

Gillard's cure for health

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WILL it work?

Julia Gillard has unveiled the latest incarnation of Labor's plan to shake up the health system and there's near universal agreement it is better than Kevin Rudd's deal.

But will it actually improve patient care?

The short answer is yes, if and when it's fully implemented.

Nevertheless, the reforms left on the table after almost four years of negotiations are far from the "historic" overhaul Labor initially promised.

The holy grail of the Commonwealth one day assuming full funding control of health services both in and out of hospitals looks as unattainable as ever.

But key players believe the more modest reforms

remaining in play are worthwhile.

A national funding pool should increase transparency so neither the Commonwealth nor the states can easily squib on their responsibility to contribute to growing health costs.

A shift to paying hospitals a set amount for each service they provide much like Medicare currently funds trips to the doctor will drive efficiency because there will be no blank cheques.

And new primary healthcare organisations, called Medicare Locals, have the potential to boost access to GPs after hours and fix so called "service gaps" mainly in the regions.

But the nation's peak doctors' group argues the fact that neither the Commonwealth nor the states will assume complete responsibility means there is a risk we could end up back where we started in a decade's time.

It is a bleak prognosis, but the COAG draft agreement, signed by the states and territories last week, leaves plenty of scope for ongoing bickering.

Australian Medical Association president Andrew Pesce says doctors will try to make Ms Gillard's "equal partners" model work.

However, he is clearly worried.

"This is the latest iteration to try and get the advantage of the single funding model (without doing it) because no one's yet prepared to give and yield," Dr Pesce said.

"If it gets stuffed up we'll have the same argument again, and I think people will then see we really need a single funder."

A confident Ms Gillard is sure her plan can end the blame-game.

The PM promises her national funding pool, which replaces Mr Rudd's doomed GST clawback, be transparent even though funds flow "via state-based accounts".

The nitty-gritty is yet to be finalised but will rely on complex commonwealth and state legislation along with regular audits and monthly reports.

Health policy expert Robert Wells is, like Gillard, unfazed.

The Australian National University academic believes that a proposed national funding body will be able to sort out the inevitable squabbling.

Similarly, a new pricing authority "will know what's a fair dinkum argument and what's not" when it comes to setting fair fees for hospital procedures. The COAG agreement implicitly acknowledges there will be

argy-bargy.

It states the pricing authority "will take into account a small number of loadings to reflect legitimate and unavoidable variations in the costs of service delivery including those driven by hospital location".

But even if it all goes to plan there is still the possibility of cost-shifting, because the Commonwealth will only pay 45 per cent of total hospital costs by 2030.

By contrast, the Federal Government pays for almost all care provided in the community.

That means there remains a perverse incentive for the commonwealth to encourage hospitalisation.

That is another factor behind the AMA's continued push for a single funder. Then, the only driving force would be to see people treated in the most efficient setting.

Ms Gillard has vowed to roll out more Medicare Locals more quickly.

Patients see real potential for improved care in this area. The Consumers Health Forum of Australia argues the organizations will be more responsive to local needs.

That should result in greater access to dieticians, physiotherapists, podiatrists

and counsellors across the country.

-The Gillard deal much better reflects consumers' needs," forum chief executive Carol Bennett says.

"I really like the focus on performance and tying funding to performance.

"If we can have health services competing that will drive improvements."

Wells is also a fan of the fact the Prime Minister has picked up and run with Mr Rudd's proposal to boost accountability.

The My Hospitals website still needs a lot of work, he argues, but it will make each hospital accountable on key indicators.

"You'll know what services your local hospital provides, and you'll have some idea how they perform in terms of national standards," he says.

Moreover, hospitals will compare themselves with their peers, generating "a self-improvement model".

Of course, the whole deal depends on the premiers and chief ministers signing a final agreement in the middle of this year.

But there is so much money on offer from the Commonwealth almost \$20 billion in total that they will find it hard to walk away.