

# **The next health reforms and the role of Area Health Service arrangements in Australia**

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# Australian Institute of Health Innovation's mission

***Our mission is to enhance local, institutional and international health system decision-making through evidence; and use systems sciences and translational approaches to provide innovative, evidence-based solutions to specified health care delivery problems.***

<http://www.med.unsw.edu.au/medweb.nsf/page/ihi>



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# Background - the Centre

*The Centre for Clinical Governance Research undertakes **strategic research, evaluations and research-based projects** of national and international standing with a core interest to **investigate health sector issues of policy, culture, systems, governance and leadership.***

<http://www.med.unsw.edu.au/medweb.nsf/page/ClinGov> [About](#)



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# Research leads: Australian Institute of Health Innovation

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- **Professor Enrico Coiera**

Centre for Health Informatics

- **Professor Ken Hillman**

Simpson Centre for Health Services Research

- **Professor Johanna Westbrook**

Centre for Health Systems and Safety

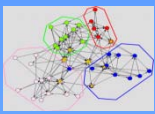


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# Part 1: Australia and Japan today

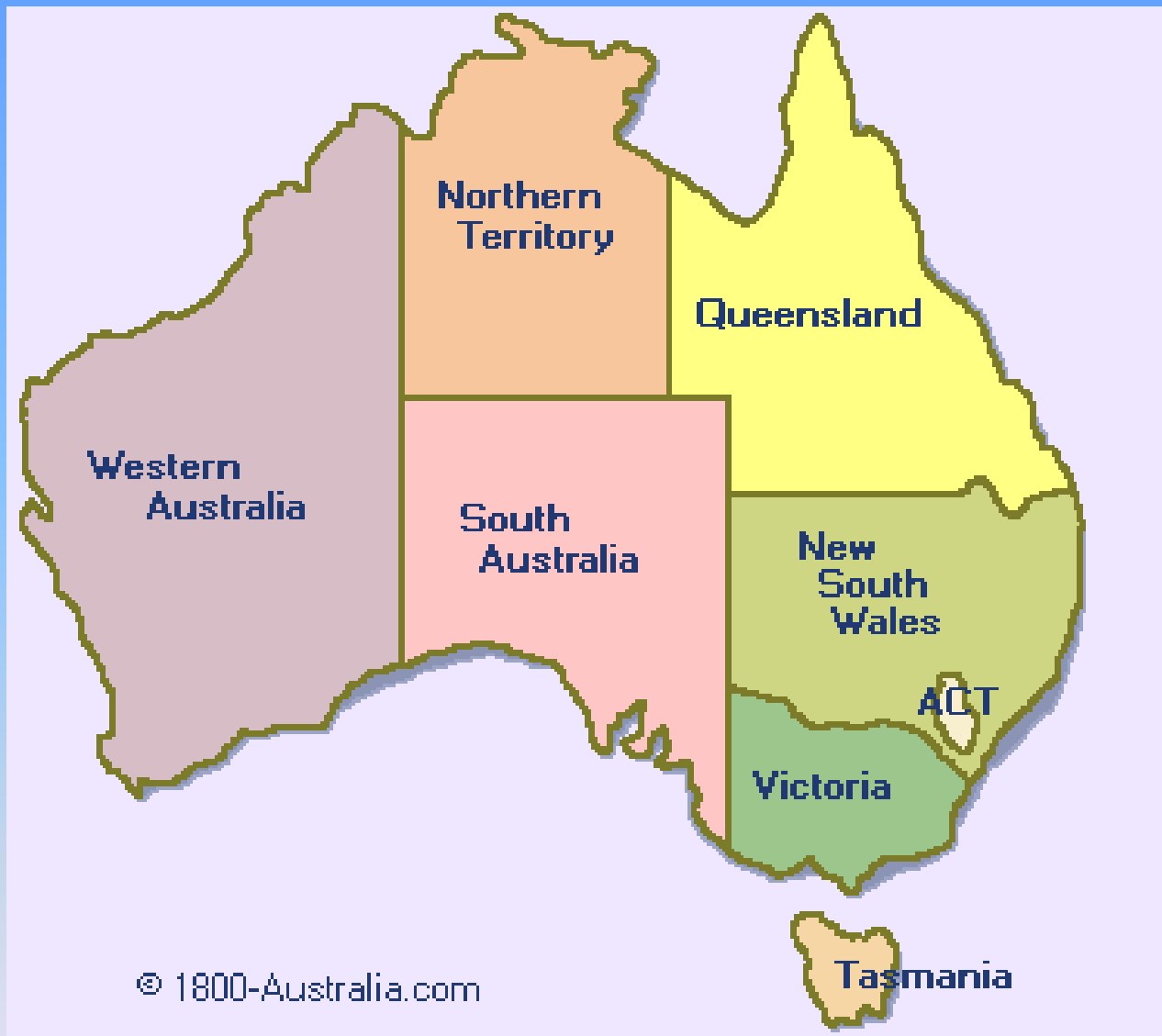


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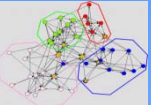


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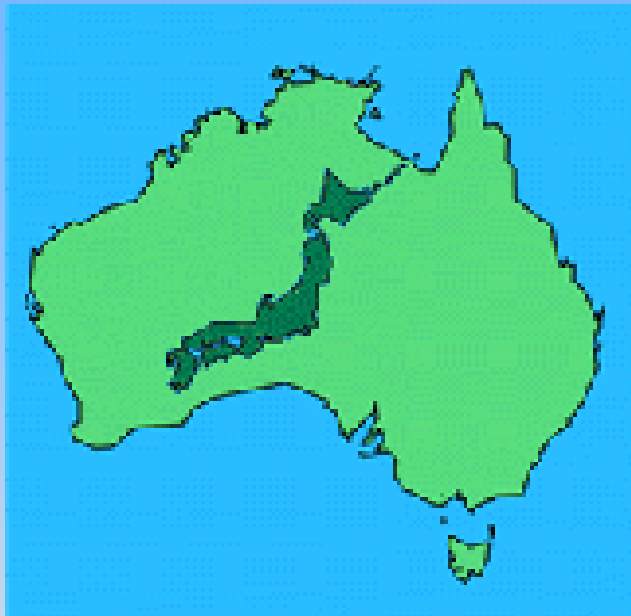


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# Australia and Japan land mass comparison



Australia: 7,741,220 km<sup>2</sup>  
[6<sup>th</sup> largest country  
in the world]

Japan: 377,915 km<sup>2</sup>  
[61<sup>st</sup> largest country  
in the world]



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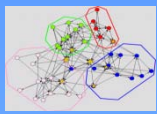
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# Australia and Japan statistical comparison

	Australia	Japan
Population	21,515,754 (54 <sup>th</sup> )	126,804,433 (10 <sup>th</sup> )
GDP (PPP, \$US)	\$824.3 billion (19 <sup>th</sup> )	\$4.137 trillion (4 <sup>th</sup> )
GDP per capita (\$US)	\$38, 800 (23 <sup>rd</sup> )	\$32, 600 (42 <sup>nd</sup> )
Population growth rate	1.71% (108 <sup>th</sup> )	- 0.242% (216 <sup>th</sup> )
Imports (\$US)	\$160.9 billion (21 <sup>st</sup> )	\$490.6 billion (6 <sup>th</sup> )
Exports (\$US)	\$161.5 billion (184 <sup>th</sup> )	\$516.3 billion (5 <sup>th</sup> )



