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Transcript: AMA President Professor Brian Owler and AMA Vice President Dr Stephen Parnis, AMA NSW Conference Centre, 28 January 2016

Subject: AMA Public Hospital Report Card Launch 2016

QUESTION: Well thanks everyone for coming out, and welcome to the AMA, and the launch of the 2016 AMA Public Hospital Report Card. This is something that we do- have been doing for many years now. It's a project that we've been looking at year on year looking at the performance of our public hospital system. And I think this report card is probably one of the most important report cards that the AMA has ever produced.

We know that previously there was a lot of effort that was put into improving the waiting times in emergency departments, and for elective surgery. There was a lot of policy that was created; funding went into improving infrastructure in our emergency departments, and to provide incentives for our public hospital… public hospitals to actually meet those targets and, for the large part, they were successful. We have seen over the past few years improvements, particularly here in New South Wales, but right across the country, in terms of emergency department performance and elective surgery. Unfortunately, this year we've seen those improvements disappear. We've seen, in many cases, states and territories find that they've either stagnated in terms of their performance, or they've actually gone backwards, in some cases quite dramatically.

Now that's one thing. But this comes on the back of the changes that were announced in the 2014 Federal Budget. Now those changes actually changed the way that the funding for the public hospital system is calculated by the Commonwealth. That is the Commonwealth's contributions to states and territories. So, instead of the funding arrangements which were supposed to look at 45 per cent of growth funding coming from the Commonwealth then going to 50 per cent, they changed the formula from 2017 from next year to mean that the Commonwealth contribution would be on the basis of population growth and CPI.

Now, the Government can argue whatever they want about the fact that $57 billion was taken out compared to the forward estimates over the decade. But what is plainly apparent is that, while there might be an increase in funding year, on year the increase and the contribution from the Commonwealth is going to be woefully inadequate to meet the healthcare needs of all Australians.

The premiers across the country have noted this problem. We saw the COAG leaders' retreat back in July. We saw the conversation that's been happening around GST, around other tax reform, maybe raising the Medicare levy, all of which is aimed to try and avoid what Premier Mike Baird's described as a funding cliff for states and territories when it comes to public hospitals.

So, if our hospitals are struggling to meet the demand now, we're seeing more patients, not only more patients but sicker patients, more complex patients, presenting to our emergency departments. They're struggling to- our hospitals are struggling to meet the demand that's there before them, so when these changes come into effect as of 2017, obviously the performance of our public hospitals is going to suffer even further.

Now, when we talk about elective surgery, we're not talking about cosmetic surgery, we're talking about procedures that mean that patients are trying to resolve issues where they might be debilitated, severe pain. We're talking about cancer operations, we're talking about heart bypass operations. These are operations which are life saving, life changing for people, and when people wait longer on an elective surgery waiting list it means that they're sicker. So, for instance, if you can't work, you can't exercise, you put on weight, get diabetes, cardiovascular disease, and a whole range of other issues, which means by the time you actually get your procedure, you will be sicker and your outcome will be poorer.

Likewise in emergency departments. Steve Parnis, the Vice-President at the AMA here with me, is an emergency department physician, and we know that if you wait longer times in emergency departments it's not a matter of inconvenience; it is a matter of greater complications. We know that the evidence says that if you wait longer in an overcrowded emergency department, if you're not in the right bed, in the right part of the hospital, getting the right care by the right team, you're outcome will be poorer. There will be more complications and morbidity and mortality will increase. That is why we had the policy focus that we had over the past few years.

Now, we have a situation where we have had a number of other cuts that have been introduced into the system; we've got the Medicare rebate freeze, we've got the pathology and diagnostic imaging cuts of over $600 million that were introduced in last MYEFO. All of these things that are being taken out of health are going to impact on patients, they're going to be more likely to present to public hospitals, particularly when people can't afford to go and have their tests or their diagnostic imaging, and that is going to put even further strain on our public hospitals.

