

# Australia must improve healthcare rationing

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Australia's struggling healthcare system is not making best use of available funding when deciding on allocating money to different services and should adopt international best-practice to achieve better healthcare rationing.

These are the findings in an issues brief, *Rationing in Healthcare*, written by QUT health researcher Elizabeth Martin for the Deeble Institute for Health Policy Research, part of the Australian Healthcare and Hospitals Association.

Ms Martin said that although 'rationing' happened routinely in the health system, the term had a negative connotation.

"Rational decision-making means that the pros and cons of an option are weighed before making a decision to maximise happiness and wellbeing," Ms Martin said.

"When seen in this light, it is reasonable to expect governments to use the best available information to make rational decisions about the allocation of resources in healthcare to ensure the best use of finite health funding."

Ms Martin said Australia lacked consistent, explicit and evidence-informed rationing processes, such as economic evaluation evidence, to inform decisions on allocation of health funds.

She said that rationing was routinely done at all levels of the healthcare

system.

"Hospital administrators need to work within set budgets. When decisions are made about how to spend health budgets using cost-effectiveness research, the whole community is likely to benefit because health service will be delivered more efficiently.

"Not everything can be funded, but we can improve the way we decide which healthcare services are funded and by how much.

"Rationing is sometimes done by setting rules on eligibility or priority access rules, for example eligibility criteria for pregnant women wanting a midwife for antenatal care, or emergency department triage rules and processes.

"Other more indirect or implicit methods are also used to ration clinical care at the local level, including making decisions about workforce numbers and mix, the volume and location of services, and investment on beds, theatres and new equipment.

"Federal and state health departments also ration through policies, programs and initiatives.

Ms Martin said clinicians, such as doctors, had an important role in decision-making about the allocation of resources simply by carrying out their jobs.

"They routinely make decisions about the type and extent of patients' treatment, and which patients should and should not receive certain treatments," she said.

"Clinicians have considerable autonomy and make decisions based on their expertise and clinical judgement, but most of their day-to-day

decisions escape close scrutiny and are not subject to cost-effectiveness analysis."

Ms Martin said to enable our health dollar to go further without compromising on care, Australia needed to follow the lead of independent government agencies such as England and Wales' National Institute of Health and Care Excellence, and the Canadian Agency for Drugs and Technology for Health.

"These two organisations have helped create a strong culture of cost-effectiveness in healthcare by pulling together the best available information to assist health policymakers on funding decisions.

"Their advice is influential and almost always adopted by decision-makers," she said.

Australia had some well-regarded rationing processes including the Pharmaceutical Benefits Advisory Committee and the Medical Services Advisory Committee, which used important information, such as cost-effectiveness, in their assessment processes, she said.

"But we could improve our health rationing decision-making with several measures including developing nationally consistent methods for conducting cost-effectiveness research in health to generate high-quality evidence on the efficiency of various programs.

"Revising the national health performance indicators so that they include true [health](#) system efficiency indicators, such as cost-effectiveness, would also help to ensure the best use of funds."

The Australian Healthcare and Hospitals Association is the national peak body for public and not-for-profit hospitals, community and primary healthcare services, and advocates for universal, high quality and

affordable healthcare to benefit the whole community.

**More information:** "Rationing in Healthcare" is available online:  
[ahha.asn.au/system/files/docs/...ng\\_in\\_healthcare.pdf](http://ahha.asn.au/system/files/docs/...ng_in_healthcare.pdf)

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