

# Efficiency in the Health System

Political debate on health funding has focused on the need for sustainable funding and improved efficiency to address growth in the health budget.

Australia's health expenditure as a proportion of GDP is close to the OECD average. The 2015 Intergenerational Report (IGR) states that projected growth in Australian government spending on health will broadly keep pace with Australia's growing and aging population and will be slower than projected in previous IGRs.

## AHHA POSITION:

- ✦ Successive Australian governments have recognised the long term benefits of a well-functioning and funded healthcare system.
- ✦ A focus on the efficiency of the health system is a more practical and sensible approach to addressing sustainability than shifting costs and increasing out-of-pocket expenses.
- ✦ Investing in preventive health measures is a cost-effective way of reducing future fiscal pressure while also improving the wellbeing of all Australians.
- ✦ Shifting away from volume to value-based care will require robust data measurement and timely public reporting of patient outcomes. Performance indicators must be evidence-based and suitably chosen to ensure incentives or disincentives are linked to desired outcomes to prevent unintended consequences.

## Primary care

- ✦ For Primary Health Networks (PHNs) to deliver on their objectives of increasing efficiency and effectiveness of medical services and regional coordination of care:
  - the Commonwealth Government must provide appropriate funding, resources and support

- state and territory governments must encourage their hospital networks to collaborate with PHNs, and
- the design and delivery of regional care must be co-designed.

- ✦ Appropriate investment is needed in the design and roll-out of Health Care Homes to ensure the model is accepted by funders, providers and consumers, and will enhance health outcomes and system efficiencies.

## Value-based care

- ✦ A fundamental shift is required to maximise high-value care and minimise no- and low-value interventions.
- ✦ Initiatives such as the Choosing Wisely program have the potential to offer considerable savings to the health system.
- ✦ A systematic approach for ongoing review of items listed on the Medicare Benefits Schedule (MBS) and Pharmaceutical Benefits Scheme (PBS) would provide an effective lever to drive changes and reduce unnecessary and ineffective expenditure in healthcare.

## Coordinated efforts

- ✦ Greater use of electronic health records and innovative technologies is critical to improving care and efficiency.
- ✦ Improved communication and coordination is needed to support the delivery of comprehensive and integrated person-centered care.
- ✦ Health workforce policy must encourage a flexible approach to health practitioner scope of practice, while still ensuring sufficient protection for the population.

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