



The National Health and Hospitals Reform Commission

A Healthier Future for all Australians: Final Report June 2009

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The National Health and Hospitals Reform Commission: **Outline**

- About the NHHRC and case for reform
- Blueprint for reform - overview
- Discussion and questions

The National Health and Hospitals Reform Commission: Terms of reference

The National Health and Hospitals Reform Commission (NHHRC) was established in February 2008 -

"to provide a blueprint for tackling future challenges in the Australian health system including:

- *The rapidly increasing burden of chronic disease;*
- *The ageing of the population;*
- *Rising health costs; and*
- *Inefficiencies exacerbated by cost shifting and the blame game.*

The Commission will focus on health financing, maximising a productive relationship between public and private sectors, and improving rural health."

[Media release, Prime Minister and Health Minister,
25 February 2008]

A U S T R A L I A N

Medicine

The national news publication of the Australian Medical Association

Health Trek

NEW COMMISSION TO GO WHERE NO
COMMISSION HAS GONE BEFORE

– see page 3



Inside

Green Wing DVD competition winners – page 2

Medicine education is all-important – pages 4 & 6

Where to now for the Rural Bonded Scholar? – page 8

Another nail in the coffin of the independent GP – page 9

All aboard the Marrakesh Express – page 11



AMA

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The National Health and Hospitals Reform Commission: **The process and outcomes**

- ***Beyond the Blame Game – April 2009***
- Broad consultation process:
 - national listening tour – every capital and 5 rural and remote
 - 587 submissions and talkhealth.org.au
 - 14 commissioned papers
 - >150 consultative forums
 - targeted testing with stakeholders
- ***A Healthier Future for all Australians – Interim Report Dec 2008***
- Feedback consultation process:
 - national talking tour – all states and territories
 - e-survey at talkhealth.org.au
 - 296 submissions and 6 commissioned papers
 - >120 consultations and meetings
- ***A Healthier Future for all Australians – Final Report June 2009***

The health system has reached a tipping point

1. **'Inconsistent and unequal access** to appropriate services is causing many Australians unnecessary suffering.'
 - Life expectancy gap of 11.5 years for ATSI men and 9.7 years for ATSI women
 - Poor access for many remote and rural communities – loss of maternity services, cancer 'commuters', less access to MBS services
 - People living with mental illness "are poorly supported"
 - We have "a health care system without teeth"
2. Our health system is **'out of balance'**
 - 'We have a health system skewed to managing sickness rather than encouraging wellness.'
 - 'A two-tiered health system is evolving'... with 'unacceptable delays in access to some specialties such as cataract surgery and joint replacements'

The health system has reached a tipping point

3. 'There is considerable potential to **increase the efficiency** and effectiveness of our health care system' and there are 'growing concerns about **quality and safety**'
- In 2008, test results were not available at time of appointment for 16% of patients
 - About 10% of hospital admissions are potentially preventable with better management of chronic disease
 - Action is needed on adverse events, medication errors and hospital acquired infections
 - Major differences in the costs of treating patients in hospitals and aged care services across Australia
 - Poor capture and use of health data

'Putting a young intern into a modern ED or ICU with the current average level of systems support is like expecting a new graduate stockbroker to manage an intricate portfolio on today's sophisticated financial markets with little more than a ballpoint pen and a slide rule'



Efficiency – NHHRC Review

The Productivity Commission (2006) estimated that if, for example, a five per cent improvement in productivity in the national health system were to be achieved through productivity reforms, it could result in net resource savings of around \$3 billion (2005-06 dollars), \$2 billion for states and territories and nearly \$1 billion for the Commonwealth

Assumes

- ✓ full implementation of the COAG National Reform Agenda (NRA) -
- ✓ via the Commonwealth–State Specific Purpose Payment (SPPs),
- ✓ reform of the operation of the Medicare Benefits Scheme (MBS),
- ✓ utilisation of information and communications technologies and
- ✓ removing impediment to the efficient use of the health workforce.

