

Palliative Care Inpatient and Community Services in Victoria

DHHS recurrent funding for 2019-20 compared with 2014-15

Introduction

This paper compares Victorian Government recurrent funding for inpatient and community palliative care services for 2014-15 and 2019-2020 respectively.

Recurrent inpatient and community palliative care funding

The May 2019 Budget included additional recurrent funding of \$71.9M over 4 years. For the 2019-20, the increased recurrent funding is \$3.5M for inpatient palliative care and \$10.8M for community palliative care. These amounts have been added to the 2018-19 recurrent funding for inpatient and community palliative care services. After adjustments for wages and prices until 31 March 2019, the purchasing power of the total recurrent funding for inpatient and palliative care has increased by 2.6% overall. This table provides further details:

Includes 2019 Budget Allocations for 2019-20	2019-20 \$ 000	2014-2015 \$ 000	Change \$ 000	Change %	Weighted Cost Adjustment	Net change in real value
Inpatient Palliative Care	\$64,100	\$59,420	\$4,680	7.88%	20.87%	-13.00%
Community Palliative Care	\$69,769	\$41,165	\$28,604	69.49%	23.53%	45.96%
TOTAL	\$133,869	\$100,585	\$18,243	24.86%	22.26%	2.61%

13 % Decline in Purchasing Value of Recurrent Inpatient Palliative Care Funding

After adjusting for wage and cost increases over the 5-year period to March 2019, the purchasing value of funding for inpatient palliative care services for 2019-20 has declined by 13% compared to 2014-15.

46% Increase in Purchasing Value of Recurrent Community Palliative Care Funding

After adjusting for wage and cost increases over the 5-year period to March 2019, the purchasing value of funding for community palliative care for 2019-20 has increased by 46% compared to 2014-15.

Overall 2.6% Increase in the Value of Recurrent Palliative Care Service Funding for these Services

Overall the purchasing value of funding in 2019-20 for inpatient and community palliative care services, after adjusting for wage and cost increases, has increased by 2.6% since 2014-15.

\$35 Million Shortfall in Funding to Meet Annual Growth in Need for Palliative Care

The Victorian Government estimates a 4% increase each year in the need for palliative care. To meet this growing community need, the 2019-20 recurrent funding would need to have increased to \$154.4 million to maintain purchasing value. This means there is a \$34.9 million shortfall in the funding recurrent funding for inpatient and community palliative care services in 2019-2020. Victoria has gone backwards in keeping pace with community need for palliative care.

Methodology

Data source

The palliative care funding data presented in this report is from the DHHS Statement of Priorities Service Agreements with Victorian health services and the relevant DHHS policy and funding guidelines. It also includes the new recurrent palliative care funding for inpatient and community palliative care services announced in the 2019 Budget for 2019-20.

Data scope

The data presented relates to 31 health services funded to provide inpatient palliative care and 33 services funded to provide community palliative care in 2018-19 and 2014-15 respectively.

This analysis excludes:

- 8 district /community health services in regional Victoria that provide some community palliative care but for which specific funding data is unavailable.
- \$16.9 million (2017-18)¹ for state-wide and regional consultancy services to provide specialist palliative care advice and support to services. It also excludes \$3M additional funding for 2019-20 announced in the May 2019 budget.
- \$23.4 million new palliative care funding for 2018-19 announced by the Minister of Health on 30 October 2018. As this is non-recurrent funding, it does not support ongoing palliative care service delivery to meet community need and has therefore been excluded from this analysis.
- Other DHHS funding for palliative care - research, education, projects, and capital funding.

Indexation

To assess the purchasing value of the palliative care funding over time, the Consumer Price Index (CPI) for December 2013 and December 2018 has been used. Wage costs increases have been assessed using the average wage rates for March/April 2014 and 2019 in *The Nurses and Midwives (Victorian Public Health Sector Single Interest Employers) Enterprise Agreements* for 2012-2020.

The composite index reflects a higher ratio of wage to other costs for community palliative care compared with inpatient palliative care. The proportions of inpatient and community funding are used to give the composite index for the total recurrent funding both service types.

Palliative care service type	Proportion of Wage & Other Costs		Movement in Costs Over 5 Year Period		Composite Index for Each PC Service Type	Overall Index Adjusted for PC Service Type as % Total Funding
	CPI ¹	Wages ²	CPI	Wages		
Inpatient	33%	66%	9%	27.9%	20.87%	22.18%
Community	20%	80%			23.53%	

Growing Population Need and Unmet Need for Palliative Care

The Victorian Government estimates an average 4% annual increase in the need for palliative care.² Palliative Care Victoria estimates that at least 10,000 Victorians die each year without required palliative care; international benchmarks and data used for this estimate are outlined in the document cited.³

¹ Department of Health & Human Services, *Palliative Care Funding Model Review*, 2018,p12

² Department of Health & Human Services, *Victoria's end of life and palliative care framework*, 2016, Melbourne, P3

³ Palliative Care Victoria, *Estimated Need and Unmet Need for Palliative Care in Victoria*, October 2017, <http://bit.ly/PCV-VicNeed17>