



## Release of Senate report on the implementation of the National Health Reform Agreement

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Today the Senate Finance and Public Administration References Committee (the Committee) released a report on its inquiry into the implementation of the National Health Reform Agreement (NHRA). The inquiry was launched following the hospital funding cuts that were announced in October 2012.

Based on the evidence provided in the inquiry, the Committee noted that the cuts, which were implemented at short notice without consultation;

*"....appear to have been undertaken without consideration for the effect on hospital services and users of those services. It is further evidence of the poor management of the Commonwealth Government."*

In another statement, the Committee noted;

*".....states signed up in good faith to the funding agreements but it appears the Commonwealth pursued politically motivated cuts to improve its financial position at the expense of the hospital user."*

While the \$107 million of reinstated funding in Victoria has been welcomed, the Committee also asserted that the Commonwealth is undermining the NHRA as the funding will not go through the National Funding Pool and there will be little transparency around the arrangement.

The VHA welcomes the inquiry's recommendations which strongly reflect the arguments and concerns put forward in our submission and at the public hearing on 21 February 2013.

### Committee Recommendations:

- As a matter of urgency, the Commonwealth must reinstate funding to all states and territories cut retrospectively for the years 2011-12 and 2012-13 that were announced with the release of the Mid-Year Economic and Fiscal Outlook (MYEFO) in October 2012
- The Commonwealth immediately withdraw its threat to penalise Victorians taxpayers in order to refund the cuts to hospitals it instituted late last year
- The Commonwealth immediately desist from attempts to bypass existing arrangements and the National Health Funding Pool to fund hospitals directly, as this will simply lead to additional compliance burdens for public hospitals, likely leading to a diversion of resources from patients
- The Commonwealth commit to not undertaking retrospective cuts of this nature in the future. It is inevitable that any so-called funding adjustments for past years will have a substantial impact on patients as it is impossible to effectively reduce treatment levels when health services have already been performed
- Whenever a intercensal error is uncovered by the work of the Australian Bureau of Statistics, the Commonwealth should ensure:
  - That no rearrangement of payments or cuts are made until the final calculation and application of this error is completed (for example, when it is applied over multiple census periods as in the current instance); and
  - Intercensal error recalculations should not be used to seek effective reimbursement for the Commonwealth where services have already been provided and there is no capacity of the state to seek refunds for their provision
- That consideration be given to a further inquiry into the Total Health Price Index (THPI) formula, including its composition, calculation and application to funding of public hospitals

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Victorian Healthcare Association

The full report from the Committee is available [online](#).

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