# Part 2: Australian and Japanese health care today



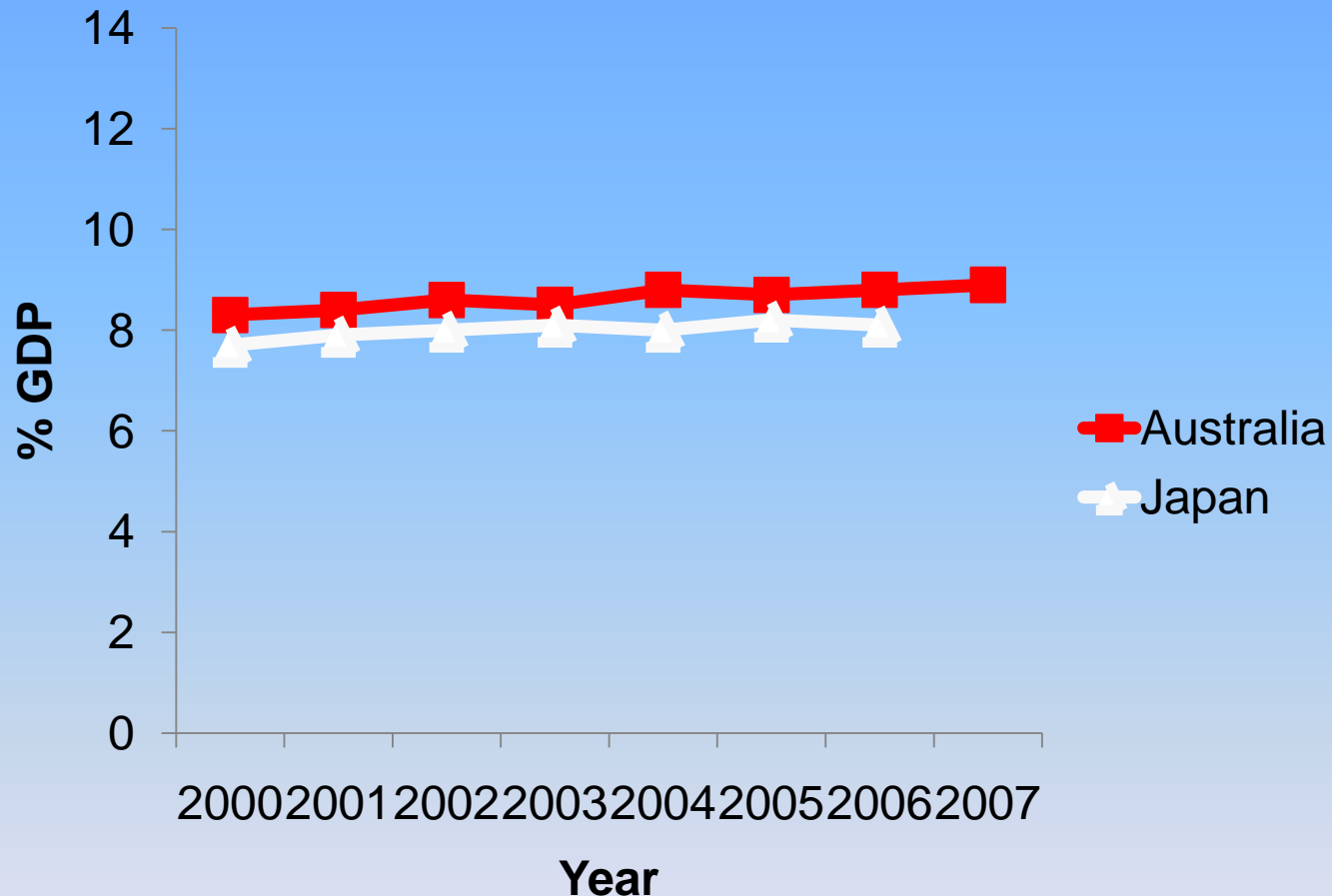
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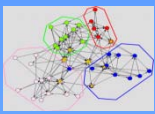


# Total expenditure on health




# Life expectancy at birth






# Part 3: Problems with Australian health care



# Problems with Australia's health system today



- It's not prepared for the future
- Blame-shifting between governments
- Gaps and poor co-ordination in health services that people need
- Too much pressure on public hospitals and health professionals





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# Problems with Australia's health system today

- An unsustainable funding model
- Inefficient and wasteful
- Inadequate local and clinical engagement

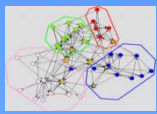


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# Part 4: What is the government doing?