We need a vision for health in this country. We need to value health most of all. We can't have an educated, innovative population if it's not a healthy population to begin with.

So we are at a crossroads here. We need to sort out the revenue that's going to fund our public hospital systems and our healthcare systems into the future. We have a new Prime Minister, we have a new Treasurer, and I think it is going to be up to them and this Government to make the changes in the next Budget, due in May, that will mean that we actually put value on health. That we make health of this nation a priority, and that we fund our public hospital system and put a value on health. That we made the health of this nation a priority, and that we fund our public hospital system adequately to meet the healthcare demands of all Australians.

With that I'm happy to take questions, and Dr Parnis is happy to take questions as well.

QUESTION: How does New South Wales fare compared to the other states and territories?

BRIAN OWLER: The report goes through state by state. I think it's fair to say that New South Wales has had a very strong focus on improving elective surgery performance, and emergency department access times as well. Out of all the states, New South Wales has fared best when it comes to elective surgery performance, and has met most of its targets. In terms of emergency department access it has, I think, struggled to meet the COAG targets that were there of 90 per cent within 4 hours, but we have seen significant improvements.

And it's been able to maintain some of those improvements, but now we are seeing the improvements stagnate.

I think it's fair to say that there is a pattern here across the nation. Those economies, those states, the largest states that have decent economies, that can actually drive the revenue, that can support hospital and health budgets, are probably performing better. Those smaller states and territories, quite obvious from the report, are very much struggling to meet the healthcare needs of their population. That should be a concern for us as a nation, because at the moment it appears that your access to healthcare depends on which State you live in this country. And I

think, the AMA thinks, that it shouldn't depend where you reside in Australia in terms of your level of access to healthcare. We want all Australians to get a level of access to healthcare in their public hospitals, in their emergency departments, for elective surgery, so that we can actually have the healthy population that will grow the economy, that will enable people to be trained, to innovate, to get the sort of education that they want, that they deserve.

If we are going to grow this nation, we need to put a value back on to health, and make sure that all healthcare needs of Australians are met no matter where you live. And it is particularly important when it comes to the public hospital system, because the public hospital system is where those people that are most sick, those that are suffering from traumas, particularly those patients that are on low incomes from lower socio-economic groups, they rely on the public hospital system. Children predominantly rely on the public hospital system. Unless we put the resources into it across this nation, we are going to see a great variation, I think, in the access to healthcare that people in various parts of the country are going to get to.

QUESTION: To what extent has the meddling with the Medicare rebate system impacted on the level of private health cover, and the care that people on the those- above that threshold have been receiving and the greater pressure that puts on the public health system?

BRIAN OWLER: Well, I think that's- there is an argument that we want to keep people out of hospital care. We want to make sure people are healthier and in the community, that they don't need a hospital bed. But having said that, we know that the hospitals are not keeping pace with the demand for healthcare that's there already. So, we have a long way to go before we can start to say okay, we are looking after people much better in the community.

The way that health has been dealt with over the past few years, the increase in out-of-pocket expenses through pathology and diagnostic imaging cuts for example in MYEFO, that is going to mean that the focus on keeping people well in the community, that focus on primary care, is suffering, and that's going to put greater strain on the public hospital system. I think we have always had a balance between the public hospital system and the private system as well. That's an important balance. I mean that's a whole other conversation about the problems that are there in private health insurance arena, with the funds and people's, I guess, value proposition from their private health insurance. But we know that one of the things that drives people to take out private health insurance is the fact people are going to wait a long time if they have to have the same procedure done through the public hospital system. The problem is, if you are on a low income, you can't afford private health insurance, that's the only choice that you have.

QUESTION: What are doctors and nurses and other hospital staff telling you about their experiences on the ground as they try to keep these times down and they try to make beds available, and try to help people as best they can?

