

Thursday, 16 April 2009



Victorian Healthcare Association

## Media release

### Rural Health Infrastructure Crumbling - new health report warns

Obsolete health infrastructure and under-funded emergency departments are threatening the viability of Victoria's rural and regional health services, a new report on Victoria's public health system found.

The Access Economics' *Victorian public hospital funding and productivity* study - commissioned by the peak body for public healthcare in the state - the Victorian Healthcare Association (VHA) - found the cost of maintaining ageing infrastructure is eroding funds for patient care.

Despite the current financial crisis, the report recommends the State Government use public borrowings to expedite capital works to upgrade inefficient health infrastructure.

The report concludes that Victoria's healthcare system has reached the limits of productivity as health services struggle to cope with demand caused by ageing populations and a related rise in complex health needs

Among the report's key recommendations is:

- The State Government invest in a 10-year capital investment plan to set out public hospital capital expenditure priorities based on population need and equity
- Victoria should consolidate its multiple funding streams into a single stream of funding for investment in infrastructure and equipment that is guided by the 10-year plan
- A new system of benchmarking is introduced and overseen by Victoria's Department of Human Services to facilitate cost comparison across health services and assistance is provided to assist struggling health services to meet state's best practice

The Victorian Healthcare Association's (VHA's) chief executive, Mr Trevor Carr, said the states rural and regional hospital network has reached a depreciation "tipping point" that requires urgent state government action.

Mr Carr said rural and regional Victoria often missed out on small capital funding allocations due to larger parcels going to meet rising healthcare demand in Melbourne's population growth areas and a 10-year health plan would give health services greater surety of when their capital needs will be met.

"Most of rural Victoria's health service buildings date back to the 1950s and the cost of repairing and maintaining them is eating into health service budgets - a factor that must be rectified through a 10-year capital works plan for Victoria that reflects demand and equity issues.

"Such a plan will improve transparency and remove accusations of political bias from the capital grants allocation process as well as reduce costly red tape caused by health service administrators having to apply annually for grants," Mr Carr said.

At all of the six case study sites - Latrobe Regional Health, Northern Health, Bendigo Health, Swan Hill District Health, Kerang District Health and Bass Coast Regional Health - hospital emergency departments were in the red and had to be cross-subsidised.

Other key findings identified in the case studies included:

- The health workforce shortage continues to impact rural/regional health services
- The shortage of after hours GPs places further strain on hospital emergency departments - at Swan Hill Health Service an estimated 6000 emergency department presentations could have been treated by a GP

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Mr Carr said his member-based organisation commissioned the report to identify the capacity of health services to generate ongoing productivity gains.

The VHA has made specific recommendations to the State Government in the lead up to the next State Budget that includes the need for a new Rural and Regional Health Plan.

Other commitments being sought by the VHA in May's budget include:

- **Small Rural Health Service Funding:** As part of an agreed review of this funding model, the VHA wants the state government to agree to index its inflationary funding to the equivalent of that received by the state via the Australian Healthcare Agreement
- **Maternity Services Funding:** Should be removed from the Casemix model and replaced by "streamed" funding to enable providers to develop models of care suited to their communities, including shared care approaches in rural locations
- **Benchmarking:** The State Government should develop fiscal benchmarks and create a funding pool to support health services to change their processes to state best practice
- **Bonus Funding:** To increase information sharing and cooperation between health services, the VHA recommends aligning the awarding of financial incentives to area based improvements in population health outcomes
- **IT funding:** The State Government to provide each rural IT alliance with an extra \$1 million to help cover the costs of implementing HealthSmart
- **10-Year Health Infrastructure Plan:** Capital investment priorities to be based on population need and incorporate depreciation costs

The VHA is the major peak body representing the public healthcare sector in Victoria. Our members include public hospitals, rural and regional health services, community health services and aged care facilities. Established since 1938, the VHA promotes improvement of health outcomes for all Victorians from the perspective of its members.

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