# Building on major reform

- Increased funding
- More doctors, nurses and health professionals
- GP Super Clinics to provide health care that is close to home
- Focusing on prevention rather than cure
- Closing the life expectancy gap between Indigenous and non-Indigenous Australians



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# Building on major reform

- Addressing workforce shortages in regional and rural Australia
- Investing in hospitals, medical research and clinical training infrastructure
- Sustainable aged care
- A more financially sustainable health system

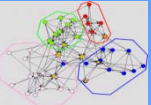


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# Listening to the community and experts

NHHRC expert report said we need to:

1. Tackle major access and equity issues that affect health outcomes
2. Redesign our health system so that it is better positioned to respond to emerging challenges
3. Create an agile and self-improving health system for long-term sustainability

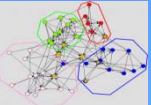


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# Listening to the community and experts

The community desires:

- Commonwealth Government leadership
- Reduced health sector bureaucracy
- Better access to multi-disciplinary primary health care
- Better public hospital services
- Better access in rural Australia
- Improved integration of information technology



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# Reforms to establish the foundation of a new health system

- Commonwealth taking the dominant financial role for public hospitals
- Taking full funding and policy responsibility for GP and primary health care
- Rebalancing financial responsibility in the federation



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# Reforms to establish the foundation of a new health system

- National standards for a unified health system
- Local hospital networks to drive accountability and performance
- Paying local hospital networks directly for the services they provide



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# Emerging reforms

- Public hospitals
- GP and primary health care
- The health workforce
- E-health



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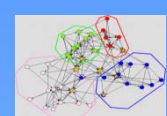
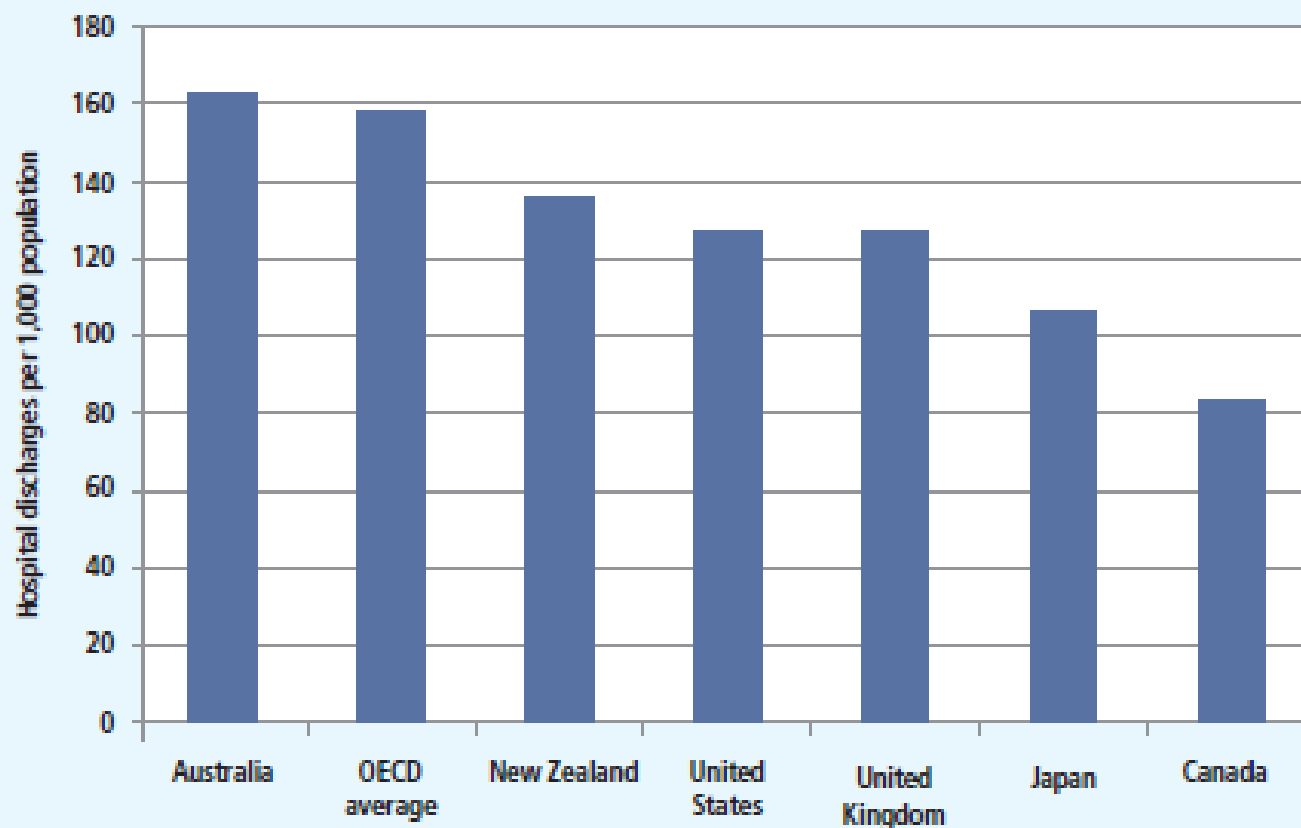


