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Transcript: AMA President, Dr Omar Khorshid, interview on ABC Afternoon Briefings on Tuesday, 5 October 2021 at 4:27pm

Subject: Public hospital funding arrangements

HOST: Dr Omar Khorshid is the President of the Australian Medical Association and joins me now, thanks for your time today

DR OMAR KHORSHID: Good afternoon Jane

HOST: Just to start with can you help us navigate this fight because there are differing interpretations between the States and the Commonwealth, The Federal Government, David Gillespie we just heard there, that this extra funding to cover COVID costs for the States is available, some of the States say it's run out, do you know where the agreement's actually at?

DR OMAR KHORSHID: So what we do know is the States signed up to a hospital reform agreement not that long ago which is called a reform agreement, but really it was setting out the standard sort of funding for public hospitals that we've come to expect into the future. No real reform there at all, and then of course with COVID some extra money was put on the table with the Commonwealth stumping up 50% of the cost of that extra money. What the AMA is now calling for is for both levels of government to recognise that every State and Territory has a crisis with its public hospitals. In every State and Territory public hospitals were overwhelmed before COVID, and of course we're seeing right now in NSW and Victoria the impact of COVID on top of the already very large demand on public hospitals. So the other States are worried, and part of the reason why we can't open up as a country, and that even at 80% those States may not open up, is they know their hospitals are not going to cope and they will be held to account for that. Now we can play a blame game, but at the end of the day we need more money into the sector, we need to fix the long-term underinvestment that's been a reality for decades now, and the AMA is asking governments to work together, rather than to blame each other, for who's spending enough money and who isn't.

HOST: Yeah I want to return to some of the massive pressures the hospitals are under, in both the non-COVID and COVID States at the moment, but when we talk about the added costs of dealing with COVID-19 can you just run us through how much more expensive it is at the moment to be providing health care in in a pandemic?

DR OMAR KHORSHID: Yeah, so we don't have exact numbers but we know we're talking billions of dollars of extra expenditure just to do normal work - or in fact even less than your normal work. So for a start there's the extra cases that you're going to see because of COVID, and that's normally picked up by what we call activity-based funding, there's more activity and you'll get a little bit more money, but looking after those patients is very expensive. You know, they end up in ICU, they're very sick. But - of course - the bigger issue is the impact on our whole health system of COVID, that any patient coming in through the door could have COVID and that means that your staff have got to wear PPE. There's a whole lot of testing going on, those tests are expensive, the efficiency, the throughput of emergency departments, operating theatres, wards goes down because of the extra steps that staff need to take. And of course you got staff off sick or furloughed because they've been exposed to COVID. So all that stuff actually makes healthcare more expensive and less efficient, and that's measurable, and that's just the starting point of the extra money that needs to be paid to help our hospitals get through this crisis.

HOST: Yes so then do you sort of back up the States and Territories here? They've written to the Health Minister asking for that separate agreement, just in terms of the extra costs of COVID healthcare, to be extended by another couple of years until 2023?

DR OMAR KHORSHID: I think we're going to see a fundamental change in the way that hospitals run, and that's actually going to be for the foreseeable future. So there's going to be built in extra costs into the health system and it's absolutely appropriate for there to be a 50/50 split for the funding of that, as there should be, to be honest, for the rest of the funding for public hospitals.

HOST: And so what are we talking about in terms of scope here? Because the government, the Commonwealth, keeps saying it's spending \$130 billion over the next five years and that's just it's 45% share of public hospitals... I mean where do you kind of start in terms of deciding on what kind of quantum we need to get to with hospital funding to actually be able to, you know, deal with both COVID and the strain their hospital system's already under?

DR OMAR KHORSHID: I think probably the most important starting point is to go back to the patient, to the average Australian, who wants to know that there's a public hospital bed available for them if they get sick in the next couple of years. Whether it be with COVID or with some other medical condition. Demand is what is driving the cost in our system at the moment. They can't talk about inefficiency of hospitals that's been dealt with over the last few years by the funding mechanism that exists. Hospitals are now really efficient -- they're really full all the time, and staff are under extraordinary pressure to deliver more healthcare with less money, and that's just routine for our hospital sector. So the difficulty is of course this extra demand that's come on, even before COVID. Just in the last year or so every State and Territory is seeing more people presenting with more complex medical conditions. Some of that's ageing, some of that's people flying back to Australia from overseas, some of that we can't really explain, but it's a reality everywhere and we need our politicians now to work together to say OK we recognise this is a real problem, let's not worry too much about who's paying what, but let's recognise we have a problem, it's in every State and Territory, and therefore what we need is a national solution. And of course the level of government with the deepest pockets and the ability to deliver a national solution is of course our Commonwealth Government. But that doesn't mean the States don't need to pull their weight, and the last thing we want to see is the Commonwealth putting in more money and States of course putting in less, that would be a disaster.

HOST: So in the next few months, Dr Khorshid, States are going to be gradually reopening and reopening their borders to each other, are you confident that the public health system is prepared now? Is it well enough equipped to actually cope with what will be a rise in COVID cases and probably a rise in COVID deaths as well?

DR OMAR KHORSHID: No we're not at all confident about the State of our public hospitals, that's why we've been making these calls now for several months saying we need to get ready, that we can't magically build more hospitals or get more staff, but there are things that can be done to get ready. And I think in other than NSW and in Victoria, where they're living this reality right now, the other States and Territories are starting to move to get ready, and I think every Australian can be quite confident that if they get sick with COVID they will get looked after in hospital, or at home, whatever is appropriate. If they need an ICU bed they'll get one, and they'll get appropriate treatments for COVID. But of course, what about all the other healthcare? What about the heart attacks and strokes? What about people who still need elective surgery to keep living their lives with a reasonable quality of life? That's what falls by the wayside when our hospitals get overrun. We're already seeing it to an extent with ambulance ramping and so on before COVID, and we know that right now in NSW and Victoria elective surgery is just off the cards for that lower acuity elective surgery. So how do we keep running our health system in COVID? That's the question that I think we don't have an answer for the moment, and the likelihood is that elective surgery and non-urgent care will go out the window the

moment we start to see COVID cases in Queensland, South Australia, Tasmania, Northern Territory or WA.

HOST: Is it good enough that we don't have an answer? We're twenty months into this pandemic, I mean we were shut down initially in March last year to give States and Federal Governments time to prepare the health systems, and you're saying that twenty months in as the country is at this, you know, pretty, at the cusp of reopening, that we don't have a health system that's actually prepared?

DR OMAR KHORSHID: That's simply the reality Jane, and we can look back and say, well, you know, you should have done more, States you should have done more, hospitals you should have done more. But what we are keen on is to chart a pathway forwards and for us that starts with the funding agreement: it starts with the Commonwealth paying its fair share, for the States paying their fair share, and with readjusting the way that our whole system is funded to make sure that it has the capacity to grow when it needs to grow. At the moment the funding formula seems to restrain growth. It drives the hospitals to be very efficient and to pump people through, but not to grow in size or capacity. We need to fund performance, so that hospitals doing well are actually rewarded for that, and of course we need to do everything we can outside the hospitals to try and reduce the demand so that the hospitals have got the best chance to cope. Now there's things that can be done in every one of those areas but at the start of all of these conversations we need the money to make it work.

HOST: Alright Omar Khorshid thank you very much for your time today and helping us to break down the intricacies of this funding dispute.

DR OMAR KHORSHID: No worries Jane, cheers.

HOST: And Dr Omar Khorshid is the President of the Australian Medical Association.

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