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Health in Australia: a quick guide

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Australia's health outcomes are among the best in the world. At the same time, as [Australia's Health 2018](#) notes, Australia's health system is a complex network of services and settings, involving a mix of health professionals, service providers, funders and regulators.

This updated guide provides an overview of Australia's complex [health system](#): what [governments](#) do, the role of [private health insurance](#), how much we [spend](#) on health care, how Australian health outcomes [compare internationally](#), the [health care workforce](#) and links to [further information](#) and resources.

The Australian health system

The Australian health system involves multiple layers of responsibility and funding provided by governments, individuals and private health insurers.

[Primary care](#) (the first level of contact with the health system) is mostly provided in the community by general practitioners (GPs) who are generally self-employed. GPs also operate as 'gatekeepers', referring patients to specialist medical services where needed. The national public health insurance scheme [Medicare](#) provides subsidies for most medical and diagnostic and some allied health services.

[Acute care](#) is provided in either public or private hospitals. [Public hospital](#) treatment is free for [public patients](#), but can be subject to long waiting times for elective surgery. [Private hospitals](#) cater to patients who want choice of doctor and private ward accommodation. Additionally, they include a growing number of 'day-only' specialist facilities. For private hospital care [Medicare](#) pays 75 per cent of the Medicare schedule fee, with the balance met by private health insurance (if the individual is covered, and depending on [gap cover](#) arrangements).

A range of free or low-cost public health services, including immunisation and mental health services, are provided by community health facilities. Subsidised aged care services, such as residential aged care, are provided by a mix of not-for-profit, for-profit and government organisations. Prescription medicines are dispensed by private community pharmacists who are paid by the Australian government (under a [Pharmacy Agreement](#)) to dispense medicines subsidised under the [Pharmaceutical Benefits Scheme](#) (PBS).

Which level of government does what?

Responsibility for funding and regulating the health system is largely shared between the Australian, state and territory governments. However, their respective roles are not always clear.

Broadly, the Australian Government has responsibility for:

- [Medicare](#), the national scheme which provides free or subsidised access to clinically relevant medical, diagnostic and allied health services as specified in the [Medicare Benefits Schedule](#) (MBS). Medicare is funded through a 2.0 per cent [Medicare levy](#) on taxpayers and general taxation revenue. High out-of-pocket costs are partially offset by the [Medicare Safety Net](#) and the [Extended Medicare Safety Net](#)

- the [Pharmaceutical Benefits Scheme](#) (PBS) which subsidises universal access to thousands of prescription medicines. Patients pay a small co-payment. The [PBS Safety Net](#) helps offset high out-of-pocket costs
- funding of vaccines for the [National Immunisation Program](#)
- subsidies for [aged care services](#), such as home and residential care, and regulation of the aged care sector
- medical research grants, largely through the [National Health and Medical Research Council](#) and the [Medical Research Future Fund](#)
- [rebates](#) for private health insurance premiums and [regulation of private health insurers](#)
- capped [dental benefits](#) for basic dental services for children and teens
- veterans' health care through the [Department of Veterans' Affairs](#)
- funding for community-controlled Aboriginal and Torres Strait Islander primary healthcare organisations through the [Indigenous Australians' Health Program](#)
- education of health professionals (through Australian government funded university places)
- [visas](#) for overseas trained doctors and other health professionals
- primary care quality and access through [Primary Health Networks \(PHNs\)](#)
- regulation of therapeutic goods and medical devices through the [Therapeutic Goods Administration](#)
- subsidised access to expensive life saving drugs for very rare life-threatening conditions, through the [Life Saving Drugs Program \(LSDP\)](#)
- the [National Diabetes Services Scheme](#), which assists people with diabetes to understand and self-manage their condition and subsidises the cost of diabetes-related products
- the [Continence Aids Payment Scheme](#), which helps cover the cost of products to manage incontinence
- [My Health Record](#), a digital health record for patients containing a summary of all their health information
- subsidised [hearing services](#) and
- national coordination and leadership; for example, responding to pandemics and other health emergencies.

State and territory governments are mainly responsible for:

- management and administration of public hospitals
- delivery of preventive services such as breast cancer screening and immunisation programs
- funding and management of [community mental health services](#)
- public dental clinics (Australian government funding is provided under an agreement)
- ambulance and emergency services
- [patient transport and subsidy](#) schemes
- food safety and handling regulation and
- regulation, inspection, licensing and monitoring of health premises.

