

Federal Budget 2025

What does this mean for Health



Summary

This is clearly an election related budget – and probably one the Government wasn't sure was necessary a few weeks ago – with further election related spending yet to come.

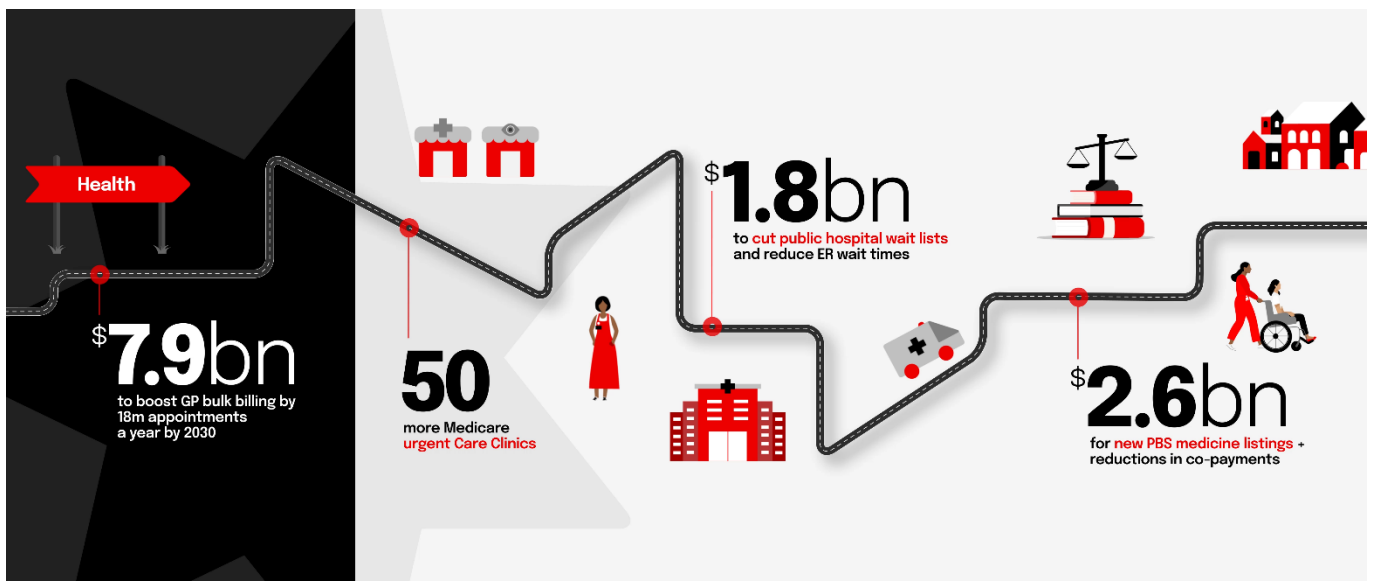
Accordingly, the measures contained in the Budget are mainly ones that have been signalled previously. The one surprise was an extra tax cut – essentially the Government lowered the bottom tax bracket from 16% to 14% over two years from July 2026. The expected other changes include the \$7.9bn program to boost bulk billing (albeit mainly in the out years – with around \$2.4bn in the next 4 years), the further extension of cost of living support – via an extension of the electricity subsidies to end this year (around \$1.8bn). And the usual additional infrastructure spend (albeit mainly back ended and relatively moderate in terms of new near term promises). No new money for Defence over the 10-year program but around \$1bn has been brought forward into 2026-27 and 2027-28 Budget years.

Overall, not a lot of new announcements by usual budget standards. However clearly there will be more spending in the election campaign. And clearly there are still real levels of uncertainty as to what will actually be delivered post the election.

Looking at the outlook, it is clear that this Budget sees some further deterioration in the headline budget position in the near term. While there is some improvement in the structural budget position beyond 2025-26, a structural budget deficit is expected to persist. There seems to be no attempt to start to return to Budget balance any time in the next decade – and certainly not, in the more meaningful, forward estimates period. Basically, the Budget is spending nearly everything that the economy gives them. This lack of progress in addressing the structural deficit comes at a time of increased uncertainty globally and likely lower commodity prices.

Economic outlook and Implications

What has the budget delivered for Health this year



Medicare

- The government has committed to spend an extra \$8.4 billion over 5 years to improve the health system
- As previously announced, the federal government has pledged ‘the single largest investment in Medicare since its creation over 40 years ago’, with \$7.9 billion over four years to expand bulk billing to deliver an additional 18 million bulk billed GP visits each year. The intent is to have 9 out of 10 GP visits bulk billed by 2030.
 - From 1 November, a new Bulk Billing Practice Incentive Program will support practices who bulk bill all their patients. This is an additional 12.5% loading payment on their Medicare rebates, in addition to the bulk billing incentive.
 - They expect 4,800 GP practices to be fully bulk billing by 2030 with \$859 million saved by Australian patients each year.
 - The remaining \$0.5 billion is a \$256.2 million investment to add to and amend the Medicare Benefits Scheme (MBS), \$228.7 million for modernising My Health Record, \$17.3 million for affordable access to Medicare-eligible Magnetic Resonance Imaging (MRI) services at three metropolitan locations with below average bulk-billed MRI services, pending MRI licencing requirement changes commencing 1 July 2027, and \$7 million to upgrade the Medical Costs Finder website and improve transparency on fees charged by non-GP specialists.
- A \$662.7 million investment for 400 more post-graduate scholarships for nurses and midwives to extend their skills along with 2000 more government funded training GP places per year by 2028. This includes salary incentives to encourage junior doctors to specialise as GPs and paid parental leave for trainee GPs.
- The Australian Government will invest \$644 million to open a further 50 Medicare Urgent Care Clinics. These will open during the 2025-2026 financial year. This is on top of the 87 already in place.
 - Once open, 80% of Australians will live within a 20-minute drive of a Medicare Urgent Care Clinic.
- Medicare payments increase for patients depending on where they are living with greater increases for consults in rural and remote area incentivising GP provision rural and remote areas. This has been welcomed by the national rural health alliance.
- The coalition has agreed to match the investment in health policy supporting confidence in implementation.

