



Australian Health Care Reform Alliance

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PUBLIC HOSPITALS: A SAFETY NET FOR THE POOR OR A BEACON OF EXCELLENT HEALTH CARE FOR ALL?

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The approach to public hospital funding over the last decade continues to be a major problem manifesting in inadequate care for the many Australians who depend upon public hospitals to meet their health needs said Mr Tony McBride, Chair of the Australian HealthCare Reform Alliance.

There was a gradual fall in the Federal Government's contribution to hospital funding under the previous Coalition Government, from about 48% to 39%. New funding arrangements have improved that modestly but the so called 'reforms', are profoundly concerning.

What is the problem?

Australians spend more time in hospital beds than people from most other developed Western countries. Recent figures from the Australian Institute of Health and Welfare show that 7.3% of admissions to hospitals are for problems which could have been prevented by better care in the community. That care is clearly not optimal. In addition the integration of community care and hospital care is often very poor.

The new funding model should help to improve the integration of hospital care and community care but the opposite is the case. The new funding pays for a fixed price for each item of hospital service given to a patient. The more services, the more the hospital receives. Funding for co-ordinating activities, for subacute care which could be provided either in hospital outpatients or in the community, is not provided. The quality of the care provided has no impact on funding. The funding model provides real financial incentives to admit patients to hospitals and none to ensure that they remain well or even well enough to avoid a hospital admission.

"This new funding model reinforces the silo nature of health care just at a time when it is recognised that we need a much more integrated approach to care", said Mr McBride. "It excludes funding for many services which would reduce the load on the hospital bed situation. It encourages throughput rather than good health outcomes."

What needs to be done?

Whilst there are core functions of hospitals which could be funded through activity based funding, the model needs to encourage optimal health outcomes rather than throughput.

Primary or community health care needs to be improved in the many ways we have suggested over the last few weeks in related media releases at our website. “We need to look at all the non health issues which we know contribute to poor health and preventable hospitalisation ie the social determinants of health”, said AHCRA Executive member Dr Tim Woodruff.

Funding needs to be extended to those hospital- based activities which should connect hospital care to community care so that it encourages integration of hospital services with primary and community based care. It needs to be allocated on the basis of need and from a single funder.

The following members of the ACHRA Executive are available for interview:

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