Submission

Australian Healthcare & Hospitals Association

National Health & Hospitals Reform Commission – Interim Report

March 2009

The AHHA reiterates its position put to the National Health & Hospitals Reform Commission ('the Commission') in its first round of consultations in July 2008. Specific comments are made below on selected Commission proposals.

The AHHA believes that, on the whole, the Commission's Interim Report has addressed the core themes and key reform directions for an improved health system. The AHHA does not, however, necessarily agree with all the approaches suggested – for example, the creation of more statutory authorities with responsibility for safety and quality, and Indigenous health, risk fragmenting the system further. The AHHA suggests that very clear accountability and incentives throughout the system for service and performance standards related to these issues would achieve the same result of improved outcomes. Unfortunately there is little hard evidence to show which approach is more effective, however the proliferation of separate bodies risks a continuation of silos in the health system and the potential for blame shifting when results are not achieved.

The AHHA also believes that the Commission needs to draw out a number of Reform Directions with more information, analysis and costings if they are to be recommended to Government. The AHHA understands that the final report will contain more detail on key recommendations. Central to this must be more detail on practical options to improve Indigenous health outcomes in Australia.

In the current system, which the AHHA perceives will remain for some time, the National Health Agreements are critical in helping to build the foundations of a reformed health system. To this end, the AHHA welcomes that the Commission has clearly recognised the need for affirmative action in key areas, including the underfunding of hospitals and other health services, and the need for a national electronic health record to underpin all healthcare.

However, we are concerned that there is not a more detailed and realistic discussion of projected health needs and expenditure in Australia, and the commensurate considerations for Commonwealth, state/territory and individual financing of the system. Equally, while we understand the Commission will include more specific detail on this in the Final Report, the AHHA believes that a core tenet of the system must be electronic health records and information management/analysis. Therefore, as a minimum, electronic clinical records and prescribing should be extended throughout the entire health system (not just in aged care as suggested in Reform Direction 6.12).

In the proposed models for governance, and by consequence financing, the AHHA supports the option put forward to move towards regional levels of organisation, funds distribution and decision-making (Option B). The AHHA believes that Option A is the first step in preparing the health system for the more substantial change required for Option B, and that the most critical aspect of implementing new governance approaches is in managing the transition from one system to the other. Each implementation phase must be self-contained so that political decisions do not stop the reform process or create an unworkable system. More detail on the AHHA's position on health system governance will be contained in a forthcoming paper to be provided to the Commission.

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Specific responses to Reform Directions

2. Creating strong primary health care services for everyone

The AHHA fully supports the proposal for the Commonwealth to assume full responsibility for primary and community healthcare, as detailed in our submission to the National Primary Health Care Strategy (attached). The AHHA sees this consolidation of responsibility as a first step towards broader reform of health system governance, particularly with a view to improving population-level data collection and reporting that will support the development of regional fund-holding bodies in the future. Accompanying this shift must be clear accountability for population health, and the upstream impact of the performance of primary care on the hospital system eg. avoidable admissions/presentations to emergency departments.

The AHHA strongly supports the nationally coordinated development of Comprehensive Primary Health Care Centres based on population-based planning and the evolution of Divisions of General Practice into *Divisions of Primary Health Care* with revised borders and expanded remit for planning and integrating healthcare locally.

The AHHA believes that expanding the roles and referral/prescribing capacities for a broader range of health professionals should be undertaken in all areas, not just rural and remote locations. The well-managed expansion of roles and responsibilities across the health workforce will result in improved efficiencies with increasing rates of chronic disease and the ageing population.

4. Ensuring timely access and safe care in hospitals

The AHHA supports the specific recommendations for National Access Targets and improved data collection and performance measures linked to financial incentives. As in other areas, however, the AHHA is keen to know the specific incentive mechanisms proposed, particularly how the Commission anticipates that gaming and 'perverse incentives' will be avoided.

Reform Direction 4.5 suggests a review of all hospital-based ambulatory care – how does this fit with the Commission's proposal for responsibility for all ambulatory care to vest to the Commonwealth?

5. Restoring people to better health and independent living

The AHHA fully supports the recommendations around sub-acute care, as per our *Service Integration* paper put to the Commission in 2008 (included in original submission). Included in any activity around sub-acute care must be incentives for all relevant service providers to link appropriately.

9. Delivering better health outcomes for remote and rural communities

The AHHA fully supports the recommendation to expand the multi-purpose service (MPS) model to a broader range of communities. The AHHA is currently undertaking a joint policy development process with the Australian College of Health Service Executives on the MPS model with a view to providing practical options and a consistent national framework that can contribute to this recommendation.

The AHHA would like to see more explanation of how initiatives in this area would link to the National Aboriginal and Torres Strait Islander Health Authority as well as the proposed governance Option B for Regional Health Authorities.

10. Supporting people living with mental illness

The AHHA provided the Commission with work it completed in September 2008 on mental health funding and governance. The model developed by the AHHA closely resembles the governance Option B model for regional health authorities, and we believe that trialling the approach for mental health services would provide an opportunity to test the broader model's viability.

Specifically, the AHHA believes that mental health competency training should be for all health professionals, not just those engaged in primary care (Reform Direction 10.5).

11. Improving oral health and access to dental care

The AHHA supports the recommendation to move toward a universal system of oral health care, and sees merits in some aspects of the proposed Denticare scheme and the intern program. However there are some significant issues to overcome that will see any such program take several years to fully implement (if indeed the approach is viewed as politically viable). Included in this is the difficulty in ensuring access under a universal system that is driven by workforce distribution and availability rather than by coordinated national and local service planning. Equally, significant infrastructure investment must be built in upfront to ensure that public dental services can provide care for a significant number of people beyond those they currently have the capacity to treat.

In the interim, a solution must be sought to the historical neglect of public dental care by the Commonwealth. The AHHA put a solution to the Government based on existing and proposed oral health programs which the Commission should support as a 'step' towards a more systematically planned universal scheme.

12. Strengthening the governance of health and health care

The AHHA is providing a more detailed submission on the preferred governance option which will include a business case for the model.

13. Raising and spending money for health services

The AHHA believes that considerably more work needs to be done to specify the Reform Directions proposed in this section of the report. As a minimum, if certain reforms suggested by the Commission are taken up by the Government, the balance of spending is likely to shift which will require more analysis to anticipate its effects.

Reform Direction 13.7 indicates areas for capital infrastructure investment. The AHHA stresses the need to include significant expenditure on health ICT infrastructure, as well as public dental services.

The AHHA supports the proposal that the ongoing cost of capital should be factored into all service payments.

14. Working for us: a sustainable health workforce for the future

The AHHA is undertaking a policy development process looking at organisational culture change in the health system. This work can be made available to the Commission in due course in response to Reform Direction 14.1. Otherwise the AHHA fully supports the Commission's suggestions, though sees there is a deficit in the report in addressing the massive problems in clinician/health professional supply and retention in rural and remote areas.

General comments

The AHHA supports the Commission's proposed financing mechanisms (incentives for coordinated/enrolled care, activity-based funding combined with guaranteed capital payments built in). We support the blend of payment methods with particular links to targets and performance, but would like to see more detail on how these would operate, particularly how they would avoid creating perverse incentives to 'game' the system and shift care inappropriately.

The AHHA also encourages transparent data collection and reporting across primary, acute and aged care, but notes that all reporting requirements must be centrally coordinated so as not to introduce additional reporting burdens on already stretched professionals.