

What's in store for new health minister Greg Hunt?

Written by Jim Gillespie, Deputy Director, Menzies Centre for Health Policy & Associate Professor in Health Policy, University of Sydney

Greg Hunt was today announced as federal health (and sport) minister following Sussan Ley's expenses scandal and subsequent resignation. Hunt will be the third minister to hold this portfolio since the Coalition was elected in 2013. Successful health ministers need well-honed political skills, a lot of patience and even more backbone for the very public battles needed for real change.

So far, the Coalition has not covered itself with glory in the health portfolio. Ley took over in 2014 from the hapless Peter Dutton – whose main achievement was to unite almost all sectors of health against his plans for co-payments for GP visits.

The freeze on GP payments was inherited from the Gillard government, but now seems to be a permanent part of primary care policy. The pressure on GP earnings creates strong incentives to introduce or increase co-payments. The result will be continued pressure in the sensitive area of bulk-billing rates.

Implementation of Ley's many health reviews

Ley launched a series of major reviews of spending programs – especially the Medicare Benefits Scheme. The proposals from these reviews are now on the table, and Hunt will have difficulty implementing them.

Private health insurance provides one of the government's most intractable quandaries. Some 20 years ago, then Prime Minister John Howard devised an assistance program to prop up a failing industry. Government subsidies, through the private health insurance rebate, now stand at more than A\$6 billion, [increasing at well over inflation](#) and outstripping wages growth.

Last year Ley pushed funds to reduce their original claims. Hunt will shortly have to consider the next round of increases.

The core problem is costs, especially of hospital services. However, the government abandoned a significant attempt to reduce the costs of prostheses, so that private insurers would pay closer to the much lower prices negotiated by public hospitals. After intense lobbying from the private

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hospitals and manufacturers that benefit from the current system, these issues were [shunted to yet another committee of inquiry](#)

More broadly, the private health insurance industry has been struggling to find a long term and sustainable place. For the first time since the 1990s, there has been a [significant decline](#) in the proportion of Australians buying insurance policies. Attempts to broaden its base – such as Medibank's links with GP services – resulted in a backlash from consumers and medical practitioners.

The costs of unnecessary or low-value medical services has been at the heart of the government's review of the Medicare Benefits Schedule (MBS) – the list of Medicare payments for services.

A [recent series of articles in the prestigious Lancet journal](#) , with substantial Australian content, has underlined the importance of improving the use of evidence-based approaches and value for money. The Lancet authors have stressed the need for system reform:

... policies must move beyond the purely incremental; that is, policies that merely tinker at the policy edges after underuse or overuse arises.

Expert taskforces led by clinicians to review the almost 6,000 MBS items have made detailed recommendations of changes to the use of items and levels of payment. Hunt will need to chart the government's response to these recommendations. The MBS review has maintained an admirable air of consensus so far. This is unlikely to last as particular areas are singled out for action.

Primary care trial for 2017

The other areas of unfinished business offer more prospects. The government's [Health Care Homes pilot](#) , commencing in July 2017, is a response to calls for a health system that is more focused on [community-level primary care](#)

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The experiment [has been heavily criticised](#) for a lack of funding and attempts to micromanage systems that are meant to be increasing GP initiatives.

With more political commitment, it could shift Australian health care towards rewarding prevention and more effective management of chronic illness. The alternative is expensive, disconnected high-tech patches to a system [increasingly inaccessible to ordinary consumers](#) .

Jim Gillespie has receives funding from Western Sydney Primary Health Network and NSW Ministry of Health..

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