Figure 4: Hospital discharges per 1,000 population, selected countries, 2007



Source: Organisation for Economic Cooperation and Development, *Health at a Glance, 2009*

AIHW estimates that 9.3% of hospitalisations in 2007-08 were potentially preventable



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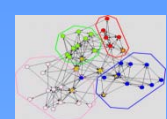
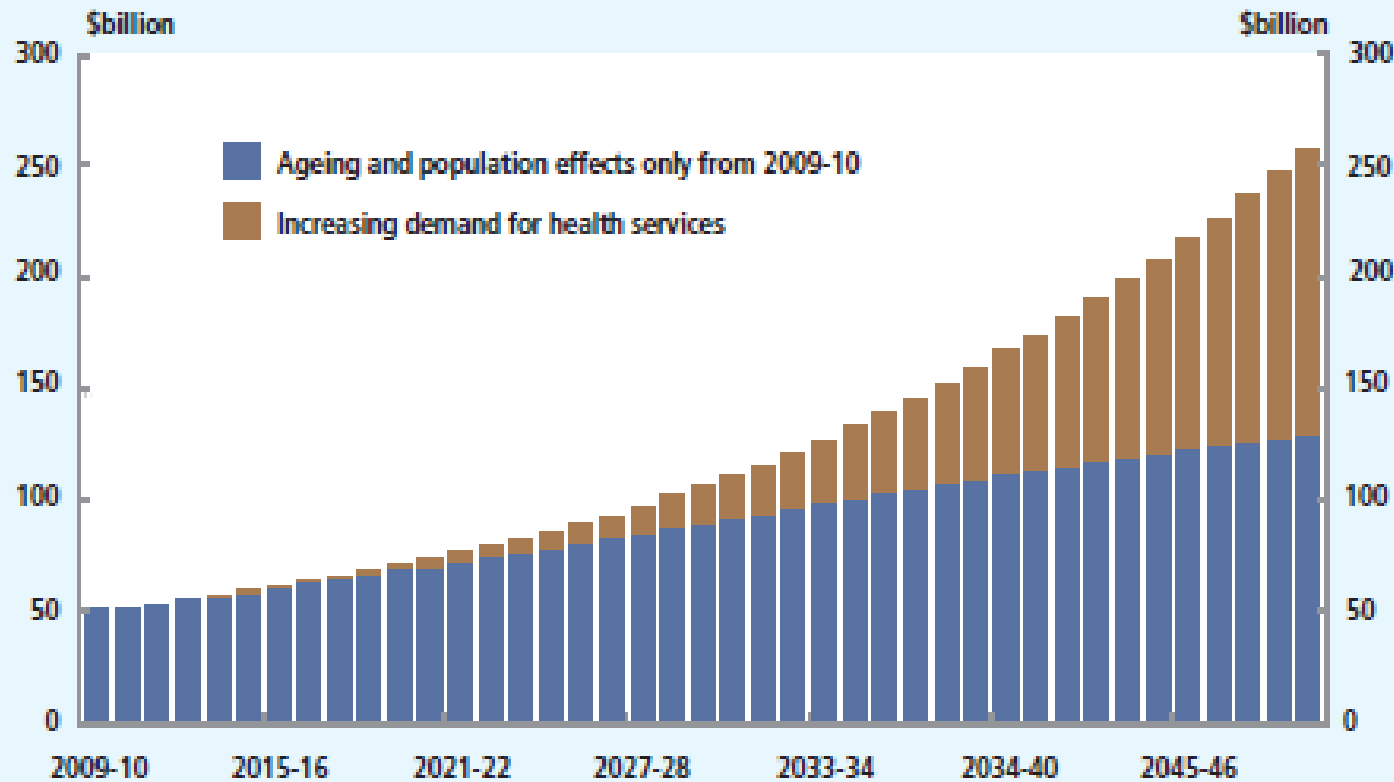