Pharmaceutical Benefits Scheme (PBS)

- Under a \$784.6 million investment, the maximum co-payment for medicines under the PBS will be lowered from \$31.60 to \$25.00 per script – a 20-year low – and remain frozen at \$7.70 for pensioners.
- 4 out of 5 PBS medicines will become cheaper for general non-Safety Net patients, with larger savings for medicines eligible for a 60-day prescription.
- \$1.8 billion committed to new and amended medicines under the PBS – including new oral contraceptives and treatments for endometriosis, lymphoma, menopause, and treatment resistant depressive disorders.

Pharmacy

- Funding provided over six years to improve access to medicines and trial an expansion to the range of services which can be delivered by community pharmacies.
- This includes \$539.4 million over five years to establish the First Pharmaceutical Wholesalers Agreement with the National Pharmaceutical Services Association to ensure medicines remain accessible across all parts of Australia.
- \$109.1million pledged over four years to support two trials aimed to give women greater access to contraceptives and uncomplicated urinary tract infections.

Women’s Health

- The Government is improving the accessibility and affordability of health care for Australia women with a \$792.9 million package that includes new contraception pills added to the PBS, new menopausal hormone therapies, and new endometriosis and pelvic pain clinics.
- Funding of \$134.3 million will provide better access to long-acting reversible contraceptives (LARCs) and the establishment of 8 new LARC Centres of Training Excellence.
- Menopause Support comprises new Medicare rebates, PBS listings ‘the first for new menopausal hormone therapies in over 20 years’, workforce training & treatment guidelines.

- Other medicines will be added or expanded on the PBS to make treatment for endometriosis, IVF and certain types of breast cancer more affordable.
- Women with specific low levels of reproductive hormones will have earlier access to the combination therapy follitropin alfa with lutropin alfa (Pregoveris®) through the PBS. Previously this treatment was only funded for later IVF cycles.
- 11 additional endometriosis & pelvic pain clinics to the 22 clinics already established, now also supporting menopause and perimenopause.

Mental Health

- Additional funding of \$46.0 million over four years from 2024–25 to continue digital mental health services. The cost of this measure will be partially met from within the existing resourcing of the Department of Health and Aged Care.
- This was in addition to the \$588.5 million committed in last year's budget over eight years from 2024–25 (and \$113.4 million per year ongoing) to establish a national low intensity digital mental health service that is free of charge and free of need for referral.

Aged Care

- The Federal Government previously announced they will transition to paying providers in arrears rather than in advance (as they currently do) for provision of service over two years from July 2026. This move will save \$2.5 billion over 3 years from 2025–26 and \$234.1 million per annum thereafter.
- Further, the Federal Government is seeking linking of care minutes funding to delivery of care minutes and registered nurse care minutes from 1st Oct 2025 for residential aged care providers in metropolitan areas. Adjustment to the registered nurse supplement will provide \$233 million in savings over four years and \$109.7 million per annum thereafter.
- \$2.6 billion to increase the award wages of aged care nurses from 1 March 2025 over five years. This will also include \$90m allocated to Aged Care workers on top of the \$2.5bn set aside for RNs. This brings the investment into wage increases in the sector to a total of \$17.7 billion.
- \$48.7 million to support all assessment providers, public and private, to support implementation of the New Aged Care Act and Support at Home.
- \$60.3 million for Aboriginal and Torres Strait Islander Aged Care Assessment Organisations – culturally safe, trauma aware and healing informed aged care assessments for older Aboriginal and Torres Strait Islander people.
- \$116.1 million Aged Care Quality and Safety Commission (ACQSC) funding – to deliver existing and new regulatory functions under the new Aged Care Act.

Dental

- \$107.8 million in 2025–26 to extend the existing Public Dental Services for Adults funding agreement to 30 June 2026 to support the delivery of dental services to eligible adult dental patients.
- This measure extends part of the 2023–24 Budget measure Long Term Dental Funding Reform Developmental Work and Interim Funding. Strengthening Medicare Payments (\$m) 2024–25 2025–26 2026–27 2027–28

Hospitals

- The Federal Government announced a one-off \$1.8 billion funding boost for public hospitals in 2025–2026, to cut waiting lists and reduce wait times in emergency rooms, and managing ambulance ramping.
- This compliments the investment in Urgent Care Clinics to take the pressure of the public hospital system.

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