Australia: Media demands stricter health care "rationing"

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The Australian media has stepped up its demands for more restrictive, rationed access to healthcare following last week's televised debate between Prime Minister Kevin Rudd and opposition Liberal leader Tony Abbott on the Labor government's proposed hospital reforms.

The phony debate only saw a few passing references to the real agenda underlying Rudd's plan—that is, slashing long-term health care costs—but the prime minister nevertheless made clear his determination to carry out a sweeping restructuring of the national health system. Encouraged and emboldened by what was said, the media is now urging the government to go further. Predictably, the Murdoch press is at the forefront of this campaign.

The *Australian*'s editorial, "We need to count the cost of hips, knees and IVF", published a day after the leaders' debate, declared that "deep reform to tackle the exploding costs in Australia's health system" required "tough decisions about the allocation of resources". The newspaper complained that rationing of medical services remained "the great unmentionable", because "coming clean about restricting access to medical services is regarded as political poison".

The editorial referred to predictions that health costs would increase from 9 percent of gross domestic product (GDP) to 19 percent in the next generation and insisted that Rudd's hospital measures—altering the balance of federal and state funding and introducing activity-based case-mix "efficient price" funding—were insufficient to tackle the problem. Instead, what was required was "an open debate on how far we are prepared to go in funding procedures to prolong life". Despite declaring that the editorial was "not the place to argue against particular medical interventions", the *Australian* referred to hip and knee replacements for the elderly, IVF fertility treatment, and intensive care for very premature babies.

Such examples point to the vicious character of the health care agenda that is now being advanced behind the backs of the Australian people. Procedures such as hip and knee replacements are vital for elderly people, potentially allowing them to live without chronic pain and retain their personal mobility. Advanced fertility treatments have allowed single women and couples to conceive children, while recent technological developments in treating premature babies have averted numerous tragic deaths. As far as the business and financial elite is concerned, however, these and other procedures are costly luxuries that should be restricted to those who can afford to pay—either directly or through top-level private insurance plans.

The *Australian*'s editorial has been followed by a series of stories, also run by the Australian Broadcasting Corporation and the Fairfax press, questioning the value of many medical procedures, such as breast screening and prostate checkups.

While the media is now advocating health rationing, under-resourcing and understaffing, the Australian public health system has long been operating under de facto rationing. Successive Labor and Liberal governments have deliberately engineered a two-tier health system. Private insurers receive an annual subsidy of nearly $4 billion, while chronic underfunding of the public sector has pushed 45 percent of the population into taking up expensive private health cover. Those unable to afford private insurance are left dependent on the massively overstretched public system.

A 1998 medical journal paper entitled "Rationing of Hospital Services in the Australian Health System" noted: "The response of the state and territory governments to an ever-growing demand for hospital services, with commensurate increases in expenditure, has been to cap hospital budgets and introduce a number of measures aimed at improving the efficiency of the hospital system. Capping hospital budgets has prompted hospitals themselves to

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enforce strict budgetary control and implement service restraints. This has resulted in hospital managers doing the following: closing down wards and beds; restricting the number of operating theatre sessions; rationing expensive services (e.g., expensive cancer chemotherapy is substituted with less expensive therapies); reorganising hospital work practices; reducing payment to medical staff (though this is difficult in a highly unionised industry); dipping into capital funds to pay for recurrent costs; outsourcing medical services (such as radiology and pathology services); and outsourcing hotel services (e.g., food, cleaning, laundry). Reduced access to hospital services has inevitably led to the creation of waiting lists." (The author, Mladen Kovac, was employed in the Medical and Pharmaceutical Research Section of the federal Department of Finance and Administration; the article was published in the *Croatian Medical Journal*, vol. 39, no. 3.)

These processes have accelerated in the last twelve years. Prior to 2007, a bipartisan division of labour existed: the conservative federal government of John Howard enacted regressive national legislation, while the state Labor governments directly responsible for the delivery of health care imposed the required restructuring and cost cutting on hospitals and other services. With Labor now in power at the federal level, the assault on the public health system is now being taken to a higher level.

Health Minister Nicola Roxon last month moved quickly to hose down hopes among doctors and hospital workers that the revised federal-state funding arrangement would result in any alteration to existing caps set by the states on the number of operations and other procedures. In opposing the policy, Australian Medical Association president Andrew Pesce told the Fairfax press, "Capping puts on an economic lid, which ends up rationing services—and you get people at the end of a queue who can be quite unhappy."

The other aspect of the existing rationing system is the use of a statistical mechanism known as quality-adjusted life year (QALY) which effectively makes a cost-benefit analysis, comparing the monetary cost of a given treatment with the likely quality and quantity of additional life gained by the patient. This calculation is made for many hospital procedures as well as in deciding which drugs are placed on the publicly subsidised Pharmaceutical Benefits Scheme (PBS). The sum for an additional year of healthy life is now set at about $40,000 to $60,000. If a potential operation or drug treatment, which adds an additional year of good health for a patient, costs significantly more than this sum, then it typically does not go ahead.

Such ruthless calculations—in which people's lives are balanced against the profit drive of private health operators and the government's cost cutting agenda—are the product of a social and economic order in which fundamental social needs are subordinated to the vested interests of a narrow wealthy elite. The right to life and good health is one of the most basic of all rights, and high quality, readily available, and freely provided medical treatment ought to be available to everyone. Yet within the profit system, people are denied access to the abundant medical resources and expertise that is potentially available.

In Australia, as in the US and many other advanced capitalist countries, health care is at the forefront of the austerity agenda being implemented in response to the new stage of the global economic crisis. With unprecedented bank bailouts and fiscal stimulus measures blowing out states' sovereign debt around the world, national governments are seeking to maintain their economies' solvency and international competitiveness by slashing public spending, dismantling welfare programs, and wresting back social concessions previously granted to the working class.

The business and media establishment has expressed its strong support for the Rudd government's first steps towards stricter rationing of health care. Clearly, the Liberal Party has received the message. Opposition leader Tony Abbott earlier this week backed away from previous criticisms of the government's health plans, declaring that he "will not necessarily oppose the government's public hospital changes" and that if Labor "gets it right, I'm certainly not going to stand in the way of beneficial change".

The author recommends:

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