Australian Government
Department of Finance
The Treasury

PUBLIC RELEASE OF 2016 ELECTION COMMITMENT COSTING

Name of proposal costed: The Coalition's Policy to Help Families with Diabetes	
Costing Identifier:	COA 001
Summary of costing:	The proposal would invest $54.1 million over four years to provide Continuous Glucose Monitor (CGM) devices to approximately 4,000 children under 21 years of age who have severe, poorly controlled, type 1 diabetes.
Person making the request:	Prime Minister
Date costing request received:	17/06/2016
Date of public release of policy:	15/05/2016
Date costing completed:	24/06/2016
Additional information requested (including date):	Not applicable.
Additional information received (including date):	Not applicable.

Financial implications (outturn prices)[(a)]

Impact on	2016-17	2017-18	2018-19	2019-20
Underlying Cash Balance ($m)	-7.7	-15.4	-15.5	-15.5
Fiscal Balance ($m)	-7.7	-15.4	-15.5	-15.5

(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 positive number for the underlying cash balance indicates an increase in revenue or a decrease in expenses or net capital investment in cash terms.

Where relevant, state that the proposal has been costed as a defined or specified amount.

Specified amount.

Where relevant, include separate identification of revenue and expense components.

Not applicable.

Where appropriate, include a range for the costing or sensitivity analysis.

Not applicable.

Qualifications to the costing (including reasons for the costing not being comprehensive).

Not applicable.

Where relevant, explain effects of departmental expenses.

As specified in the costing request, any departmental costs associated with administering the policy will be met from within the existing resources of the Department of Health.

Where relevant, explain the reason for any significant differences between the assumptions specified in a party costing request and those used in a Treasury or Finance costing.

Not applicable.

Other comments *(including reasons for significant differences between the estimated impact on the fiscal and underlying cash balances).*

Not applicable.

Background information

Costing methodology used:

- **Costing techniques.**
    - Distribution would commence from 1 January 2017.
    - It is assumed that approximately one third of the total patient cohort, or 4,000 children, has poor hypoglycaemic awareness, and would access CGM devices.
    - Poor hypoglycaemic awareness is to be determined by the patient's endocrinologist in accordance with clinical guidelines.
    - The cost of the CGM device, approximately $4,050 per patient per year, is based on the Government negotiating a 10 per cent discount to current market prices, consistent with bulk purchasing. This would cost approximately $16.2 million per year.
    - Costs of this proposal would be partially offset by an assumed 80% decrease in the use of blood glucose test strips by the affected cohort:
        - cost per box of test strips: $39.29
        - average number of boxes purchased per patient: 8.3
        - Decrease in cost: approximately $1.0 million per year.

      This cost would not drop to zero, as some testing still needs to occur to validate that the CGM is functioning.
    - No co-payment is assumed for the CGM or its consumables.

- No additional insulin pumps (IP) have been funded as part of this costing.
- While there is a risk that costs could increase to the whole cohort, the invasive nature of the treatment and the cost of purchasing an IP make it less likely that patients with better awareness would take up CGM.

- **Policy parameters.**
  - Limited to children under the age of 21 who have poorly controlled type 1 diabetes.

Behavioural assumptions used (as appropriate).

* No changes in specialist/GP visits are assumed as part of this costing. It is assumed that these patients would currently be seeing their clinician regularly due to the poor control of their condition and that any additional visits to obtain access to the CGM would be offset by reduced visits overall. If this is not the case, additional costs or savings for the Medicare Benefits Schedule may result.