



Australian Government

Department of Health

Chief Medical Officer

Mr Jason Lange
Executive Director
Office of Best Practice Regulation
Department of the Prime Minister and Cabinet
1 National Circuit
BARTON ACT 2600

Dear Mr Lange

Stronger Rural Health Strategy - Regulation Impact Statement - Second Pass Final Assessment

Thank you for your first pass final assessment of the Regulation Impact Statement (RIS) prepared for the Stronger Rural Health Strategy (the Strategy).

I am satisfied the second formal version of the RIS addresses the concerns raised in your letter of 11 January 2019. Our response to your feedback is provided below.

- 1. The first pass consideration noted that, 'given the complexity and magnitude of the proposed reforms, the RIS needs to more clearly demonstrate the linkage between the measures and the problems identified'.*

Response:

Key sections of the RIS have been revised to provide a more fulsome explanation of the challenges to providing health services in regional rural and remote areas, and how the various measures comprising the Strategy address these issues.

Specific amendments that respond to this concern are:

- the **Problem Definition** section of the RIS (pg.3 to pg.14) has been significantly expanded so that it identifies the current challenges to providing key allied health, psychological and dental services beyond the major cities. This expanded section provides a more fulsome context that addresses all of the measures under the Strategy; and

- the **Preferred Option** section of the RIS (pg.24 to pg.35) has been revised so that individual measures under the Strategy receive a more fulsome explanation of what they will achieve and how they are aligned to problem.

2. *The first pass consideration noted that the RIS would be aided by a defined optimal steady-state workforce.*

Response:

There are several factors that currently prevent the Government from defining an optimal, steady-state workforce. However, the RIS has been amended to more clearly define key measures under the Strategy, particularly the proposed development of the Health Demand and Supply Planning (HeaDS UPP) Tool, will provide the basis for defining future health workforce needs. Specifically, the revised RIS (pg.31 and pg.32) identifies how the proposed HeaDS UPP tool will represent a significant improvement in capacity for the Government to engage in collaborative, whole-of-workforce policy development and planning.

3. *The first pass consideration noted that the RIS would benefit from a greater focus on the interaction between measures, including additional information to demonstrate how the broader structural changes and more targeted measures will complement each other.*

Response:

The **Preferred Option** section of the RIS (specifically pg.24 to pg.32) has been significantly expanded to demonstrate how the individual measures under the Strategy complement one another. Eight key interactions between the individual measures are set out in this section of the RIS.

4. *The first pass consideration noted that the RIS would benefit from additional analysis of how risks of unintended consequences are mitigated.*

Response:

The **Preferred Option** section of the RIS includes information on the steps that the Government intends to take to mitigate risks identified in relation to measures under the Strategy. The majority of identified risks relate to amendments to the Medicare Benefits Schedule (MBS) claiming rights for GPs and the revised document gives substantial information on mitigations the Government would implement to address these.

5. *The first pass consideration noted that for completeness, the RIS should address the interconnectedness of primary and hospital health care. A specific emphasis is the risk that changes in labour supply in these areas may drive patients into the hospital system.*

Response:

The **Preferred Option** section of the RIS (specifically pg.33) has been amended to explore this interconnection. The revised RIS explains that there are mechanisms that sit outside of the Strategy that address the connection between primary health services and hospitals in delivering care in rural areas. The RIS explains how the Strategy creates the conditions that will enable more GPs to qualify to a standard so that they can participate in these models of care.

6. *The first pass consideration noted that the RIS refers to a high proportion of non-vocationally recognised (non-VR) GPs and this makes it important to identify what proportion of qualified GPs the Strategy is working to achieve.*

Response:

The **Problem Definition** section of the RIS (specifically pg.4) has been revised to clarify the Government's intent that all doctors working with (MBS) access will attain postgraduate qualifications. This intent is explained in the context of section 19AA of the *Health Insurance Act 1973* (the HIA).

This intent is also confirmed in the:

- **Second Option** section of the RIS (pg.18 to pg.23), which identifies how recalibrating the general practice MBS items independently of other structural reforms is unlikely to provide the basis for achieving a state where all non-VR doctors eventually become fully-qualified GPs; and
- **Preferred Option** section of the RIS (pg.24 to pg.38), which identifies how the collective measures under the Strategy create the basis for truly supporting doctors to qualify as GPs according to the standards set by section 19AA of the HIA.

7. *The first pass consideration noted that the RIS should present any divergent stakeholder views taken as part of the consultation process, including medical practitioner views.*

Response:

The Consultation section of the RIS (pg.35 and pg.36) has been expanded to provide examples of how key Measures proposed under the Strategy have been defined by stakeholder views.

8. *The first pass consideration noted that the RIS should explain in summary form, what drives the regulatory burden for the Strategy and who the incidence falls on.*

Response:

Key sections of the RIS have been revised to provide more direct information about the regulatory burden of key measures, specifically those influencing MBS access for doctors working in general practice. These are the:

- **Second Option** section of the RIS (pg.18 to pg.23), which examines the regulatory burden of revising the GP MBS item structure in the context of risk mitigations proposed by the Government ; and
- **Preferred Option** section of the RIS (pg.24 to pg.38), which examines the regulatory burden of introducing the collective measures.

I am satisfied that the RIS now meets best practice consistent with the *Australian Government Guide to Regulation*.

I submit the RIS to the Office of Best Practice Regulation for formal final assessment.

Yours sincerely

A handwritten signature in black ink, appearing to read 'B Murphy', written in a cursive style.

Professor Brendan Murphy
Chief Medical Officer

30 January 2019