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Services for Australian
Rural and Remote Allied Health

Submission to the Senate Standing Committee on Finance and
Public Administration

Inquiry into the implementation of the National
Health Reform Agreement

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Introduction

SARRAH (Services for Australian Rural and Remote Allied Health) welcomes the opportunity to provide a submission to the Senate Standing Committee on Finance and Public Administration inquiry into the implementation of the National Health Reform Agreement.

SARRAH is nationally recognised as a peak body representing rural and remote AHPs (allied health professionals) working in both the public and private sector.

SARRAH's representation comes from a range of allied health professions including but not limited to: Audiology, Dietetics, Exercise Physiology, Occupational Therapy, Optometry, Oral Health, Pharmacy, Physiotherapy, Podiatry, Psychology, Social Work and Speech Pathology.

These AHPs provide a range of clinical and health education services to individuals who live in rural and remote Australian communities. AHPs are critical for the management of their clients' health needs, particularly in relation to chronic disease and complex care needs.

SARRAH maintains that every Australian should have access to equitable health services wherever they live and that allied health professional services are basic and core to Australians' health care and wellbeing.

General comments

In the **Mid-year Economic and Fiscal Outlook 2012-13** recently release by the Commonwealth, reductions to the National Health Reform funding for state hospital services were announced. In particular:

National Health Reform Funding, which is expected to be \$254 million lower in 2012-13 (\$1.5 billion over four years), reflecting downward revisions to the weighted population used to calculate hospital utilisation following the 2011 Census and the Australian Institute of Health and Welfare health price index, which has been driven by a higher Australian dollar leading to lower prices for medical equipment that is sourced from overseas.

These reductions will further disadvantage people residing in rural and remote Australian communities where in many settings currently have limited access to hospital services. In some instances, the availability of allied health services will be further reduced in times of downward fiscal pressure on hospital budgets.

Comments against the Terms of Reference for the Inquiry

a) The impact on patient care and services of the funding shortfalls

This is an intergovernmental matter and needs to be resolved. Funding must be sourced from elsewhere within state budgets to maintain the current allocation to hospital services. If not, hospital services will be cancelled and hospital staff reduced. Consequently, current recruitment plans, particularly in the allied health workforce, will be frozen or delayed indefinitely.

AHPs provide cost effective acute hospital diversion services and it is the costs of the acute system most impacted by the funding shortfalls. At this time when the Commonwealth and State Governments are still not in agreement over the variety of primary health care services supported by each system, AHP services in particular and community health services in general are at risk. This is an inherent vulnerability of the changes with the introduction of hospital and health boards.

The cancellation and/or reduction of hospital services will impact on patient care, reducing access to both acute and rehabilitative care provided by AHPs. The potential long term impact will be that patients may not achieve their optimum health outcomes, hospitalisation rates and lengths of stay will increase and the demand on community/primary health care services funded by the Commonwealth will rise. Costs to the Commonwealth aged care sectors are also compromised with shortfalls causing elderly patients to be admitted into the acute care system rather than be maintained in the residential system.

If reductions are applied consistently to all hospitals across each state it will have a higher impact on services and patient care in rural and remote areas because of the higher costs of service delivery in those settings.

b) The timing of the changes as they relate to hospital budgets and planning

It is expected that the majority of hospitals have established budgets for the 2012-2013 financial year resulting in funding already allocated and services established. A reduction in the budget for this financial year will result in abrupt changes and challenges to existing services, with services being cut or suspended and hospital beds closed.

There is anecdotal evidence that AHP services are already being cut as a result of the announced budget changes.

c) The fairness and appropriateness of the agreed funding model, including parameters set by the Treasury (including population estimates and health inflation)

The cost of delivering health services in rural and remote Australian communities is higher than that of metropolitan and large regional settings. Applying a uniform activity based formula for determining funding using population estimates and health inflation, has the potential to further disadvantage rural and remote communities. Socio-economic determinants of health (including access to housing, water, education, fresh food and employment), demographic and the health profile of communities must be taken into account as well as geographic classification by remoteness.

d) Other matters pertaining to the reduction by the Commonwealth of National Health Reform funding and the National Health Reform Agreement

Reductions in health budgets by various State Departments of Health in 2012 has seen a reduction in the availability of funding support for allied health staff to attend continuing professional development programs. Whilst this may have a short term impact on cost savings for the hospital budget it will have a longer term impact on staff ability to maintain, enhance and learn skills relating to their profession and position.

Conclusion

SARRAH, as the peak body representing AHPs delivering health services to people residing in rural and remote communities across Australia, is well positioned to work with Governments and other stakeholders to address the factors that budget cuts will have on the supply of allied health services in these settings.

SARRAH supports fiscal responsibility and is aware of the impact of scarce resources. The current Commonwealth programs encouraging decreased dependence on the medical service system are the best effort to contain health care costs. AHPs are well placed to encourage sustainable health care which support effective self management of chronic conditions.