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Media release

Health reform – Minimal benefit to Victoria

Victoria's peak public health body doubts a national takeover of public healthcare services will benefit Victorians and cautions it may even lead to a long term loss of services in rural Victoria.

Overall, the Victorian Healthcare Association (VHA) is disappointed in the lack of vision shown in today's Federal Government's health reform announcement.

Its chief executive officer, Mr Trevor Carr, said simply changing the percentage of funding the federal government provides to the states for hospital services from 35 per cent to 60 per cent will not end the blame game.

The proposed creation of Local Hospital Networks will simply replicate many of the positive aspects of the Victorian health system, and the implications for rural Victoria are worrying.

"The Local Hospital Networks will in effect regionalise our local health boards. Over time this will lead to a centralisation of services at the expense of delivering locally accessible services," Mr Carr said.

"The blame game that currently exists will continue under the 60/40 funding split proposed. The State Government will continue to be responsible to make the services work on the ground but without the financial ability to drive change."

The Federal Government's decision to assume total control for primary healthcare funding also raises concerns for Victoria's existing community health network.

The VHA welcomes Federal Government recognition of the need to improve Australia's primary healthcare services but is disappointed by the focus on the physical co-location of services - rather than coordinating and integrating existing services.

The primary healthcare reforms also concentrate service delivery in the hands of general practitioners (GPs) and fail to tackle many of the inefficiencies embedded in Medicare.

"I am disappointed by the continued reference to GP and GP-related services by the Prime Minister. It shows a lack of understanding of primary healthcare. Primary healthcare is more than GPs; it is the range of health, welfare and prevention services that address the societal inequities that shape health and well-being," Mr Carr said.

Victoria has an outstanding state-wide model of community health services. These agencies deliver integrated primary healthcare services across health, welfare and prevention.

The VHA will seek a Federal Government assurance that these services will continue to operate and benefit rural and vulnerable communities.

One aspect of the health reform package welcomed by the VHA is the addition of more infrastructure funding for the health system.

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The VHA calculates that at least \$1.5 billion of additional recurrent and infrastructure funding is needed annually in Victoria alone over the next decade to cope with rising demand for health services.

The VHA also applauds the introduction of efficiency based funding across Australia but cautions that this approach has its limitations.

"After 17 years of activity based funding Victoria has learnt that additional flexible funding is required to foster innovation, quality, clinical leadership and infrastructure. A funding structure that enables sharing of knowledge across networks and jurisdictions will also be necessary to ensure continued improvement," Mr Carr said.

"From Victoria's experience you see a loss of vital services such as maternity from smaller communities under an efficiency based model due to the price pressures. Some smaller hospitals suffer due to their inability to compete on scale."

The VHA looks towards both the state and federal governments to show leadership in working out a sensible and measured health reform package to benefit all Australians.



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