

MEDIA RELEASE

Monday, 4 December 2023

More integrated funding models can save billions of dollars

More integrated healthcare funding models that provide better and earlier care for elderly Australians could save the economy more than \$31 billion.

A new discussion paper released today by the Australian Medical Association sheds light on the vulnerabilities of Australia's current health funding system as it struggles to adapt to an ageing population, a higher rate of chronic disease, workforce shortages and inequitable access to healthcare.

The discussion paper, *Rethinking funding models to align with population health goals*, argues the complexity of health funding in Australia — with multiple funders across a public-private system and several levels of government — is at times complex and has resulted in a healthcare system where there is little incentive for governments to prioritise prevention and early intervention.

The analysis identifies populations who are at an increased risk of potentially preventable hospital admissions, including Australians aged 65 years and older who account for almost half of potentially preventable hospitalisations, with these hospitalisations estimated to cost more than \$31 billion over the next four years.

The federal government is largely responsible for primary and preventive care, while states are primarily responsible for acute hospital care.

"For patients who are at a high risk of preventable hospitalisations, this division in responsibility creates a disconnect and offers little incentive for governments to collectively prioritise preventive care and early intervention," AMA President Professor Steve Robson said.

The discussion paper explores new funding models to tackle existing health issues and incentivise funders to prioritise preventive care and early intervention, including single-payer models for populations at high risk of preventable hospitalisations, where a single entity — usually a government — is responsible for funding the care for those populations.

In the context of these populations, a single-payer model can create incentives for improved outcomes by concentrating the funding for a patient's journey with one entity (rather than multiple bodies) to support patients to access the care they need.

Professor Robson said targeted single-payer models could also reduce operational and administrative costs, along with gaps and duplication in service delivery.

"While a single-payer model for targeted populations is presented as an example of innovative funding reform worth exploring in Australia, it is important to note it is not the exclusive option. The intent of our discussion paper is to initiate a dialogue on funding reform in Australia to deliver care that is efficient, coordinated and patient-centred," Professor Robson said.

"Governments must recognise that aspects of our current health funding arrangements aren't working, with a hospital logjam crisis unfolding across the country and many Australians struggling to access care.

Contact: AMA Media: +61 427 209 753 media@ama.com.au

 [@ama_media](https://twitter.com/ama_media)

 [@amapresident](https://twitter.com/amapresident)

 [@medicalassociation_au](https://www.instagram.com/medicalassociation_au)

 [AustralianMedicalAssociation](https://www.facebook.com/AustralianMedicalAssociation)

 [@medicalassociation_au](https://www.instagram.com/medicalassociation_au)

“One of the best ways to ease pressure on our hospital system is to prevent the need for hospitalisations in the first place, and one way to do this is through preventive care and early intervention.

“There are other population groups that could benefit from such funding models, including those with chronic and complex diseases, as well as diverse populations, as they also experience high preventable hospital admissions and readmissions.”

Read: [Rethinking funding models to align with population health goals](#)

Contact: AMA Media: +61 427 209 753 media@ama.com.au



[@ama_media](#)



[@amapresident](#)



[@medicalassociation_au](#)



[AustralianMedicalAssociation](#)



[@medicalassociation_au](#)