Media factsheet - Public hospitals: Cycle of crisis

The hospital crisis long predates COVID-19 and is the result of years of underinvestment

- Public hospital performance has been declining for a number of years and reached a crisis point in early 2021. To give just two examples:
    - The number of available hospital beds per 1,000 people aged 65 years or more is an important measure of public hospital capacity. This number has been in a trend of decline for decades. See Figure 2, p12.
    - The median waiting time for elective surgery has been in an increasing trend for two decades, and has increased year on year since 2014-15. See Figure 5, p15.
- Public hospitals are dynamic and complex systems; issues or blockages in one area can easily manifest in a crisis in another area. That performance is stagnant or declining across all areas simultaneously indicates a systemic problem with the public hospital system. See Figure 7, pp18-19 for illustration of the dynamic hospital system, showing points at which patients are waiting, and how blockages in one area impact on another. This includes personal stories from doctors on the front line of the crisis around the country.

Problems with current funding agreement for public hospitals

- **Australia's population is growing and ageing**, and the burden of chronic and complex disease is increasing. ED presentations are also increasing, as is the urgency of treatment required when patients arrive at the ED. The way public hospitals are funded has not adapted to account for this. See infographic, p7.
- **Public hospital finances are being squeezed** because investment in hospitals (funding growth per service 1.3%) has not kept up with demand growth (4.3%) or cost growth/health inflation (3.5%). See infographic, p7.
- **The Commonwealth government caps growth in public hospital funding** (the 6.5% annual growth cap) which prevents funding from meeting community demand. Since the introduction of the cap, growth in funding has been stunted at 6.5 per cent per year. The 6.5% cap has to account for inflation; this effectively caps underlying activity growth at approximately 3.3% per year. See Figure 8, p24.

Future of public hospitals under a 'do nothing' scenario

The AMA has modelled what public hospital capacity and performance will look like in the future under a 'do nothing' scenario, and the risks of not taking action are significant:

- **Bed numbers will continue to decline relative to the population**. At the moment (2021-22), there are 1,200 fewer beds than needed for the population. By 2030-31, there will be approximately 7,150 fewer beds than needed for the population. See Figure 9 on p33.
- **Growing hospital admissions and ED demand will put even more pressure on public hospitals.** There is sustained growth in ED presentations and also in the share of those presentations which are then admitted to hospital. By 2030-31, admissions from ED will grow to over 5 million per year in 2030-31 from only 2 million in 2012-13. See Figure 12, p35.

- **Waiting lists for elective surgery will increase.** By 2030-31, admissions from ED will overtake other types of admissions. When a stretched hospital needs to accommodate ever increasing admissions from ED, those beds, doctors and nurses become unavailable for any other form of admission. The resulting impact will be that other admissions will be increasingly deprioritised, leading to even longer waiting lists for elective surgery and non-emergency medical treatments. See Figure 13, p36.

  See explanation of elective surgery on p21. It includes serious, time-sensitive procedures.

- **There will be significant unmet demand for non-emergency public hospital services**. Capacity constraints will ultimately lead to fewer admissions than are needed by the public. By 2030-31 unmet demand will rise to approximately 14 per cent of all hospital activity or around 1.4 million admissions per year. This is compared to 4.3 per cent of all hospital activity or around 0.3 million admissions in 2020-21. Fourteen per cent/1.4 million admissions is larger than the current size of all elective surgery. This is a significant amount of unmet demand for hospital treatment that can be expected within ten years if no action is taken. See Figure 14, p37.

COVID-19 analysis of additional demand on public hospitals

- On top of the current public hospital crisis, Australia is now facing a COVID-19 crisis which will have a huge impact on public hospital capacity and ways of operating.
- The AMA has analysed the impact on our public hospitals of easing public health safety measures, using a range of potential scenarios and available data. This analysis brings together insights from the Doherty modelling for Australia and the real-world experience of the United Kingdom (UK), and contextualises it in the likely timeframe and context within which Australia will 'open up'.
- This is presented as a range of potential outcomes, spanning three scenarios outlined in the foreword. Providing results across the three scenarios gives a large range of potential outcomes, but all of them indicate that an increase in COVID-19 patients will significantly decrease public hospital capacity:
  - demand on emergency departments (EDs) will increase by 18,900 (0.6%) - 124,000 (3.8%) admissions per year
  - demand on Intensive Care Units (ICUs) will increase by 60,000 (6.9%) - 412,000 (47.5%) patient days per year
  - average length of stay in hospital is likely to range from 7-12 days, or 15-21 days for a patient requiring ICU, where 12-15 of those days are in ICU compared with an average non-COVID-19 ICU stay of 3-4 days
- See also Figure A, p3, showing projected hospital admissions from COVID patients under three scenarios after public health restrictions are lifted.