

## Hospitals

*John Hyde*

A good reason why the Opposition should have a real, although not necessarily a detailed, health policy is that the Government's policy is a mess. Opposition politicians could have made healthcare a vote-winning issue in the coming election. The industry is too big to be ignored: healthcare expenditure is 8% of Gross National Expenditure and 14% of Federal Government expenditure. Efficient healthcare would, therefore, contribute substantially to an efficient economy--- either raising living (and dying) standards directly or releasing resources for other ends, such as repaying debt. Healthcare policy is important to the poor and the unlucky: its deficiencies manifest themselves in needless suffering and death. Healthcare is politically sensitive---a fact which presents some problems, but also opportunities for both reform and political advantage. Access to quality healthcare is a high voter priority and, to understate the case, it is not a Labor Party success.

All the evidence politicians need of widespread inefficiency can be found in industrial trouble and mountains of dirty linen at the Royal Canberra Hospital and in long queues of their constituents awaiting treatment at public hospitals throughout Australia. Less evident, but just as relevant, are unused resources in private hospitals.

MPs must accept that healthcare costs are rising rapidly. Some of the reasons for this are either beyond their potential control or are reasons about which they would not wish to do anything: new techniques are expensive and people seem to be wanting to spend more on health even if that means that they have less to spend on other things.

However, there are other aspects of healthcare that politicians ought to change. Recently, the Business Council of Australia compared Australian healthcare productivity with 22 other OECD countries. On the face of it our productivity is appalling. In Australia 6.9% of all employees are in the healthcare area whereas the OECD average is only 4.7%. Australia has the highest ratio of hospital staff and the highest number of nurses per bed, and we have three times the OECD average number of nurses per occupied bed.

Royal Canberra, which has a \$7 million annual deficit, provides as good an illustration as any of the problem. Its industrial trouble resulted, among other things, from the ACT Government's attempts to raise productivity by reducing the shift by 30 minutes which would have decreased the need for permanent night duty staff, accrued days off and penalty rates. Public sector hospitals are sitting ducks for union militancy. Within them there is little sense of shared objectives, which invites discontent, poor work practices and encourages unions to come between management and staff. They are soulless places. The private sector does better.

It is, as the Opposition discovered, impossible to write a new health policy that is revenue neutral and which does not make anybody worse off, but it is, nevertheless, possible to improve upon the Commonwealth's role in healthcare. By changing health insurance arrangements, health resources may be employed more efficiently and more equitably. The justice of requiring the well-to-do to provide more directly for their own health insurance costs can be defended politically.

The current Medicare agreements provide Commonwealth funding to State hospitals on the condition that public beds are available without charge to the uninsured patient (and for the cost of the benefit cover to the insured patient). It is not surprising, therefore, that the most conspicuous failure of the healthcare system is the existence of waiting lists for the free public hospital beds, while private beds are empty. To prevent this costly anomaly people who can afford to do so must pay for their hospital beds. They will do this only if they are denied access to free beds in the public sector.

To bring about change (and at the same time reduce budget expenditure) the Federal government would have to do four things which will retain universal cover for basic hospital and medical care:

- | Impose a levy upon those who do not have private insurance. The levy must cover the cost of basic hospital and medical cover.
- | Discount the levy on a sliding scale for people with low incomes until those with the lowest incomes pay nothing and are completely insured at the cost of other, taxpaying, citizens.
- | Require public hospitals (which are mostly operated by the State governments) to charge appropriate fees or properly bring to account the costs incurred for all patients, as recommended by the 1980 Jamison Report and in subsequent investigations.
- | Pay the basic hospital and medical costs of the uninsured (who would either be paying the levy or have been classified, before the introduction of Medicare, as disadvantaged).

The above arrangement is not ideal, nor is it by any means all that need be done to reform the healthcare system. It is, however, a very great improvement on present arrangements. Although, the proposed changes create a substantial group of losers---people who at present do not insure but who could afford to pay---it is politically and administratively feasible.

It is, moreover, probably all that any likely government will accomplish with health insurance in its first term of office---especially while they are undertaking other much-needed micro-economic reforms.

Although feasible, reform of health insurance is politically difficult. One reason for this is that people are, with reason, afraid of big medical bills. Therefore, they fear changes that too swiftly upset the system they know. Another reason is that, compared with, say, the labour market, there has been little debate about options and therefore little public education. To improve the chances for further reform in a second term of office, the next government might encourage debate by commissioning a specialist report---with personnel and terms of reference which disclose the difficulties rather than wishing them away. The model might be the Campbell Report on financial markets. The need in the case of healthcare is even greater.

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