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PUBLIC HOSPITALS IN A CYCLE OF CRISIS, AMA WARNS

A new approach to funding is urgently needed to break the cycle

A new report from the AMA has described how Australia’s public hospitals are caught in an unending cycle of crisis caused by a funding formula which fails to arrest the steady and sustained decline of hospital performance over the last decade.

The AMA’s latest analysis, “*Public Hospitals: Cycle of Crisis*”, paints a disturbing picture of even greater unmet demand, fewer hospital beds, overcrowded emergency departments (ED) and longer waits for elective surgery, risking the lives of all Australians.

Our hospitals are full - there simply aren’t enough hospital beds or enough doctors and nurses - and tragic stories of deaths, deterioration and delayed care are becoming increasingly commonplace.

New modelling and analysis in “*Public Hospitals: Cycle of Crisis*” shows dire consequences if all governments fail to act.

Hospital beds will increasingly be taken up by emergency admissions, doubling as a percentage of hospital beds by 2030-31, resulting in even longer waits for elective surgery such as cancer diagnostic procedures as hospitals are forced to cancel them.

The report details how the hospital crisis was in full swing – in every State and Territory – long before COVID-19 arrived. It analyses the funding arrangements underpinning the hospital system and states they are not fit for purpose as they fail to meet the demands of our growing and ageing population.

The report concludes that the way to break free from the cycles of crisis is to change the way hospitals are funded – moving beyond just the focus on activity and volume to a partnership based on community demand and timeliness of treatment.

AMA president, Dr Omar Khorshid, said the report has been sent to the Prime Minister and every State and Territory leader as its findings require immediate action.

“Our analysis couldn’t be clearer about what’s in store for Australian patients in public hospitals if governments keep their heads in the sand.

“Our report “*Public Hospitals: Cycle of Crisis*” cuts through the current debate and gets to the heart of what needs to change.

“Every part of the system is clogged with people who are waiting to be treated, from queuing ambulances outside the EDs, those waiting inside the EDs, to people waiting for elective surgery.

“Australians expect to receive treatment when they need it. They expect an ambulance to turn up when they call one, and they expect to be able to get into the hospital when they arrive. At the moment, these expectations can’t be met and that is a symptom of a public hospital system in crisis.

“We therefore need a hospitals agreement that will support expanded capacity – with doctors, nurses and beds, reward performance, and facilitate evaluation and improvement,” Dr Khorshid said.

“Repurposing resources in a constrained system by stopping one type of healthcare in favour of another will only lock us further into cycles of crisis.

“Likewise, arguing over who spends what on a funding model that doesn’t currently include what our hospitals and patients need is nothing but distraction politics.

“We need a national partnership approach where Federal and State and Territory governments work together to implement structural reform to focus on public hospitals seeing people on time and providing quality care,” Dr Khorshid said.

The AMA’s report puts forward a four-point plan of targeted reforms for additional funding to stem the crisis in public hospitals, funded through new partnership between the Commonwealth and States and Territories:

Improve performance

- Reintroduce funding specifically for performance improvement, with the goal of *at least* reversing the decline in public hospital performance.

Expand capacity

- Fund extra beds and staff in partnership between the Commonwealth and States and Territories so that hospitals have a chance of ending ambulance ramping, meeting community demand and improving treatment times.

Address demand

- Fund alternatives to out-of-hospital care, so that people whose needs can be better met in the community, can be treated outside hospital. Programs that work with GPs to address avoidable admissions and readmissions should be prioritised.

Increase funding and remove funding cap

- An increase in the Commonwealth’s contribution to 50 per cent for activity (as per current COVID-19 specific partnership agreement), with States and Territories being required to reinvest the 5 per cent of ‘freed-up’ funds on improving performance and capacity.
- Eliminate the artificial 6.5 per cent cap on growth, so funding can meet community demand for hospital services.

See the full report [Public Hospitals: Cycle of Crisis](#) and fact sheet attached.

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