

Cash-starved Australian hospitals unable to pay for vital supplies

Terry Cook
12 February 2009

The New South Wales Labor government has attempted to play down the extent of the crisis gripping the state's health service following a spate of reports that public hospitals are so under-funded that many cannot pay pharmaceutical companies, food providers, maintenance contractors and security firms for supplies and basic services.

Despite the damning revelations, Health Minister John Della Bosca claimed that NSW had a "great health system", declaring it to be "among the best in the world". Dr Dean Fisher, a surgeon at Dubbo Base Hospital, however, described the situation as "a debacle". Fisher told the media: "We are sick of not having the equipment that we can operate with because the transport company haven't been paid, the rubber gloves haven't been ordered, that certain blood products companies have stopped credit."

Fisher continued: "I think we are chronically under-funded for health. I think that's well and truly across most areas in NSW, particularly in regional NSW. And then what happens is, the managers of these areas are forced into making decisions which they don't realise affects the front line."

The chronic situation is epitomised by reports that supplies of morphine ran out at Port Macquarie Hospital's oncology unit last month and a similar situation occurred earlier in the month at Dubbo Base Hospital, leaving patients in pain.

Mudgee Hospital staff reported having to use their own money to buy meat and other basic food items, while Bathurst Hospital nurses bought batteries for essential equipment. In one case, a shortage of batteries meant that

anaesthetic pumps could not be operated.

Last month, Orange Base Hospital was forced to cancel day surgery because it had run out of syringes. At another hospital, toilets remained blocked for weeks because bills for maintenance services remained unpaid.

Doctors and other medical professionals in regional areas complain that they have had to wait for extended periods to be paid for routine work. Doctors in the Greater Western Area Health Service last month threatened to strike unless they were paid. The action was only narrowly avoided when the state government authorised an "urgent" \$1.8 million payroll payment.

According to one report, every one of the state's 220 public hospitals is either battling to pay bills, struggling to attract staff or short of beds. NSW Health admitted that the state's health services owed \$117.5 million in unpaid bills.

The Sydney-based *Sunday Telegraph* reported on an email sent by Northern Sydney-Central Coast Area Health Service shared services acting director Anne Green to staff on January 8 after a pre-audit review at Royal North Shore Hospital. Green admitted that the review had found the infection control unit to be "under-resourced", with "single use items being re-used and instruments being washed in hand-basins" and had pointed to other problems, including "untidy, cluttered and dirty" utility rooms and drug stores because of a cutback in cleaning services.

Dr Tony Joseph, chairman of the medical staff council at Royal North Hospital, said that if single-use equipment was being re-used, it would be "a major concern". He said patients were in danger of picking up dangerous

infections. Last month, the hospital suffered an outbreak of the life-threatening superbug vancomycin-resistant enterococcus. Joseph added: "What they (the government) are doing to health services is a disgrace."

Australian Medical Association NSW president, Brian Morton said the NSW public health system "had plunged to an unprecedented low" and was "basically broke and all the health services are in trouble". He warned: "Inability to pay suppliers is symptomatic of deeper problems and the ultimate concern is the welfare of patients."

Similar incidents involving hospitals unable to pay bills were revealed by frontline hospital staff last year in testimony to the Garling inquiry into acute care services in NSW public hospitals. The pharmacy at Sydney Children's Hospital at Randwick had gone without hot water for three days because plumbing suppliers had not been paid.

At Prince of Wales Hospital, patients' files could not be updated and documents sent to treating doctors because courier companies were owed money. At Hornsby Hospital, nurses said they regularly used bequests and money donated by the community to buy equipment and pay for disposable or consumable items. One pathology supplier had Westmead, Sydney's major western hospital, on "credit hold" until outstanding bills were paid.

The severe crisis is not confined to NSW, however. Under-funding is endemic throughout the public health system nationally as the result of a decades-long drive by federal and state governments, Liberal and Labor alike, to reduce spending and run down the public hospitals in order to push people into buying private health insurance and seeking treatment in private, profit-making, clinics and hospitals.

The 2008 Public Hospital Report Card by the Australian Medical Association (AMA), released last November, revealed that understaffing and bed shortages nationally posed a serious and deadly danger to patients. The number of public hospital beds per 100,000 people over 65 had dropped by 67 percent over 20 years.

The country's major teaching hospitals were "commonly operating on a bed occupancy rate of 95 percent [with] some jurisdictions set[ting] a bed target rate of over 90 percent" and "rates of over 100 percent are not

uncommon". According to studies by the Australian College of Emergency Medicine, an occupancy rate of more than 85 percent "risks systematic breakdowns, extended periods of 'code red' and puts patients at risk of mortality and disability".

The AMA called for an immediate injection of \$3 billion into the public hospital system, with federal funding to be indexed to increase by 8 or 9 percent annually after that. Last December, however, the federal Rudd government increased health funding by only \$1 billion annually under a new five-year Australian Health Agreement with the states—a third of what the AMA said was urgently required. Despite the massive shortfall, all the state and territory governments endorsed the outcome.

The latest \$42 billion stimulus package proposed by the Rudd government because of the deepening global economic crisis provided nothing for public health spending, prompting the Australian Healthcare and Hospitals Association to accuse the government of ignoring "one of the most crucial areas of the economy".

Yet, at the Council of Australian Governments meeting in Canberra last week to discuss the stimulus package, none of the state and territory leaders, including NSW Premier Nathan Rees, raised the crisis in public health or demanded extra funding to meet it.

The exclusion of public health from the emergency package is no accident. The running down of the public hospital system is a deliberate policy, designed to push people into paying for private health care. At the same time, the crisis in the health system will only deepen as governments cut social spending to overcome growing budget deficits.



To contact the WSWS and the Socialist Equality Party visit:

wsws.org/contact