The Australian, state and territory governments share responsibilities across a number of areas. These shared arrangements are usually detailed in national agreements, such as those agreed under the [Council of Australian Governments](#) (COAG), and include:

- funding of public hospital services based on an agreed national [activity-based funding](#) (ABF) formula as outlined in the [National Health Reform Agreement](#)
- preventive services, such as free [cancer screening](#) programs including those under the [National Bowel Cancer Screening Program](#) and [Breast Screen Australia](#)
- registration and accreditation of health professionals through the [Australian Health Practitioner Regulation Agency](#)
- shared funding for [palliative care](#)
- the [National Disability Insurance Scheme](#) (NDIS)

- suicide prevention (a [National Partnership Agreement](#) is in development) and
- responding to national health emergencies.

In addition, local governments play an important role in the health system by providing services such as environmental health services (for example, sanitation) and a range of community-based health and home-care services.

These arrangements create scope for duplication and waste to occur. [Disputes](#) over funding levels and cost-shifting between different levels of government also feature regularly.

What about private health insurance?

Australia's health system is sometimes described as a 'mixed system' because private funding and services operate alongside the public system. According to the [Australian Prudential Regulation Authority](#) (APRA), 45.5 per cent of the Australian population have private hospital cover, and 54.6 per cent have cover for ancillary services ('extras'), such as dentistry and optometry, as of March 2018.

Private health insurance provides cover for private hospital services and many out-of-hospital health services not covered by Medicare, such as dentistry. Consumers with private cover can avoid potentially long waiting lists in the public system and choose their own doctor.

The Australian Government provides a means-tested [rebate](#) for the cost of private health insurance premiums. Higher income earners are penalised with an additional [Medicare levy surcharge](#) if they do not have private hospital cover. Persons over 31 who delay taking out private health insurance are also subject to [Lifetime Health Cover](#) (LHC). LHC is a two per cent annual loading that is charged in addition to the base rate of private health insurance premiums, up to the maximum loading of 70 per cent.

How much does Australia spend on health?

The [Australian Institute of Health and Welfare](#) (AIHW) calculates that spending on all health care in Australia in 2015–16 totalled \$170.4 billion, or 10.3 per cent of gross domestic product (GDP). This is around \$6,671 in recurrent expenditure on health per person (not including capital). Most health spending in Australia (67.3 per cent) is funded by governments, with the largest component (\$46.9 billion) for the provision of public hospital services. Australia's expenditure on health as a percentage of GDP is substantially lower than health care spending in the United States (at [17.2 per cent of GDP](#)), but slightly higher than the [Organisation for Economic Co-Operation and Development \(OECD\) average](#).

Individuals contributed around \$29.4 billion purchasing health services, or 17.3 per cent of total health expenditure. In 2015–16, 68 per cent of this expenditure was on primary health care.

Private health insurers spent around \$14.9 billion on health services in 2015–16, or 8.8 per cent of total health expenditure. Of this expenditure, 57 per cent (\$8.5 billion) was spent on hospital services, with the majority of spending occurring in private hospitals (\$7.4 billion).

How does Australia compare internationally?

Compared with other countries, Australia performs strongly across a range of important health indicators.

Australia enjoys one of the highest life expectancies of any country in the world. At 82.5 years in 2015, it ranked fifth among OECD countries, according to the [AIHW](#).

In 2014–15, over half (56.2 per cent) of Australians aged 15 years and over rated their health as excellent or very good; a further 28.9 per cent rated their health as good; while 14.8 per cent regarded their health as fair or poor ([Australian Bureau of Statistics](#)).

For a range of diseases, outcomes in Australia are as good as, if not better than, many other developed countries. In 2012, Australia's [mortality-to-incidence ratio for cancer](#) (a measure of cancer survival) was 0.3, suggesting that cancer survival in Australia was higher than the rest of the world.

Smoking rates are declining. Just 12.4 per cent of Australians aged 15 and over reported smoking on a daily basis in 2016, among the [lowest in the world](#).

Levels of childhood vaccination have remained high (95 per cent for diphtheria, tetanus, pertussis and measles, according to the [OECD](#)), and infant and maternal mortality rates are below the [OECD](#) average.

