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FEDERAL CUTS RESULT IN FUNDING ‘BLACK HOLE’ FOR AUSTRALIA’S OVER-STRESSED PUBLIC HOSPITALS
AMA Public Hospital Report Card 2016

The AMA’s latest snapshot of the performance of Australia’s public hospitals points to an imminent crisis as the effects of Federal funding cuts make it harder for hospitals to meet growing patient demand and to reach significant performance benchmarks.

The AMA Public Hospital Report Card 2016, released today, shows that, against key measures, the performance of our public hospitals is virtually stagnant, and even declining in key areas.

AMA President, Professor Brian Owler, said the disappointing results are a direct consequence of reduced growth in the Commonwealth’s funding of public hospitals, and things will get much worse in coming years unless the Commonwealth reverses its drastic cuts from recent Budgets.

“The States and Territories are facing a public hospital funding ‘black hole’ from 2017 when growth in Federal funding slows to a trickle,” Professor Owler said.

“From July 2017, the Commonwealth will strictly limit its contribution to public hospital costs.

“Growth in Commonwealth funding will be restricted to indexation using the Consumer Price Index (CPI) and population growth only.

“Treasury advised the Senate Economics Committee that this change will reduce Commonwealth public hospital funding by \$57 billion over the period, 2017-18 to 2024-25.

“As a result, hospitals will have insufficient funding to meet the increasing demand for services.

“In the 2015-16 Budget, Commonwealth funding for public hospitals was reduced by \$423 million for the three years to 2017-18. A further \$31 million was cut in the December 2015 MYEFO Budget update.

“Public hospital funding is about to become the single biggest challenge facing State and Territory finances – and the dire consequences are already starting to show.

“Bed number ratios have deteriorated.

“Waiting times are largely static, with only very minor improvement.

“Emergency Department (ED) waiting times have worsened.

“The percentage of ED patients treated in four hours has not changed, and is well below target.

“Elective surgery waiting times and treatment targets are largely unchanged.

“Public hospital performance has not improved overall against the performance benchmarks set by all Governments.

“On top of all that, the Commonwealth is creating additional and unnecessary demand for hospital services by reducing Medicare payments for diagnostic services in the community by \$650 million.

“These services are essential to diagnosing and treating people early to keep them out of hospital.”

Professor Owler said the Commonwealth Government continues to retreat from its responsibility in regards to public hospital funding arrangements with the States and Territories.

“There is no greater role for governments than protecting the health of the population,” Professor Owler said.

“Public hospitals provide essential healthcare services across the community.

“The dedicated and hardworking doctors, nurses, and other healthcare practitioners who work in public hospitals continue to provide Australians with world class health care. Their professionalism means they are doing more with less.

“Public hospitals are the foundation of our healthcare system.

“They are the training ground for the future medical workforce.

“They are the safety net for the people who can’t afford private health insurance.

“They are the places where extraordinary gains in medical science are developed to constantly improve patient outcomes.

“Public hospital funding and improving hospital performance must be a priority for all Australian governments,” Professor Owler said.

Key findings from the AMA Public Hospital Report Card 2016 include:

- hospital bed to population numbers have remained constant over recent years, while there has been increasing demand for hospital services;
- nationally, only 68 per cent of emergency department patients classified as urgent were seen within the recommended 30 minutes; and
- in 2014-15, no State or Territory met the interim (2014) or final (2015) National Emergency Access Target of patients being treated within four hours. Performance in Victoria and Western Australia was below their 2013 targets, and performance in South Australia, Tasmania, the Northern Territory and the ACT was below their 2012 targets, with the Northern Territory performance in 2014-15 failing to meet their baseline for this target.

The AMA Public Hospital Report Card 2016 is available at <https://ama.com.au/ama-public-hospital-report-card-2016>

AMA Report Cards use the latest available information published by the Commonwealth Government.

The AMA Public Hospital Report Card 2016 was compiled using information from:

- Australian Institute of Health and Welfare, *Australian Hospital Statistics: Hospital resources 2013-14; Australian Hospital Statistics 2014-15: emergency department care; Australian Hospital Statistics 2014-15: elective surgery waiting times; Health Expenditure Australia 2011-12, 2012-13 and 2013-14.*
 - Commonwealth Budget documents, *Budget Paper No. 3 2013-14, 2014-15 and 2015-16; and Mid-Year Economic and Fiscal Outlook (MYEFO) 2012-13, 2013-14, 2014-15, and 2015-16.*
 - Council of Australian Governments (COAG) Reform Council, *National Partnership Agreement on Improving Public Hospital Services: Performance Report for 2013 (NEAT and NEST targets).*
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