

Australian government releases final terms of health takeover

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The Labor government of Prime Minister Kevin Rudd yesterday announced the final terms of its proposed federal takeover of the hospital and primary health care system, with up to \$1.9 billion in additional funding to be made available for hospital emergency departments, elective surgery, and the aged care sector. Unveiled as part of preparations for next week's Council of Australian Governments (COAG) meeting, the funding is conditional on state and territory leaders agreeing to Rudd's agenda. Federal control is regarded as the first step in Labor's strategy of slashing health care spending, further privatising the sector, and imposing stricter rationing of treatment and care for those unable to afford expensive private insurance.

The new policies are similar in form to other health spending measures that have been announced since Rudd released the National Health and Hospital Network plan on March 3. In each instance, the government has sought to give the impression that it is addressing the deep concerns among ordinary people over the dire state of the health sector—only to announce additional spending, which not only falls far short of what is required, but is also accompanied by regressive mechanisms that further undermine the public health system.

Rudd yesterday staged a cynical photo opportunity in a Queensland hospital, using elderly patients as a backdrop for his aged care announcement. An additional \$739 million over four years is to provide a forecast 5,000 new aged care places. Aged care is a major concern for many ordinary people who struggle to find appropriate facilities to attend to the often complex medical and social needs of their parents or grandparents. According to the government's own figures, in 2006 there were 2,400 patients in hospital beds waiting for an aged care place to become available. Many other elderly people have to be

cared for by their children who are frequently forced to sacrifice their jobs and subsist on poverty-level carer payments.

The Labor government's new spending will do nothing to resolve the crisis. The promised 5,000 new places are grossly inadequate. Victorian Health Minister Daniel Andrews told ABC Radio that Rudd's new measure would likely see his state receive about 1,000 additional aged care places over four years. The existing shortfall in Victoria is 1,500 places, and the projected deficit by 2016 is 10,000 places. "The notion that we'll fix aged care [with the new spending]—well I just don't think those numbers add up," Andrews declared.

Moreover, it also remains unclear how many of the additional places promised by the Rudd government will eventuate. Half the total, or 2,500 places, are anticipated through a \$300 million fund providing private operators with 22-year zero interest rate loans for capital investment. Several aged care spokespeople have noted that with aged care centres currently losing money, there is little likelihood that private investors will invest in new ones, irrespective of interest rates. "Unless there is fundamental regulatory reform, any new facilities built with those loans will start losing money the minute the new bed is occupied by a resident," Catholic Health Australia chief executive officer Martin Laverty told the *Australian*.

The Rudd government's policies are centrally directed towards cutting hospital costs, not providing affordable, high quality aged care facilities to those in need. Part of the \$739 million package involves increasing bonus payments to general practitioners (GPs) who treat elderly people in aged care homes, thereby reducing hospital referrals. There is no question that many people would be

better off avoiding hospitalisation—provided that they receive proper care elsewhere. However, the cumulative impact of the Labor government’s reform will be to create financial and administrative pressures on doctors and other health workers to limit hospital access even where such treatment is in a patient’s best interests.

Rudd yesterday revealed that he will instruct the Productivity Commission to undertake a major inquiry into the aged care system. This will no doubt see further recommendations for cost cutting and “user pays” policies. The *Australian’s* editorial today insisted that the Productivity Commission “must address such thorny issues as government subsidies and how much nursing home residents should contribute towards the cost of their care from incomes and assets”. The newspaper suggested that people needed to get used to the idea of people selling off their family home to pay for their aged care costs.

The Rudd government’s aged care announcement followed another on Sunday on hospital emergency departments. Labor pledged a new maximum four-hour target for those waiting for treatment in emergency wards. The current situation in these wards is symptomatic of the wider hospital crisis. As a result of chronic underfunding, understaffing, and bed shortages, one third of all patients now wait longer than eight hours in emergency departments before being admitted to hospital. Thousands must wait an entire day—according to Victorian figures, in 2009 more than 2,500 patients in that state waited in emergency departments longer than 24 hours.

The new four-hour target is to be phased in over four years. Just \$150 million in upfront funding will be provided for “additional capacity, equipment and planning in hospitals” to supposedly implement the reduced wait times. Another \$350 million will be allocated as “reward funding” if the target is met. This money is a drop in the ocean. Victorian Premier John Brumby said that the additional \$25 million for his state compared with annual emergency department spending of about \$2 billion—an increase of little more than 1 percent.

Nothing has been allocated for extra hospital beds. The average 95 percent hospital capacity rate is the primary cause of emergency department processing delays. “Without appropriate numbers of hospital beds and infrastructure patients will continue to spend many, many more hours in emergency departments than they should,”

Australian Medical Association President Andrew Pesce said.

On elective surgery, the Rudd government last night pledged \$300 million to supposedly clear the backlog of patients on surgery waiting lists. Another \$350 million in “reward payments” is to be paid to those states which meet a new target by 2014: 95 percent of patients waiting for elective surgery to be treated within the clinically recommended time, up from the current 84 percent. In 2007–2008, nearly 90,000 people waited longer than the advised time for surgery, with 17,000 forced to wait longer than a year.

Central to Labor’s new policy on waiting lists is the promotion of private hospitals. Outstanding surgeries unable to be processed by the overstretched public system will be assigned to private hospitals. In other words, yet more public money is to be diverted from the public system to private operators, further boosting profits.

In a revealing exchange, Rudd yesterday attacked Victorian Premier John Brumby for his posturing on health spending levels. “Premier Brumby’s health proposal seeks around \$40 billion over four years or \$150 billion over 10 years, but it is not a financially responsible blueprint for the future of Australia’s healthcare system,” the prime minister declared. “It does not grapple with the need for fundamental reform of the system ... and it would require a massive increase in taxes.”

Rudd’s riposte makes clear the central though unstated premise of Labor’s health agenda—that “financially responsible fundamental reform” involves slashing long term spending, which will further compromise the public health system.



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