



Increase chronic disease management covered by Medicare	
Party:	Australian Greens
Summary of proposal: The proposal would expand the Chronic Disease Management Plan (CDMP) by raising rebates to match average out-of-pocket costs and removing service caps. The proposal would be ongoing and start on 1 July 2026.	

Costing overview

The proposal would be expected to decrease the fiscal and underlying cash balances by around \$1.2 billion over the 2025-26 Budget forward estimates period (see Table 1). This impact reflects an increase in administered and departmental expenses. The difference between the fiscal and underlying cash balances represents the time lag between when services are delivered, and rebates are paid.

The proposal would be expected to have an impact beyond the 2025-26 Budget forward estimates period. A breakdown of the financial implications (including separate public debt interest (PDI) tables) over the period to 2035-36 is provided at Attachment A.

The financial implications of the proposal are uncertain and sensitive to assumptions around forecast Medicare Benefits Schedule (MBS) service volumes and responses of individuals to the removal of the service limit. In addition, raising rebates by the average out-of-pocket cost is unlikely to result in all services being provided free of charge as some providers may continue to charge more than the new rebate amount.

Table 1: Increase chronic disease management covered by Medicare – Financial implications (\$m)^{(a)(b)}

	2025-26	2026-27	2027-28	2028-29	Total to 2028-29
Fiscal balance	-	-400.6	-401.9	-419.6	-1,222.1
Underlying cash balance	-	-386.3	-401.8	-418.5	-1,206.6

(a) A positive number represents an increase in the relevant budget balance; a negative number represents a decrease.

(b) PDI impacts are not included in the totals.

- Indicates nil.

Key assumptions

The Parliamentary Budget Office (PBO) has made the following assumptions in costing this proposal.

- The composition of relevant MBS items within the affected group would remain stable over the costing period.

- The service volume of eligible MBS services would grow in line with the average growth in total CDMP referred services over the past 5 years.

Raise rebates

- There would be no additional increase in service volume.

Remove service cap

- Services referred through CDMPs would increase by 7% for one-on-one services (removing the 5-service annual limit) and 10% for group services (removing the 8-service annual limit).

Methodology

Raise rebates

- The 'gap fee' for each MBS item was calculated by dividing patient fees by the number of services that were not bulk billed. The increase in benefits per item is equal to this gap fee.
- Benefits for each service were grown with Wage Cost Index 5, consistent with existing indexation arrangements.
- Service volume was grown based on historical trends as per *Key assumptions*.
- The cost was calculated by multiplying the projected benefit increase per service by the projected number of services for that item.
 - The increase in benefits was applied to both services which would be patient charged (around 40% of services) and where they would already be bulk billed (around 60%).

Remove service cap

- Services referred through CDMPs were increased as per *Key assumptions* and then grown based on historical trends as per *Key assumptions*.
- Administered costs were calculated by multiplying the volume-weighted average projected benefit under the proposal (baseline benefit plus the increase) by the projected service volume under the proposal, as per *Key assumptions*.
- Departmental costs were calculated based on multiplying the per-service MBS administration cost (drawn from the Services Australia Funding Model) by the number of additional services under the proposal.

The MBS liability factor was then applied to the administered expenses to determine the difference between the fiscal and underlying cash balances.

Financial implications were rounded consistent with the PBO's rounding rules.¹

¹ <https://www.pbo.gov.au/for-parliamentarians/how-we-analyse/pbo-rounding-rules>

Data sources

Commonwealth of Australia (2025) *Pre-election Economic and Fiscal Outlook 2025*, Commonwealth of Australia.

Services Australia provided their funding model as at the *Pre-election Economic and Fiscal Outlook 2025*.

The Department of Health and Aged Care provided 2019-2023 MBS billing data for CDMP items and referred services.

The Department of Health and Aged Care provided the MBS liability factor as at 2025-26 Budget.