Despite these positive signs, it is not all good news. Australia's rates of overweight and obesity—risk factors for a number of chronic diseases—are among the highest in the developed world. In 2014–15, [27.9 per cent](#) of

Australian adults were classified as obese, less than the United States (38.2 per cent) and New Zealand (29.9 per cent), according to the [OECD](#). A further [35.5 per cent](#) of Australian adults were reported as overweight.

Among OECD countries with public mammography programs, the proportion of Australian women in the target range who were screened for breast cancer in 2015 was 54.5 per cent, which was below the [OECD](#) average of 60.8 per cent.

In terms of quality of hospital care, the [post-operative sepsis rate](#) in Australia was 1,458 per 100,000 surgical hospitalisations in 2013–14. This is well above the OECD average of 967 in 2012–13.

Across a range of [health indicators](#), including life expectancy, incidence of chronic diseases, infant health and smoking rates, the health of Indigenous Australians rates more poorly than non-Indigenous Australians. Many lower income Australians also experience poorer health compared to those on higher incomes.

Who delivers health care?

Australia's health workforce comprises a diverse range of health care occupations working across a variety of settings, including medical practitioners, nurses, midwives, dentists and allied health professionals.

Medical practitioners, more commonly known as doctors, complete several years of undergraduate medical study, followed by compulsory 12 month internships in a hospital setting, before they can be registered as medical practitioners. Many then spend several years training in a medical speciality, such as gastroenterology, obstetrics, psychiatry or general practice. As of March 2018, there were [114,675 registered medical practitioners](#) in Australia. Once registered, medical practitioners work in a variety of clinical and non-clinical settings, including private practice in the community, salaried positions in community health clinics, visiting medical officers in hospitals, teaching and research. [Overseas trained doctors](#) (or international medical graduates) perform an important role working under supervision in designated areas of workforce shortage, usually in rural and remote Australia.

Nurses and midwives deliver direct patient care in hospitals, aged care facilities, community health centres and in home environments. As of March 2018, there were [398,530 people registered as a nurse, midwife or both](#). Nurses are either classed as registered nurses (Division 1) or enrolled nurses (Division 2). Registered nurses usually must complete a [three-year tertiary degree](#), such as the Bachelor of Nursing, while enrolled nurses must complete a vocational education training course, such as the Diploma of Nursing. A midwife must either complete a three-year tertiary nursing degree and then complete postgraduate studies in midwifery, or complete a three-year tertiary midwifery degree.

There are a wide range of [allied health workers](#) in Australia. As of March 2018, there were 182,572 allied health professionals registered in Australia, as shown in the table below.

Table 1. Registered allied health professionals in Australia, March 2018

Profession	Number registered
Aboriginal health workers	611
Chinese medicine practitioners	4,845
Chiropractors	5,409
Dental practitioners	22,987
Medical radiation practitioners	16,184
Occupational therapists	20,842
Optometrists	5,521
Osteopaths	2,377
Pharmacists	30,984
Physiotherapists	31,772
Podiatrists	5,134
Psychologists	35,906
Total	182,572

Source: Registered allied health professional board websites.

However, many other allied health workers (such as social workers, exercise physiologists and massage therapists) are not required to be registered to practice in Australia.

Since 2010, all health professions practicing under a [protected title](#) have operated under the National Registration and Accreditation Scheme (NRAS), which is administered by the [Australian Health Practitioner Regulation Agency](#) (AHPRA). AHPRA supports the [National Boards](#) to implement the NRAS.

Need to know more?

Key sources of health data:

- [Australian Institute of Health and Welfare](#)
- Australian Bureau of Statistics' [National Health Survey](#)
- [Organisation for Economic Co-operation and Development](#) (OECD)

Locating health services:

- [My Hospitals](#)
- [health direct service finder](#)

Medical and health information:

- Victorian Government's [Better Health Channel](#)
- [HealthDirect](#)
- [MedlinePlus](#) (United States)
- [Cochrane Library](#) (evidence based reviews)

Performance of the health system:

- [Productivity Commission, Report on Government Services](#)
- [Medicare Statistics](#) (bulk billing)
- [MyHospitals](#)

Parliamentary Library Quick Guides:

- [Aged Care](#)
- [Medicare](#)
- [The Pharmaceutical Benefits Scheme](#)
- [Private Health Insurance](#)

Reports from Parliamentary Committees, including the [Senate Standing Committees on Community Affairs](#) and the [House of Representatives Standing Committee on Health, Aged Care and Sport](#), are available through the Committees' websites.

Further Parliamentary Library publications on health are available via [ParlInfo](#).

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