)

Proportion GDP/Tax Revenue On Health



Annual Growth - Health and GDP



How Others Assess Our Health System

Health Care System Performance Rankings

	AUS	CAN	FRA	GER	NETH	NZ	NOR	SWE	SWIZ	UK	US
OVERALL RANKING	2	9	10	8	3	4	4	6	6	1	11
Care Process	2	6	9	8	4	3	10	11	7	1	5
Access	4	10	9	2	1	7	5	6	8	3	11
Administrative Efficiency	1	6	11	6	9	2	4	5	8	3	10
Equity	7	9	10	6	2	8	5	3	4	1	11
Health Care Outcomes	1	9	5	8	6	7	3	2	4	10	11

Source: Commonwealth Fund analysis.



Current Policy Drivers in Health

- Ageing of the population
- Increasing consumer expectations
- More expensive technologies
- Management of chronic diseases and multimorbidity
- Reducing health inequalities
- Value based healthcare?
- Coordinated care
- Need for better data

Some Issues In Health Financing

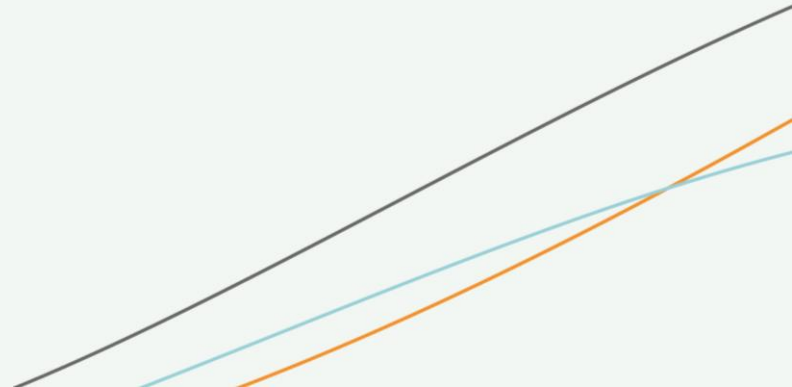
- Medicare levy: 2.0% → 2.5% → 2.0% (April 2018 with forgone revenue estimated at \$8.2 billion)
- Better target existing expenditure:
 - Private health insurance rebate
 - Coordinated care
 - Value based healthcare?
- Horizontal fiscal equalisation and vertical fiscal imbalance

Commonwealth Tax Receipt Cap

- "The Intergenerational Report projects tax receipts to continue to recover from the Global Financial Crisis until they reach 23.9 per cent of GDP, the average level between 2000-01 and 2007-08" (page 20, Intergenerational Report, Commonwealth of Australia 2015).

Productivity and Health

- "Australia's economic performance and living standards depends on us working smarter and more efficiently. It is not about working longer and harder. It is about producing more with the same effort" (page 12, Intergenerational Report, Commonwealth of Australia 2015).



Healthy People, Healthy Systems
Blueprint for a Post June-2020
National Health Agreement

A 10-Year Strategic Vision

- Reorientate the health system to be:
 - Patient-centred
 - Outcomes-focused
 - Value-based
- A series of practical steps to progressively move the health system towards achieving these goals:
 - In the short term – over 2 years
 - In the medium term – over 5 years
 - In the long term – over 7 to 10 years

Four Key Domains For Strategic Reform

1. **Governance:** Nationally unified, regionally controlled
2. **Data:** Fit-for-purpose performance information and reporting
3. **Workforce:** Serve and meet population health needs
4. **Funding:** Sustainable and appropriate for high quality healthcare

Healthy People, Healthy Systems is available at:

<https://ahha.asn.au/Blueprint>

Summary

- Australia's health system represents over 10% of our economy and has historically grown as a proportion of GDP
- The Commonwealth Government's policy cap of revenue settling at 23.9% of GDP is arbitrary and calculated over a period of maximum economic prosperity
- Economic dividend from investing in a healthy workforce
- Along side revenue measures, there are opportunities to better utilise the resources already devoted to healthcare:
 - Coordinated care
 - Value based healthcare
 - Better targeting of existing resources