

# Australian government plans substantial cuts to health care

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As part of its pledge to the financial markets to eliminate the budget deficit by 2012-13, the Gillard Labor government has signalled a series of substantial cutbacks to the public health budget, including pathology, radiology, the Pharmaceutical Benefits Scheme and medical research grants. Labor's measures will impact, in one way or another, particularly strongly on the quality of health care available to those on low incomes.

Health Minister Nicola Roxon announced today an agreement with the pathology industry to slash an estimated \$550 million over five years, on the back of cuts of \$180 million over four years starting in 2010. The further reduction will force practitioners to charge more to patients or cut basic services, such as after-hours testing and home visit collections.

Speaking before Roxon's announcement, Dr Ian Clarke, president of the Australian Association of Pathology Practices, condemned the proposed cuts. "Regrettably those most at risk from the impact of these cuts are some of the most vulnerable Australians, including people from low socio-economic backgrounds. This government decision will seriously undermine our ability to reduce the increasing health care services gap between the 'haves' and the 'have nots'," he said.

Clarke said that any cutbacks to pathology, which involves the study and diagnosis of disease, would have a flow-on effect throughout the already stretched medical system. "Reduced access to pathology services will result in later diagnoses and poorer management of chronic conditions. This will place increased pressure on GPs and hospitals, which are already unable to meet the community's demand for services."

Another diagnostic area—radiology—is also under stress.

In an interview with the *Australian* last week, Roxon all but ruled out any increases to Medicare rebates for radiology services, which have been frozen for 13 years. Radiologists have been calling on the government to spend \$820 million to increase rebates. Due to the freeze, Medicare rebates for radiology scans have effectively lost a third of their value.

The costs incurred by "bulk-billing" radiology centres—which do not charge patients, but rely on the government's Medicare rebate—now exceed the rebate by an average of \$53 per scan, according to a study by Access Economics. As a result, centres are increasingly forced to operate privately, where patients bear the full cost of testing and recover only a portion through Medicare.

Centres that continue to bulk-bill are covering the deficit by abandoning investment in new equipment and staffing, and operating with less qualified and lower paid workers. There are fewer qualified radiologists at centres that provide Medicare rebates, and some in rural areas have no radiologists on site. The Australian Diagnostic Imaging Association recorded 55 cases in two months where a patient was either misdiagnosed due to a radiologist not being consulted, or where the intervention of a radiologist directly avoided such an error.

In the same interview with the *Australian*, Roxon warned that she had a "difficult message" for medical researchers. She did not deny persistent media reports that the National Health and Medical Research Council (NHMRC) could face more than \$400 million in spending reductions, or 19 percent, over the next three years.

Medical research is already badly underfunded. The Australian Medical Association has called for an increase

of \$850 million over four years. Not only does research create the conditions for the discovery of cures, it develops new techniques and equipment. Reductions in funding will undermine not only research, but research expertise, which is built up over years, if not decades.

In a statement, Professor Julie Campbell, president of the Association of Australian Medical Research Institutes, pointed out that any cuts to research would be “disastrous.” According to Campbell, at present only 23 percent of researchers who apply for a grant with the NHMRC are approved. Yet, 58 percent of the applications rejected in 2009 were deemed fundable, that is worthy of support, up from 34 percent in 2003.

The Menzies Research Institute of Tasmania, for example, could face funding cuts of up to 50 percent. Professor Simon Foote told the media that many of the institute’s programs for developing cures for Alzheimer’s disease, multiple sclerosis and heart disease would be significantly rolled back or halted altogether. “People are going to have to wait longer for cures and for treatments for these diseases, it’s as simple as that,” he said. (See: “Medical researcher: ‘Our chance of solving health problems will be significantly smaller’”)

The government has already imposed constraints on the Pharmaceutical Benefits Scheme (PBS), which subsidises the cost of medical drugs. Previously the Pharmaceutical Benefits Advisory Committee (PBAC) would decide which treatments should be subsidised. The government generally accepted the PBAC’s decisions, which were only subject to cabinet scrutiny if the subsidy was likely to cost \$10 million or more.

As of early March, however, all approvals for the scheme must undergo cabinet review. Roxon announced that no new drugs would be funded unless the costs could be offset by savings elsewhere in the health budget.

So far, the minister has announced the indefinite deferral of six drugs, which had been approved by PBAC, including Targin, for chronic pain, Ingenia Sustenna, used to treat schizophrenia, and the lung disease drug Symbicort. The government stands to save an estimated \$30 million annually from the deferrals.

The Gillard government’s measures come on top of its planned market-based national hospital funding scheme,

which is aimed at driving down public health spending. Doctors, nurses and administrators in public hospitals will be under constant pressure to cut costs, regardless of the impact on patient care, in order to keep below a nationally-determined “efficient” price. This price will itself be revised downward constantly as part of a competitive bidding process for funding.

Today’s announcement slashing pathology services is unlikely to be the last. As the government prepares for the May budget, public health, along with other essential social services, such as welfare and education, will be sacrificed to the demands of the financial markets. These measures will further erode the already chronically underfunded public health and hospital system.

Health care is a social right, but under the present two-class health system it is only available to those who can afford to pay. Far from slashing health spending, tens of billions of dollars are needed to upgrade public health and hospitals, expand medical research and provide free, high quality health care to all those who need it.

The various medical associations and the unions seek to divert the growing anger among health professionals and working people into pressuring the Gillard government to make concessions. However, like its counterparts around the world, the Labor government is driven to implement an austerity program to make workers bear the brunt of the global economic crisis.

The only way to defend public health is to develop an independent political movement of the working class against the Labor government on the basis of a socialist program to rationally reorganise economic life to meet social need, rather than corporate profit. This is the program fought for by the Socialist Equality Party.



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