The health system has reached a tipping point

4. We face significant **challenges** and must be able to respond to an **uncertain future**

- Health and aged care spending is projected to grow from \$85 billion in 2002-03 to \$246 billion in 2032-33 (9.3 to 12.4% of GDP)
- Ageing population and changing family structures
- Workforce issues – shortages, distribution, declining morale
- Changing pattern of health need – chronic diseases (including mental health), frailty, dementia
- Many factors are 'unknowable' – technology, personalised medicine, 'new' infectious diseases

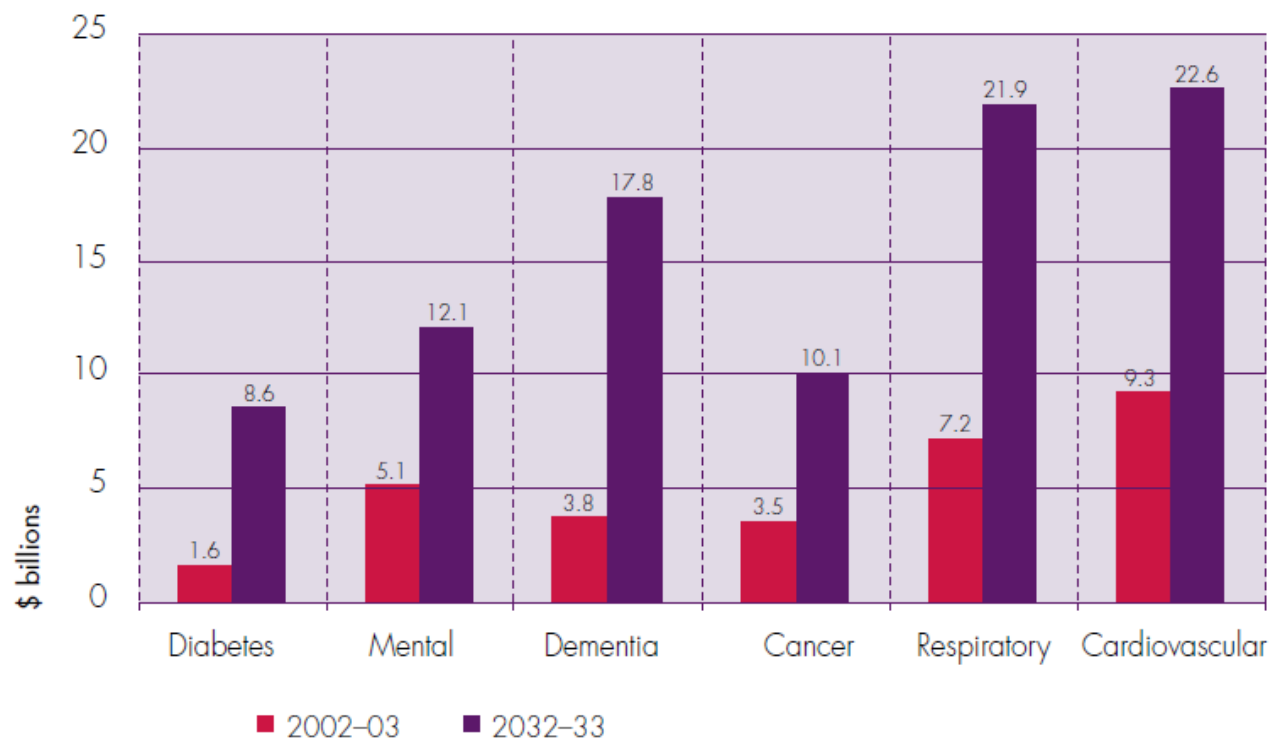
Our conclusion:

'The door has shut on 'point solutions' and another opened to transformational change in the way we govern, fund and deliver health care services.'

