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COVID SHOWS NEED TO RESET HEALTH SPENDING
AMA Comment ahead of 2020 Federal Budget

Tomorrow’s Federal Budget is a rare opportunity to reset Australia’s attitude to health expenditure, with a fundamental reassessment of the priority put on real increases to health spending, AMA President, Dr Omar Khorshid, said today.

“The COVID-19 pandemic has challenged us to rethink many of our assumptions about the functioning of society. Absolutely fundamental to this is our understanding of what a health system that is fit for purpose looks like,” Dr Khorshid said.

“The pandemic has shown the strains on so many parts of our health system, particularly aged care, mental health, and protections for our frontline healthcare workers, as well as the need to keep this deadly virus out of our Indigenous communities.

“The Federal Government has made some very welcome investments in both our health and welfare systems to protect Australians and we are seeing a significant return on this, with our economy doing much better than most comparable countries.

“There can be no avoiding it. A serious investment in health with a substantial real increase in spending is required.”

Even before the pandemic started, the AMA’s Pre-Budget Submission called on the Federal Government to dramatically lift spending on health as an increased share of gross domestic product (GDP) every year.

“Health investment is the best spend a government can make for its people, and its economy,” Dr Khorshid said.

“And we certainly have room to improve, spending only 9.3 per cent of our GDP on health, pre-pandemic – a figure far less than similar countries.

“As AMA Report Cards released in the past fortnight have shown, prior to the pandemic, Australians were already waiting longer last year for elective surgery than they were in 2008-09.

“Our emergency department times continue to worsen, as does our hospital bed ratio for older Australians.

“Waiting times will only get worse with the backlog of cancelled surgeries and delayed diagnoses during the pandemic.

“The proportion of Australians with private health cover has fallen for 20 consecutive quarters – five years - a decline that is only likely to steepen post COVID-19, as household disposable incomes decline.

“The private health system accounts for about 60 per cent of our elective surgery. Without a strong private system, our public system cannot stay afloat. The AMA has outlined ideas to reform our private health system and put it on a sustainable footing.

“Almost 85 per cent of patients see a GP each year, yet spending on general practice accounts for less than 12.7 per cent of total Commonwealth Government spending on health.

“As the AMA called for in our 10-Year Framework for Primary Care Reform, this needs to be lifted to 16 per cent to support GPs to deal with the growing challenges of an ageing population and chronic disease and to help reduce pressure on our hospital system.

“We also need to see a dedicated spend on preventive health. The AMA has proposed that at least 5 per cent of the health budget should be on prevention measures, to keep our communities healthier for longer.

“The vulnerability of our aged population has been horribly exposed by COVID, demonstrating a relentless driving down of standards in aged care.

“Aged care needs a substantial investment, including minimum staff-to-resident ratios that reflect the level of care required and ensure 24-hour, on-site availability of registered nurses.

“Telehealth also needs to become a permanent part of our health system, with the temporary COVID Medicare telehealth items demonstrating that it works well in Australia.

“While we all hope that a vaccine will be found, and found soon, the reality is that we could be living with this added strain on the health system for some time.

“Add to that the mental health impacts of isolation, the loss of employment, and the growing stress on many Australians, and it is clear that COVID is not just a medical matter. The pandemic presents unique challenges to our social fabric and our economy.

“The Government needs to be prepared to support the community through programs like JobKeeper and JobSeeker for as long as it takes.

“The pandemic has demonstrated the strength of the Australian health system, and the remarkable dedication and selfless actions of all frontline healthcare workers. But it needs help, now.

“This Government has the opportunity to put an indelible stamp on the provision of health care at a time when the Australian public appreciates their healthcare system as never before.”

You can read the AMA Pre-Budget Submission [here](#), the AMA Private Health Insurance Report Card 2020 [here](#), the AMA Prescription for Private Health [here](#), and the AMA Public Hospital Report Card 2020 [here](#).

The AMA’s 10-year plan for Primary Care Reform is [here](#).

You can also read the COVID-19 Communique from the AMA Federal Council’s September meeting [here](#).

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