Figure 6: Projected Australian Government health spending



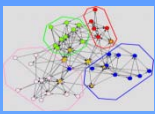
Source: Treasury projections. Based on current arrangements.



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## Part 5: How will this reform be implemented?



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# How this reform will be implemented

- From 1<sup>st</sup> July 2011: payments will be made via state governments to hospitals and local hospital networks
- From 1<sup>st</sup> July 2012 local hospital networks will be paid directly
- From 1<sup>st</sup> July 2013 the share of GST revenue to health care costs will be fixed



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# Setting national standards

- Australians will be able to access transparent and nationally comparable performance information on hospitals and health services
- National standards will be developed for access to emergency departments, elective surgery, GPs, financial performance, efficiency, safety, quality



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# National functions to drive accountability and transparency

- Monitoring and reporting on the performance of individual hospitals and the whole health system
- The development of a nationally efficient price
- Setting and monitoring national quality and safety standards



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# Local hospital networks

- Small groups of public hospitals with a geographic or functional connection
- Responsible for making decisions on the daily operations of hospitals within their network, managing their own budget and delivering on performance standards



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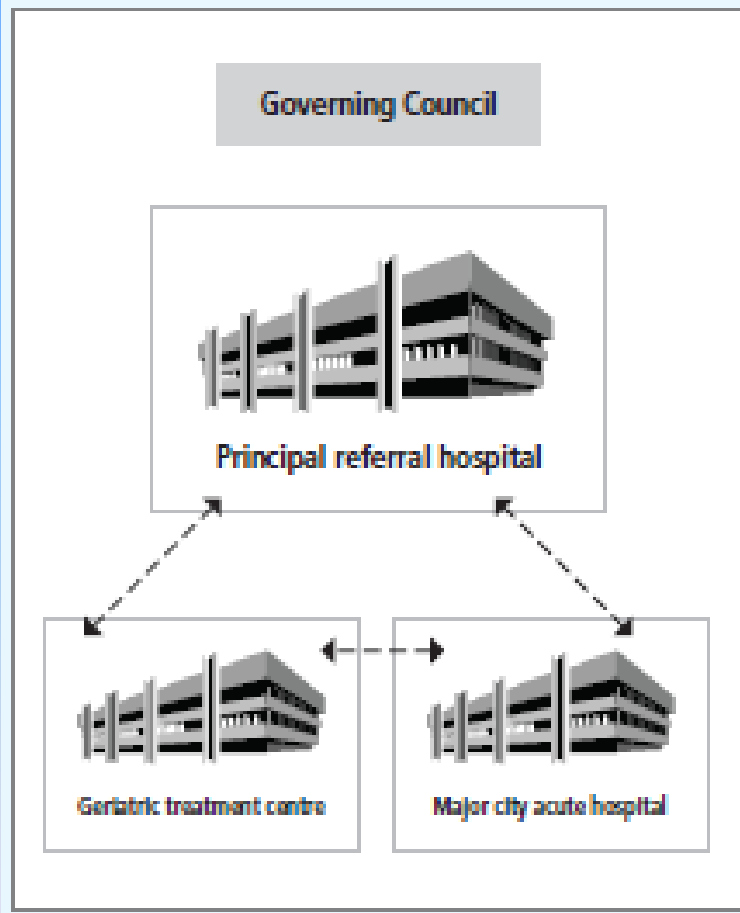