A HEALTHIER FUTURE FOR ALL AUSTRALIANS

Interim Report of the National Health and Hospitals Reform Commission

Figure 13.1: Spending on chronic diseases will grow significantly over the next twenty-five years

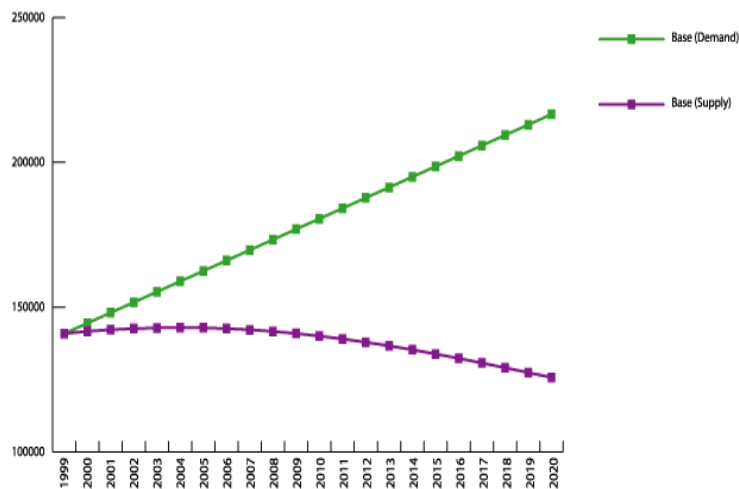


Source: J Goss (2008), Projection of Australian health care expenditure by disease, 2003–2033, Discussion paper commissioned by the National Health and Hospitals Reform Commission.

There is a significant shortage of nursing staff in Australia and a high number of qualified professionals staying out of the profession

There is a significant shortage of nursing professionals...

Projections of the number of registered nurses, 2000-2020¹

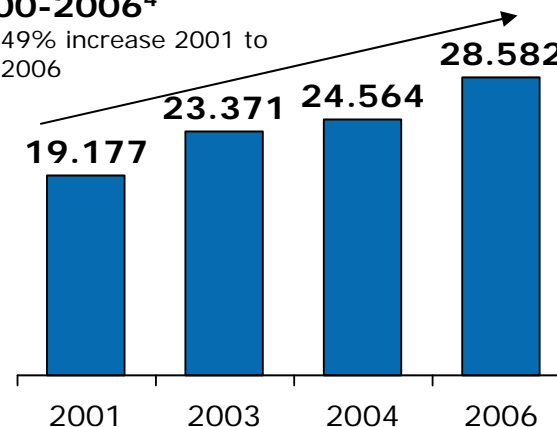


- Estimates of nursing shortages vary: By 2010 figures range from 19,000 to 40,000^{1,2}
- Enrolled nurse numbers have dropped 6.5% in the past year³

...and increasing numbers of qualified nurses choosing to stay out of the profession

Registered and enrolled nurses not looking for employment in nursing, 2000-2006⁴

49% increase 2001 to 2006



- In 2006, 10 % of qualified nurses were not looking for employment in nursing⁴
- A recent survey⁵ indicated that 40 % of nurses would not choose nursing as a career if they had another chance
- 1/3 of NSW nurses who returned to nursing since 2002 have left by early 2008⁶

Notes: (1) The Nursing Workforce - 2010, Report prepared for Department of Education, Science and Training and the Department of Health and Ageing (2002); (2) <http://www.brisbanetimes.com.au/news/national/rudd-addresses-nursing-shortage/2007/10/17/1192300830049.html>; (3) ASCO statistics (DEWR); (4) Nursing and midwifery

Booz & Company Australian Institute of Health and Welfare (5) Australian Institute of Health and Welfare (6) Nursing and midwifery - WEPAU discussion paper # 33 (2004); (6) <http://www.abc.net.au/news/stories/2008/01/06/2132554.htm>

