australian healthcare & hospitals association

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23 March 2022

Chair, Michael Brennan
Productivity Commission, Productivity Inquiry
E: productivity.inquiry@pc.gov.au

Dear Mr Brennan

2022 Productivity Inquiry

The Australian Healthcare and Hospitals Association (AHHA) welcomes the opportunity to provide input to the 2022 Productivity Inquiry on Australia's productivity performance.

AHHA is Australia's national peak body for public hospitals and healthcare providers. Our membership includes state and territory health departments, Local Hospital Networks (LHNs) and public hospitals, community health services, Primary Health Networks (PHNs) and primary healthcare providers, aged care providers, universities, individual health professionals and academics. As such, we are uniquely placed to be an independent, national voice for universal high-quality healthcare to benefit the whole community.

To achieve a healthy Australia supported by the best possible healthcare system, and as outlined in AHHA's blueprint for health reform[1], AHHA recommends Australia reform the healthcare system over the next 10 years by enabling person-centred, outcomes-focused and value-based health care. This requires:

1. A nationally unified and regionally controlled health system that puts people at the centre;
2. Performance information and reporting that is fit for purpose
3. A health workforce that exists to serve and meet population health needs
4. Funding that is sustainable and appropriate to support a high-quality health system.

AHHA's *Healthy people, healthy systems*[1] is a blueprint (the Blueprint) with a series of short, medium and long-term actions to achieve this goal. The actions outlined in the Blueprint closely align with the initiatives mapped out in the Australian Health Minister's *National Health Reform Agreement (NHRA) – Long-term health reforms roadmap*[2].

We have provided a copy of the Blueprint to accompany this submission, as it has been developed through substantial consultation with, and input from, AHHA's Board, broad membership and

[1] Australian Healthcare and Hospitals Association. 2021. Healthy people, healthy systems. Available at https://ahha.asn.au/Blueprint
[2] Australian Health Ministers. 2021. National Health Reform Agreement (NHRA) – Long-term health reforms roadmap. Available at https://www.health.gov.au/resources/publications/national-health-reform-agreement-nhra-long-term-health-reforms-roadmap

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stakeholders across the hospital, primary and community health sectors—including clinicians, academics, policymakers, administrators and consumers.

We would like to note that the health reform recommendations in the 2017 Productivity Commission Inquiry Report No.84 – *Shifting the Dial: 5 Year Productivity Review* are still relevant today. There is still a need for integrated and person-centred care enabled by reform to funding models, governance structures and data and technology. The Blueprint contains the AHHA position and recommendations for reform in these areas.

In addition to the Blueprint, we outline below two health system challenges requiring productivity-enhancing reform: strengthening and supporting the health workforce and reforming short-term funding arrangements for primary care initiatives in rural areas.

Health workforce:

The sustainability and resilience of the health workforce has been greatly tested during the pandemic and the cracks are showing. The structural and systemic weaknesses have been exposed in the way Australia's health workforce is organised. A national health workforce strategy is needed that goes beyond the adequacy, quality and distribution of the workforce as it currently exists. It must:

- involve a cross-jurisdictional and cross-sector planning approach;
- enable outcomes-focused and value-based changes in scopes of practice and models of care for both clinical and non-clinical practitioners, and across health service environments;
- coordinate education, regulation and at the Commonwealth, state, territory and regional service level; and
- embed long-term sustainability.

With evidence that the current organisation of health professionals and their associated scope of practice is not suited to meeting the needs of the Australian health system, AHHA have long called for a coherent national policy for the health workforce[3].

Without an overarching strategy to achieve an integrated, multidisciplinary health workforce that works to their top of scope, there will continue to be barriers in the redesign of models of care. Opportunities to develop new models of care with flexible use of the health workforce and innovative funding models should be leveraged.

Investment in a sustainable and resilient health workforce requires supporting and resourcing clinician leadership to evaluate full care pathways collectively and critically, including how they intersect with health and social care. Regional accountability and authority would need to be enabled to effect changes to pathways, with incentives for improving outcomes for people and communities.

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[3] Leggat, S. 2014. 'Changing health professionals' scope of practice: how do we continue to make progress?' Deeble Institute for Health Policy Research. Australian Healthcare and Hospitals Association. Available at https://ahha.asn.au/system/files/docs/publications/deeble_issues_brief_nlcg-4_changing_health_professionals_scope_of_practice.pdf

Short-term funding in rural areas:

AHHA has serious concerns with continued reliance on trials and pilot projects as a means of informing policy and service innovation in rural areas. Trials and pilot projects, particularly in rural areas, are used as tools for informing service innovation. However, such short-term funding approaches ignore evidence underpinning those factors required for models to be successful and sustainable. Sustained commitment should be ensured for investment in identified rural areas of need so that there is security and certainty:

- To attract and retain the required workforce
- For other service providers to have the trust to invest in the co-design process and incorporate these services in their pathways of care
- For the community to trust in their investment of time and effort in the codesign of services.

Investment in healthcare in primary care in rural Australia must not be a trial. It should be a long-term endeavour, underpinned by strong governance, accountability for achieving defined goals and outcomes, and clear expectations for social stewardship. It must receive guaranteed sustainable investments, not short-term three-year trial project funding, with centrally identified service elements that are then withdrawn. In this regard, mixed, flexible funding models in health can be used to adequately compensate for activity, protect equity and reward and incentivise agreed performance standards and outcomes.

Investment should be directed towards innovative, commissioning approaches to locally identified models of care implemented by the health care organisations that are established. The trials should involve an interactive model of policy, research and practice. This shifts the trials away from traditional forms of pilot projects where this is a fixed protocol that is not assessed until the end, and speeds the movement to effective practice[4].

We would be happy to discuss any aspect of this response further.

Sincerely,

Kylie Woolcock
Acting Chief Executive
Australian Healthcare and Hospitals Association

[4] Hussey, P, Bankowitz, R, Dinneen, M, et al. 2013. From pilots to practice: speeding the movement of successful pilots to effective practice. NAM Perspectives. Institute of Medicine of the National Academies. Available at https://doi.org/10.31478/201304e