BRIAN OWLER: I'm going to ask Stephen to answer that question in a second. But I think there is a lot of- there has always been a lot of cynicism amongst doctors and nurses in public hospitals when it comes to policy. I was amazed by the enthusiasm which doctors and nurses met the challenge of activity-based funding which went, essentially, under the 2014 Budget; the way they responded to the challenges of whole-of-hospital reform, about how they were going to improve elective surgery targets and emergency access times. They put an enormous amount of time and effort and energy into trying to improve that, and we saw the improvements.

I think there is a lot of cynicism and lot of disappointment by the fact that the focus has gone away from those areas, that the funding seems to be evaporating before their eyes. And it can be demoralising working in a public hospital system where the Government, the Commonwealth Government, doesn't seem to put the same value on that system that everyone else in the community, particularly those working within that system, do.

So perhaps Stephen, do you want to …

STEPHEN PARNIS: Thanks very much Brian. I certainly would agree with the word demoralising. There is an increasing level of cynicism among our colleagues in medical and nursing backgrounds. Some examples that I've been privy to and that have been talked about in the hospitals that I work in, the fact that despite the increasing need in medical personnel and nursing personnel, when you look over in Western Australia they are looking at cuts of thousands of staff - and that's all budgetary rather than based on health need. And the other one just recently in Melbourne, the Royal Melbourne Hospital, one of our biggest major hospitals, one of three major trauma centres, was basically laid low by a virus affecting its IT system. The IT system is described as one that you wouldn't use on your desktop computer at home. Again, this relates to budget cuts, and I'm sure it is replicated around the country. When you see elective cases that present to emergency because they've become emergencies. The arthritic hip that leads to a fall that becomes a fractured hip, with the complications and risks going up exponentially. The gall bladder that should have come out a few months ago that has turned infective and led to inflammation of the pancreas. These are life threatening conditions that could be avoided.

The stressful decisions of my nursing colleagues who control the beds, making the decision about whether it is the emergency case that's been there almost 24 hours or the elective case that's waited six months that gets that bed. The sheets don't get cold these days because the beds are always occupied. And capacity is an inescapable measure that we have to keep looking at, and the report shows some fairly sobering reading there. Beds per head of population, beds per elderly member of the population are going down, and continue to do so.

QUESTION: How does the Government get away with it? We hear so much about the ageing population and the inevitable increasing health needs of Australians, how can they possibly argue that a withdrawal of major funding is going to be good for the country generally?

STEPHEN PARNIS: Well, we have heard that the state premiers and chief ministers have cried foul, and rightly so, over the walking away from previous agreements by the Federal Government. We hope that this data, which is very hard to distil from government reports, is out there in an understandable form and helps in an election year to put scrutiny on the Federal Government's activities, so that their responsibilities in health are right front and centre, and that they are forced to be accountable for those decisions that they make now and as we approach the coming election.

QUESTION: Just on our country hospitals, will they be as stretched as the city ones into the future?

BRIAN OWLER: Look, I think it is fair to say that rural and regional centres are probably always under-resourced and struggle to meet some of the demand that's out there. And while our report doesn't break it down centre by centre, we know that while there are certainly programs to try and improve healthcare provision in regional centres, they struggle. And they also rely on the tertiary centres in some of the cities to actually accept patients from those regional centres. They are often part of a network, for instance. So these changes really affect people across the board.

I just want to come back to that point about the focus on these issues. I think it is fair to say that there has been a lot of discussion around things like co-payments and all sorts of other issues in health; the focus has gone away from the public hospital system and these funding changes. That's why I think this report card is so timely, why this report card is so important, because it is not until these funding changes, the formula changes really are there about to happen, that people have really started to focus attention on it. And I think that is why we need to get to a solution imminently; we need to make sure that we don't allow those reductions in funding growth to occur.

QUESTION: Do you think this situation, scenario, would be more palatable if there were guarantees from the Federal Government about improving health education. France, for example, we see health education integrated within the general education system from when kids are very young. Have you heard any of that guarantee from the Federal Government by way of offsetting future costs for healthcare?

