MEDIA RELEASE

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For immediate release

Peak body calls for review of rural health funding

Rural Victorian health services face escalating costs and a funding system that prevents them from meeting the needs of their local communities.

As a result, the Victorian Healthcare Association (VHA) is calling on the state government to review immediately the Small Rural Health Service (SRHS) funding model, after a survey of its members identified systemic issues with the current approach.

The VHA's chief executive, Trevor Carr, said although the model was introduced with good intent it is hampered by a lack of growth funding and many small rural health services would choose not to join the model, if given the chance again.

"Five years ago, the SRHS funding model was a clear step by the Department of Human Services to improve the funding and accountability arrangements for small rural health services in rural Victoria," Mr Carr said.

"While this model was well received at the time, the majority of services are now struggling to continue to implement the model as it was intended.

"The model has been hampered by the absence of growth funding, a lack of clarity in the structure and release of funding which has led to the inability of some services to cope with growing populations and changing population needs."

The VHA's latest position statement: **Small Rural Health Service Funding** - recommends an immediate review by the Victorian government of the SRHS funding model to ensure the encumbrances preventing the model meeting its original intent are overcome.

The model – introduced in 2003 – was available to 67 agencies across rural Victoria that offered health services in towns with a population of less than 5000 people. Health services that joined the model were promised more flexible budgets and a strategic partnership with the DHS into the future.

However, many SRHS feel neglected by the DHS which has released only two policy statements on the model since 2003, despite a significant shift in overall Victorian health policy. And there remains a lack of clarity about what exactly constitutes a small rural health service.

Mr Carr said government policy favours a move towards more non-bed-based care but this did not always correspond with community expectations, especially in rural areas.

He said rural health services continued to face a number of pressures that reduced their capacity to offer flexible services under the SRHS model. These included:

- A **lack of flexibility** in the model to allow health services to instigate major service changes and transition from a bed-based to non bed-based modes of service delivery
- **Health inflation** that has led to **spiralling costs for small rural health services** especially –
    - **Rising costs of ambulance transfers** to larger regional centres with one health service in Victoria's north-east saying it costs $1200 to transfer a patient to the nearest regional hospital
    - the **rising wage costs of visiting medical officers** (VMOs)

 Available for interview Trevor Carr, CEO, Victorian Healthcare Association (03) 9094 7777 or (0409) 362 382

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- **IT costs** associated with the implementation of the HealthSmart patient and client management system
- **rising fuel costs**
- **Decreasing availability of after hours GP services** and the impact on patient presentations at rural hospital emergency departments
- An **EBA nurses agreement** that commits health services to a **pre-determined nurse: patient ratio despite occupancy levels** and, therefore, limits the freeing up of nurses into more community-based roles

The Victorian government introduced the SRHS funding model to allow rural and regional health services to better meet the needs of local communities. Factored into the model was the higher fixed cost of running a small health service, yet government funding has not kept pace with inflation.

In 2007, only three SRHS received growth funding, while other services that joined the model in 2003 missed out on additional funding.

Mr Carr said "the overall process lacks transparency and this diminishes SRHS' trust in the system".

Rural Victorians continue to face major health disadvantages when compared to their metropolitan counterparts including higher rates of chronic disease and deaths from cardiovascular disease, cancer and road traffic injuries.

Mr Carr said some of these statistics are attributable to the distances rural Victorians must travel to access health services but morbidity rates can be reduced though community-based health prevention programmes.

The VHA is the peak advocacy body representing public healthcare interests in Victoria. Its members include public hospitals, rural and regional health services, community health services and aged care facilities.

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