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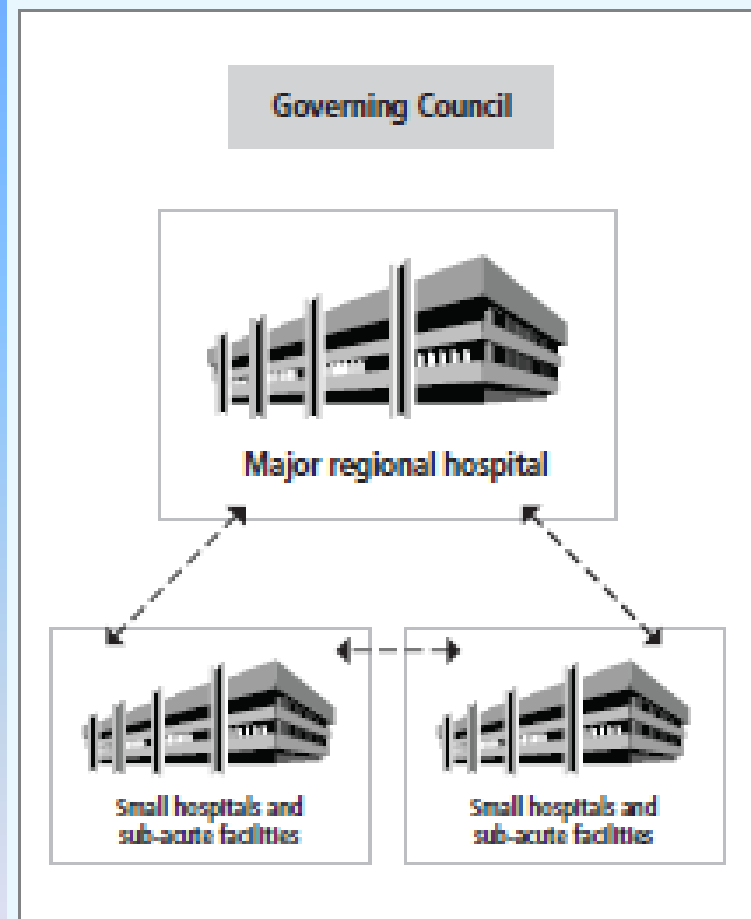