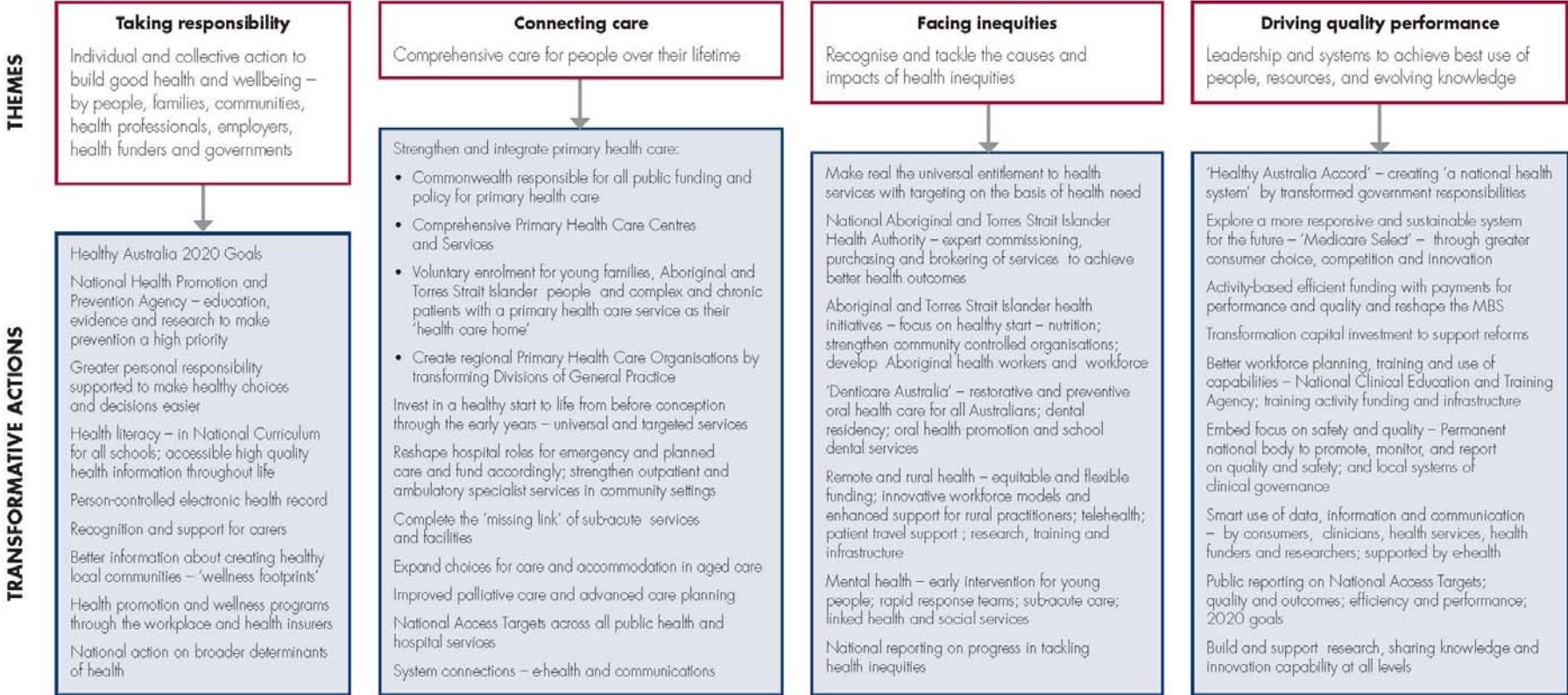
The System is at a Tipping Point

- “While the Australian health system has served us well, it is a system under growing pressure...”
- “We have an extraordinary moment in time in which to redesign our health system”.
- “Now is the time for action if we want to safeguard the health and wellbeing of future generations at an affordable cost to our nation.”