BRIAN OWLER: Well, I think that's one of many measures that probably need to be instituted to reduce costs. Health literacy, improving health education are ways that we can actually reduce costs. But, at the end of the day, I think there are other changes as well - dealing with the issues of alcohol-related violence, which are clearly a major factor in our emergency departments. Other substance abuse such as ice, which Stephen and his colleagues are dealing with almost on a daily basis. Some of these other lifestyle factors that we are trying to change as well. I think those are the sorts of things that we need to try and really change if we are going to make inroads into the costs.

But, at the end of the day, people will always require hospital treatment and healthcare. As the population ages, as we have seen our life expectancy grow quite dramatically over the last decades, those people are living with more chronic diseases, they are living longer, and we are trying to keep them well, keep them in the community, but that often requires intervention and treatments. That might be insertion of a cardiac stent, for instance, to keep coronary arteries open so that they don't die of a heart attack. It might be other relatively straightforward or simple procedures. But they are all important in actually keeping people alive for longer. And that's the important thing in a nation like Australia, where we actually have one of the highest life expectancies, the fourth highest life expectancy.

So this sort of notion, that there is somehow this mythical saving to be had and that we don't need to put money into healthcare. If we want people living their full life expectancy, if we want to see people living longer, being healthier, out there in the community, then we have to resource our healthcare system, including our public hospitals.

QUESTION: You said that you want the next Budget to be a health budget. Can you outline specifically what you are calling for, what you want to see in that budget [indistinct]?

BRIAN OWLER: Well, I think the fundamental thing is that we need to see the funding for our public hospital system returned to a level that allows them to function and meet their performance targets. Now what exactly that level should be clearly much greater than what CPI and population growth is going to be. I mean, the projected rate of growth is going to be 1.7 per cent in real terms as of 2017. Now, everyone knows that that's woefully inadequate in terms of growth of funding from the Commonwealth. So we'll need to see that improve. Now, how that will improve, as I said, there is a conversation that's currently happening mainly between, first, ministers and treasurers about the GST, about the Medicare levy. If we are going to have taxation, we are going to raise revenue, we need to make sure that that is a hypothecated tax, so that it actually is for healthcare, not delivering personal income tax cuts, as the Treasurer has suggested recently. We need to get serious about making sure that health is the priority, and that it is adequately funded.

QUESTION: Would you like to see a whole new model of heath funding where the states assume a much greater role, where they can sort of focus on the specific needs of different demographic situations, different populations? Would that make more sense, to have it more bespoke, as it were?

BRIAN OWLER: Well, there is this notion of pushing everything back to the States. Now, I have a lot of concerns about that. I have already talked about the inequities that exist across the country in terms of access to healthcare, and I think that would be a dangerous thing to do. I

think there is essentially a role for the Commonwealth to play if we are going to make sure that we have equal access to healthcare across this country. And we know that many states and territories would really struggle. The issue will come down to making sure that there is adequate revenue to fund the healthcare system that Australia wants and needs. Now, how that is arranged, how it's organised, and how the revenue is raised, I mean there are much better people at- much better experts at that topic than I. But, at the end of the day, that's what the bottom line needs to be, that we need to make sure that there is adequate revenue. How it is organised, I think there is still a role for the Commonwealth to play. But the states and territories, if they are going to be asked to run their public hospital system, need the revenue and resources to do it properly.

QUESTION: You are releasing this report today, have you- has Sussan Ley got a copy, will you sit down with her in the coming weeks, is that an option?

BRIAN OWLER: Sussan Ley has got a copy. We normally provide the report to the Government the night before, and certainly it is widely available. The report shouldn't be news to Sussan Ley because many of the figures that come out of this report are basically a compilation of figures from sources such as the Australian Institute of Health and Welfare, the National Health Performance Authority. We have made very clear over the past, well, 18 months or so, since the 2014 Budget, the concerns we have about public hospital funding going forward from 2017.