# Local hospital networks

## 1. Local Hospital Network – City

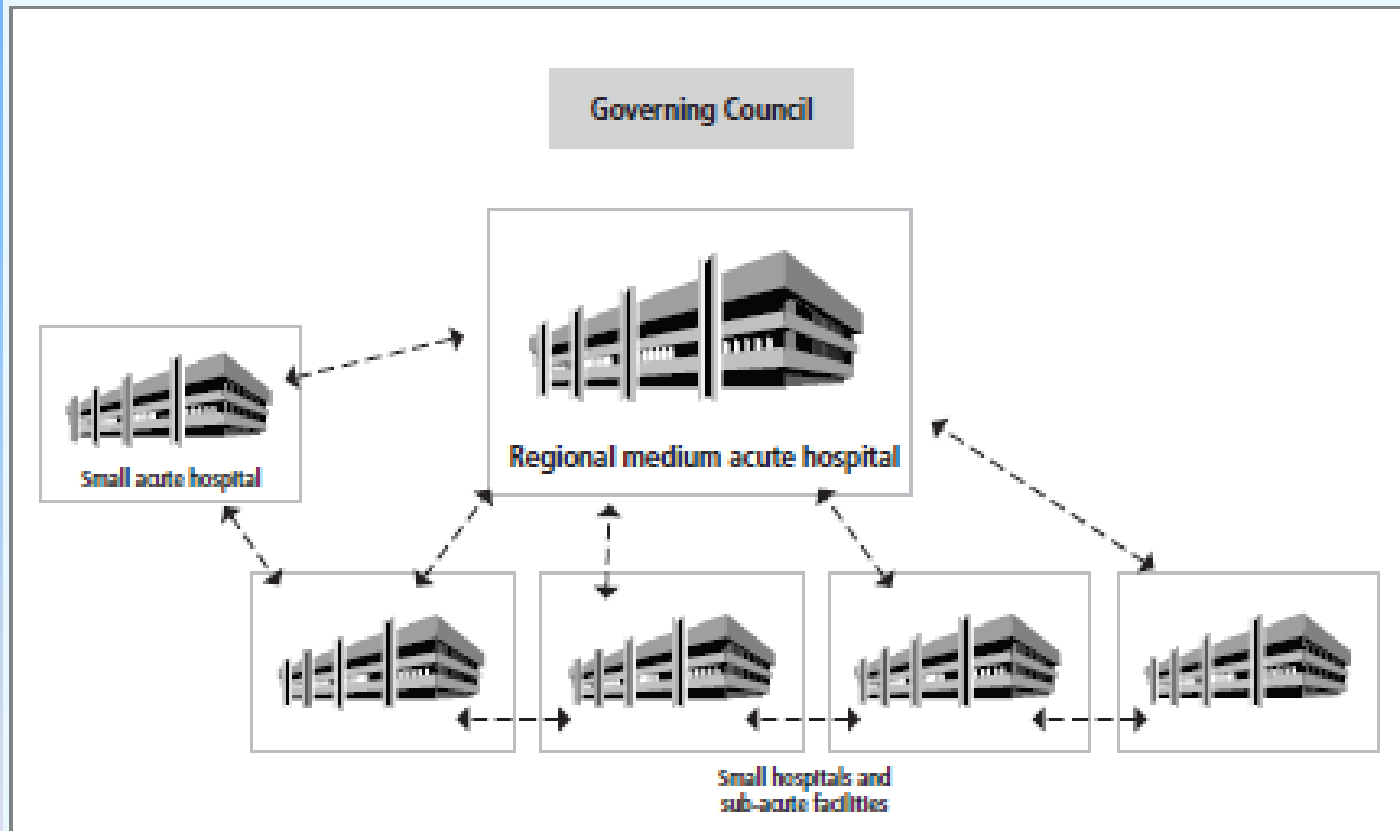


## 2. Local Hospital Network – Large Regional Centre



# Local hospital networks

## 3. Local Hospital Network – Regional Area







**Figure 11: Proposed roles and responsibilities in the National Health and Hospitals Network**

Decisions relating to public hospitals	Local Hospital Networks	Regions (e.g. Area Health Services)	States	National
Determine efficient price, pay 60% for each service provided, and pay 60% of other costs including capital				◆
Pay remaining costs, including any costs above the efficient price			◆	
Capital planning and management			◆	
Capital ownership			◆	
Performance metrics and target setting				◆
Standards setting, guidelines, quality and safety and national clinical leadership				◆
Receive Commonwealth funding for services	◆			



Hospital workforce planning			◆	◆
Performance management and remediation			◆	
Agree local activity targets, service mix and provision for highly specialised services	◆		◆	
Provisioning services between facilities	◆			
Industrial relations negotiations			◆	
Procurement	◆		◆	
Corporate services (human resources, payroll, etc.)	◆			
Managing operational budget	◆			
Local implementation of clinical guidelines and pathways	◆			

◆ Proposed location



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