Attachment A – Increase chronic disease management covered by Medicare – Financial implications

Table A1: Increase chronic disease management covered by Medicare – Fiscal balance (\$m)^(a)

	2025-26	2026-27	2027-28	2028-29	2029-30	2030-31	2031-32	2032-33	2033-34	2034-35	2035-36	Total to 2028-29	Total to 2035-36
Expenses													
Administered													
Raise rebates	-	-337.0	-338.0	-353.0	-368.0	-384.0	-400.0	-417.0	-435.0	-454.0	-473.0	-1,028.0	-3,959.0
Remove service cap	-	-63.1	-63.4	-66.1	-68.9	-71.8	-74.9	-78.1	-81.4	-84.9	-88.5	-192.6	-741.1
Total – administered	-	-400.1	-401.4	-419.1	-436.9	-455.8	-474.9	-495.1	-516.4	-538.9	-561.5	-1,220.6	-4,700.1
Departmental													
MBS administration costs	-	-0.5	-0.5	-0.5	-0.6	-0.6	-0.6	-0.6	-0.6	-0.7	-0.7	-1.5	-5.9
Total (excluding PDI)	-	-400.6	-401.9	-419.6	-437.5	-456.4	-475.5	-495.7	-517.0	-539.6	-562.2	-1,222.1	-4,706.0

(a) A positive number for the fiscal balance indicates an increase in revenue or a decrease in expenses or net capital investment in accrual terms. A negative number for the fiscal balance indicates a decrease in revenue or an increase in expenses or net capital investment in accrual terms.

- Indicates nil.

Table A2: Increase chronic disease management covered by Medicare – Underlying cash balance (\$m)^(a)

	2025-26	2026-27	2027-28	2028-29	2029-30	2030-31	2031-32	2032-33	2033-34	2034-35	2035-36	Total to 2028-29	Total to 2035-36
Expenses													
Administered													
Raise rebates	-	-325.0	-338.0	-352.0	-367.0	-383.0	-399.0	-417.0	-434.0	-453.0	-472.0	-1,015.0	-3,940.0
Remove service cap	-	-60.8	-63.3	-66.0	-68.8	-71.7	-74.8	-78.0	-81.3	-84.8	-88.4	-190.1	-737.9
Total – administered	-	-385.8	-401.3	-418.0	-435.8	-454.7	-473.8	-495.0	-515.3	-537.8	-560.4	-1,205.1	-4,677.9
Departmental													
MBS administration costs	-	-0.5	-0.5	-0.5	-0.6	-0.6	-0.6	-0.6	-0.6	-0.7	-0.7	-1.5	-5.9
Total (excluding PDI)	-	-386.3	-401.8	-418.5	-436.4	-455.3	-474.4	-495.6	-515.9	-538.5	-561.1	-1,206.6	-4,683.8

(a) A positive number for the underlying cash balance indicates an increase in receipts or a decrease in payments or net capital investment in cash terms. A negative number for the underlying cash balance indicates a decrease in receipts or an increase in payments or net capital investment in cash terms.

- Indicates nil.

Table A3: Increase chronic disease management covered by Medicare – Memorandum item: Public Debt Interest (PDI) impacts – Fiscal and underlying cash balances (\$m)^{(a)(b)}

	2025-26	2026-27	2027-28	2028-29	2029-30	2030-31	2031-32	2032-33	2033-34	2034-35	2035-36	Total to 2028-29	Total to 2035-36
<i>Fiscal balance</i>	-	-9.0	-26.0	-46.0	-67.0	-90.0	-114.0	-141.0	-171.0	-202.0	-237.0	-81.0	-1,103.0
<i>Underlying cash balance</i>	-	-6.0	-22.0	-41.0	-61.0	-84.0	-108.0	-135.0	-163.0	-195.0	-228.0	-69.0	-1,043.0

- (a) As this table is presented as a memorandum item, these figures are not reflected in the totals above. This is consistent with the approach taken in the budget where the budget impact of most measures is presented excluding the impact on PDI. If the reader would like a complete picture of the total aggregate, then these figures would need to be added to the figures above. For further information on government borrowing and financing please refer to the PBO's online budget glossary².
- (b) A positive number for the fiscal balance indicates an increase in revenue or a decrease in expenses or net capital investment in accrual terms. A negative number for the fiscal balance indicates a decrease in revenue or an increase in expenses or net capital investment in accrual terms. A positive number for the underlying cash balance indicates an increase in receipts or a decrease in payments or net capital investment in cash terms. A negative number for the underlying cash balance indicates a decrease in receipts or an increase in payments or net capital investment in cash terms.
- Indicates nil.

² [Online budget glossary – Parliamentary Budget Office \(pbo.gov.au\)](https://pbo.gov.au)