A Healthier Future for All Australians – June 2009

Final Report of The National Health and Hospitals Reform Commission – Blueprint for Reform





A HEALTHIER FUTURE FOR ALL AUSTRALIANS

Final Report of the National Health and Hospitals Reform Commission

VISION:

A sustainable, high quality, responsive health system for all Australians now and into the future

REFORM GOALS:

- Tackle the major access and equity issues that affect people now
- Redesign to position us to meet emerging challenges
- Create an agile, responsive and self-improving health system for future generations



A HEALTHIER FUTURE FOR ALL AUSTRALIANS

Final Report of the National Health and Hospitals Reform Commission

REFORM THEMES:

Taking responsibility

Individual and collective action to build good health and wellbeing – by people, families, communities, health professionals, employers, health funders and governments

Connecting care

Comprehensive care for people over their lifetime

Facing inequities

Recognise and tackle the causes and impacts of health inequities

Driving quality performance

Leadership and systems for best use of people, resources, and evolving knowledge

NHHRC Final Report: Reforms related to hospitals

1. We argued to '**let hospitals be hospitals**' = connect and strengthen the care continuum, including through:
 - Building the 'missing link' of sub-acute services (rehabilitation and other facilities)
 - Comprehensive primary health care services – multidisciplinary teams with extended opening hours
 - Provide better access and more choice in receiving aged care services in the community and in facilities
 - New payment arrangements for medical services in aged care facilities
 - Improving and investing in both generalist and specialist palliative services with outreach to community
 - More rapid response teams for mental health, plus 'step-up' and 'step-down' mental health services
 - Person-controlled electronic health record – better continuity

NHHRC Final Report: Reforms related to hospitals

2. Creating **hospitals of the future** through 'reshaping' the roles and models of delivering care:
 - Creating separate planned surgery facilities in public hospitals, either on the same campus or as stand-alone services
 - Rethinking public hospital outpatient services with more services located in the community and better integration of specialist and primary health care services

3. New **funding arrangements** for public hospitals:
 - Funding public hospitals with major emergency departments to keep beds 'vacant' to allow quicker admission from EDs
 - Activity based funding of hospital services that includes the cost of capital
 - Plus, investment in 'transformational' capital for hospitals and related health services
 - Dedicated funding for clinical placements (so that it does not 'compete' with service delivery)

NHHRC Final Report: Reforms related to hospitals

4. New **performance and reporting frameworks** for hospitals:

- National Access Targets
 - Across the whole continuum of health services including hospitals
 - Define maximum times to receive care
 - Determined through clinical and consumer input
 - Driven through the payment of funding 'bonuses' to health services
- Providing comparative clinical performance data back to health services, hospitals and clinicians
- National patient experience surveys and patient-reported outcome measures
- Public reporting on hospital performance including access, efficiency and quality

NHHRC Final Report: Reforms related to Medicare

1. Context

- MBS to operate 'much as it does now for most people visiting their GP for a one-off condition'
- Maintain the 'vital and indispensable role of medical practitioners in our health system'

2. Evolving to '**Next Generation Medicare**':

- See Table 4.1 Final Report
- 'Medicare' in the future will be broader
 - Covers both private and public health services (including existing state-funded primary health services)
 - Access to non-medical services (allied health, nursing)
 - Supports team-based and multidisciplinary care
 - Mix of payment arrangements (e.g. FFS, grants, course of care payments)
 - Covers different ways of providing care (telephone, telehealth)
 - Top-up payments for remote and rural communities with less access to medical services now via MBS

NHHRC Final Report: Reforms related to Medicare

3. Reshaping the Medicare Benefits Schedule

- There needs to be a community debate about the 'universal service entitlement' – what services are funded publicly
- Competency and scope of practice of health professionals should guide decisions about adding services to the MBS
- Needs to be clear evidence on safety, effectiveness and cost-effectiveness when adding services to the MBS (plus reviews of existing services for 'disinvestment' decisions)
- Expanding the MBS to other health professionals should promote continuity and integration of care through collaborative team models of care

NHHRC Final Report: Governance reforms

Healthy Australia Accord includes:

- CW meeting 100% of the efficient costs of public hospital outpatient services
- CW paying 40% of the efficient cost of public hospital inpatients and emergency department visits
- Opportunity for CW to increase its share of public hospital funding to 100% over time, as gains experience in purchasing of hospital services
- Option for CW to purchase directly from public hospitals and other health care services, rather than through states – paying a ‘hospital benefit’
- Would occur on cost neutral basis – adjustments to state grants required to meet increasing CW funding share