So this is not news. It's why there's- these discussions having taken place at the COAG leaders' retreat, why the premiers are leading this discussion, because they understand what the implications are going to be for their state budgets. So, happy to talk to the Minister, but the Minister is very well aware of what the issues are, and what it means for the Australian population and for public hospitals. And I've got to say, it is not good enough for the Government to throw its hands up in the air as Joe Hockey did in that budget night on 2014 and say that it is all the states' responsibilities. I have heard some of those lines coming out this morning. It is a responsibility jointly between the Commonwealth and the states. And they have a responsibility to provide adequate levels of funding for states and territories to run public hospital systems that meet the healthcare needs of Australians.

QUESTION: How long now have we been hearing from the state Government that this crisis would be imminent in 2017, suddenly that's next year…

BRIAN OWLER: Yeah.

QUESTION: Is it now or never in terms of the Federal Budget fixing this [indistinct]?

BRIAN OWLER: This is the budget where it has to be done, and I think there's a lot of work to be done between now and then. There's a lot of conversations about various models taking place. But, as I said, they're being- taking place at the level of maybe, first ministers and treasuries, but they're not involving the people that actually deliver the healthcare services on the ground, and if one… there's been one mistake above all else of this Government, it's not consulting with the experts in the field before they've announced decisions in budgets.

QUESTION: How naive would it be for, say, the Prime Minister, for example, to underestimate the electoral sensitivity of healthcare going into an election?

BRIAN OWLER: Alright well… I think when you look at the polling, when you look at when people are asked what their main issues that they're looking at are in terms of politics and particularly Federal politics, health is always number one.

QUESTION: Are you saying this could be a honeymoon buster for Malcolm Turnbull if they don't fix this?

BRIAN OWLER: Well I mean the issue is there, and I think the Australian public expect a healthcare system that will meet their needs. And as they come to realise that this is now under threat from those changes from the 2014 Budget, now we have an opportunity here to change the direction that this policy took back in 2014. There's an opportunity there for a new Prime Minister, a new Treasurer, to look at this issue again and work out how they're going to come to a solution that looks after Australia's healthcare needs.

QUESTION: This is obviously a national report, but anecdotally, how dire is the situation in New South Wales? Are there areas which are worse affected?

BRIAN OWLER: Well, I think New South Wales is probably doing the best out of most of the states and territories when you look at their particularly elective surgery targets. I think there's been a lot of focus on that, not just over the past four years, but even going back before that. So, I think they've really done a lot of work there, and the credit has to be given to them. But I know that New South Wales, the Premier, the Minister, the Treasury, are all concerned about how they're going to fund their healthcare system going forward because they're just not able to make up those sorts of deficits in funding that are going to arise, not only in 2017, but going beyond that as well.

QUESTION: Last month the Premier said there was a hospital room in regional New South Wales [indistinct]. What good are these new facilities if patient care isn't going to improve?

BRIAN OWLER: Yeah, that's a great question. I mean we've all seen the- you know the anecdotes of the great new hospital, the shiny new facilities which doesn't have many patients in the beds, can't afford to actually employ the doctors and nurses and actually run the facility. And look, I applaud the Premier for putting the resources into regional New South Wales where it is needed; those hospitals have needed updating for a long time, and those sorts of announcements have been very welcome.

But the actual running of those hospitals depends on that ongoing funding from the Commonwealth, and them actually having the revenue, to go back to the states and territories to run their hospitals. And so, when you think about it, the states might try and make up the shortfall through their own budgetary measures, but it's going to impact on other areas of the state Budget as well. Health is a very significant component of the state Budget. Most states and territories healthcare runs at about- between about 25 and 35 per cent of their overall Budget across the country, and most of that goes to public hospital funding. So when you start to talk about these sorts of changes, it's clear that other areas such as education, for instance, other service responsibilities for states and territories, might be affected as well.

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