NHHRC Final Report: Commonwealth reforms

Healthy Australia Accord proposal:

- Is **not** simply about CW 'taking over' funding of health services on a 'business as usual' basis
- **Is** about improving accountability for health spending, increasing efficiency and promoting transparency through use of activity-based funding
- Creates a new dynamic, with CW exposed to 'demand growth' risks of public hospitals – stronger incentive to improve delivery of primary health care and prevention
- Allows comparison – what 'bang for the buck' are governments getting – volume and cost of hospital services can be readily compared across Australia

NHHRC Final Report: Governance reforms

Medicare Select proposal:

- Commonwealth would be 'single funder' of health and determine 'universal service entitlement'
- All Australians could select from a government, NFP or private 'health and hospitals' plan which pays for their health services
- Commonwealth would pay plans a risk-adjusted premium covering all services under the universal service entitlement
- Private health insurance could continue to fund extra services
- Health plans would be able to purchase from both public and private health services
- Offers the **potential** to improve consumer choice, provider competition and better use of public and private health services
- However, considerable **additional work** required to examine design, benefits, risk and feasibility of implementing health and hospital plans in Australia

A HEALTHIER FUTURE FOR ALL AUSTRALIANS

Final Report of the National Health and Hospitals Reform Commission

Access and Equity

Make real the universal entitlement to health services with targeting on the basis of health need

National Indigenous Health Authority – expert purchasing agency to achieve better Indigenous health outcomes

‘Denticare Australia’ – restorative and preventive healthcare for all Australians; builds on PHI and private dental services platform

Remote and rural health – equitable and flexible funding, innovative workforce models, telehealth, support and incentives for rural training and workforce, patient travel support

Mental health – early intervention for young people and psychosis, rapid response teams, sub-acute care, linked health and social services

National reporting on progress in tackling health inequities

A HEALTHIER FUTURE FOR ALL AUSTRALIANS

Final Report of the National Health and Hospitals Reform Commission

Create an agile, responsive and self-improving health system for future generations - **Driving quality performance**

Evolving to next generation Medicare

Activity based funding with payments for performance and quality

Framework for competency based clinical training and practice

Permanent national body to promote, monitor, report and support clinicians and health services to provide safe and high quality care

Strengthen consumers informed decision making - public reporting on access, efficiency and quality for public and private hospitals

Smart use of data, knowledge and communication – data linkage and reporting

Foster a **culture of continuous improvement** and innovation and strong clinical leadership

Increase investment in clinical, health services and health policy **research**



Financial implications: Invest now, potentially spend less in the future

Investing in reform

- Indicative costs are between \$2.8 to \$5.7 billion per annum
- Plus capital investment of between \$4.3 and \$7.3 billion over 5 years
- Actual costs will depend on pace of reform

Reaping the long-term benefits

- Will reduce projected health spending by \$4.1 billion per annum by 2032
- Better use of hospitals (e.g. more sub-acute and aged care services) will free up 2,900 hospital beds = 160,000 acute episodes annually
- Better care at less cost – electronic health record will save up to \$627 million – with fewer errors, less duplication of tests

Medicare overhaul urged

Electronic health records to save lives

Hospitals
should not be
the first stop

A vision splendid,
but who will pay
for it?

Tax hike to bring a smile

**Tussle with
states
looming**

Much more than
bravery required

Response to NHHRC Final Report

Support for Aboriginal
authority to pool
funding

Tooth fairy Rudd dances around universal plan

Transparent
rationing system will
be needed

Country cries out for
more doctors

Banish bed block

Treasury in a bind
on reform costs

Funds
welcome true
competition

Reform: Starting the journey
– it is only a matter of when





A HEALTHIER FUTURE FOR ALL AUSTRALIANS
Final Report of the National Health and Hospitals Reform Commission

“go boldly...”

Questions and Discussion