



How has health reform in Australia been progressing since 2010?

Never Stand Still

Faculty of Medicine

Australian Institute of Health Innovation



How has health reform in Australia been progressing since 2010?

Presentation to the Canon Institute for Global Studies, Japan

Professor Jeffrey Braithwaite, PhD
Founding Director, Australian Institute of Health Innovation



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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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Leadership team

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- **Professor Enrico Coiera**

Professor and Director, Centre for Health Informatics

- **Professor Ken Hillman**

Professor and Director Simpson Centre for Health Services Research

- **Professor Johanna Westbrook**

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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.***

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Part 1: Australia and Japan comparative data



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World, Japan and Australia

Physical Map of the World, July 2011

AUSTRALIA Independent state
Bermuda Dependency or area of special sovereignty
Sey / AZORES Island / island group
★ Capital

Scale 1:125,000,000
Admission Republic
Standard parallels 30° N and 30° S



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July 2011

Australia and Japan



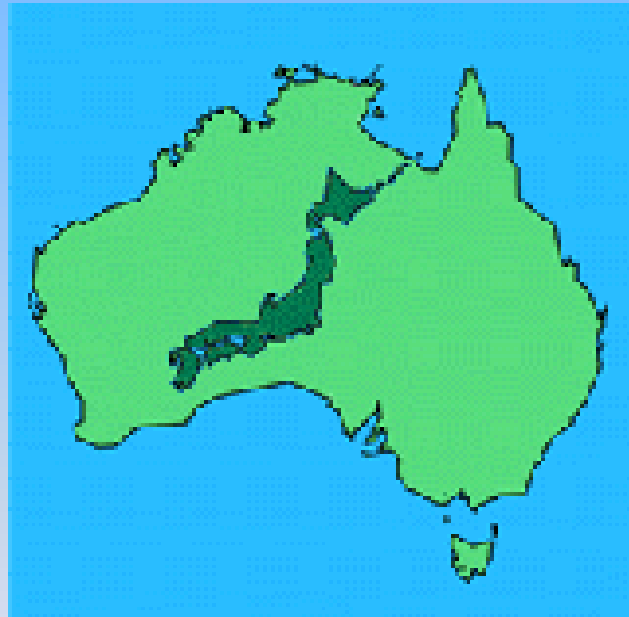
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Australia and Japan size comparison



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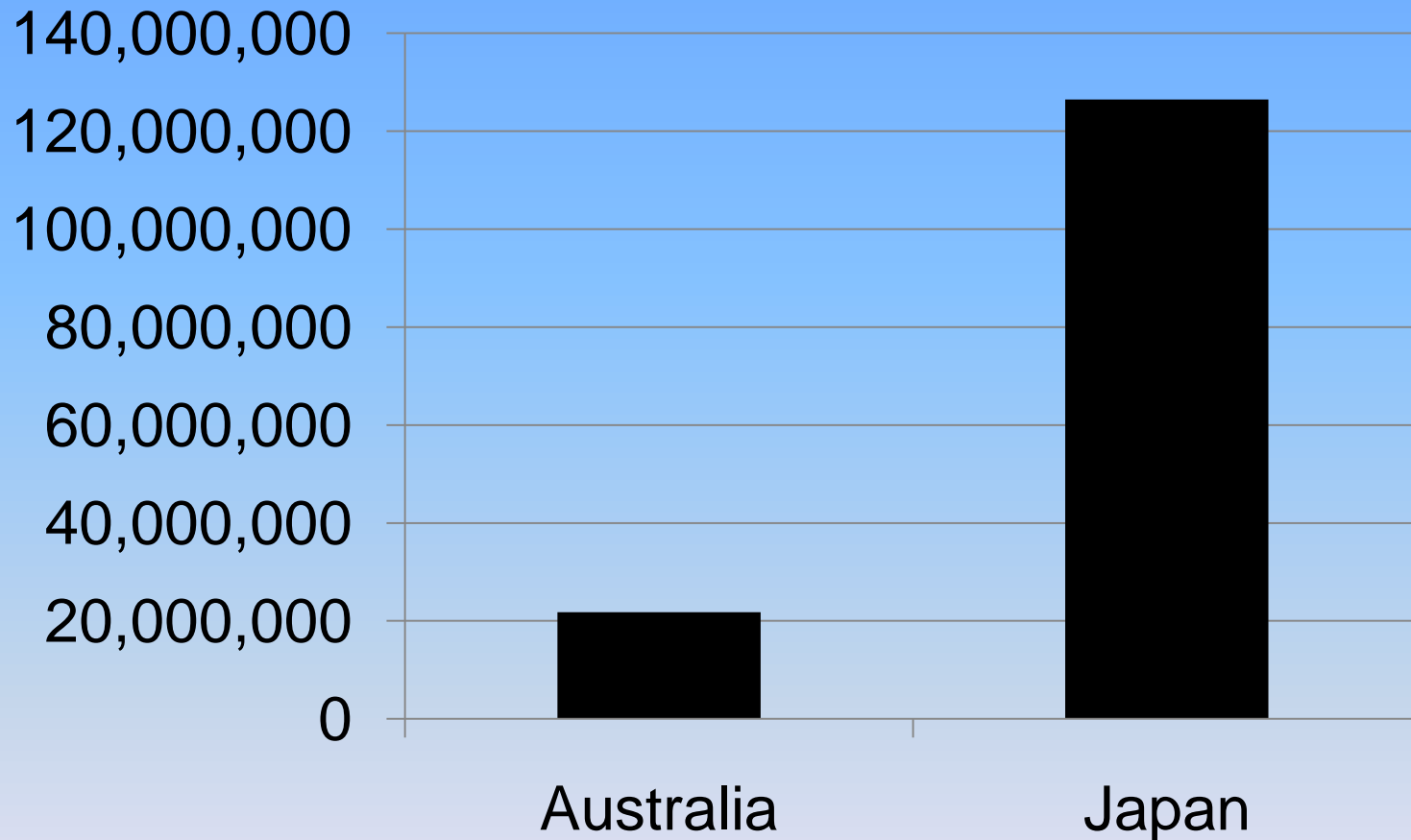


Australia and Japan statistical comparison

	Australia	Japan
Population	21,766,711 (55 th)	126,475,664 (10 th)
GDP (PPP, \$US)	\$882.4 billion (18 th)	\$4.31 trillion (4 th)
GDP per capita (\$US)	\$41,000 (18 th)	\$34,000 (38 th)
Population growth rate	1.148% (101 st)	-0.278% (214 th)
Imports (\$US)	\$195.2 billion (21 st)	\$639.1 billion (5 th)
Exports (\$US)	\$210.9 billion (22 nd)	\$765.2 billion (5 th)

Source: CIA Factbook, July 2011

Population



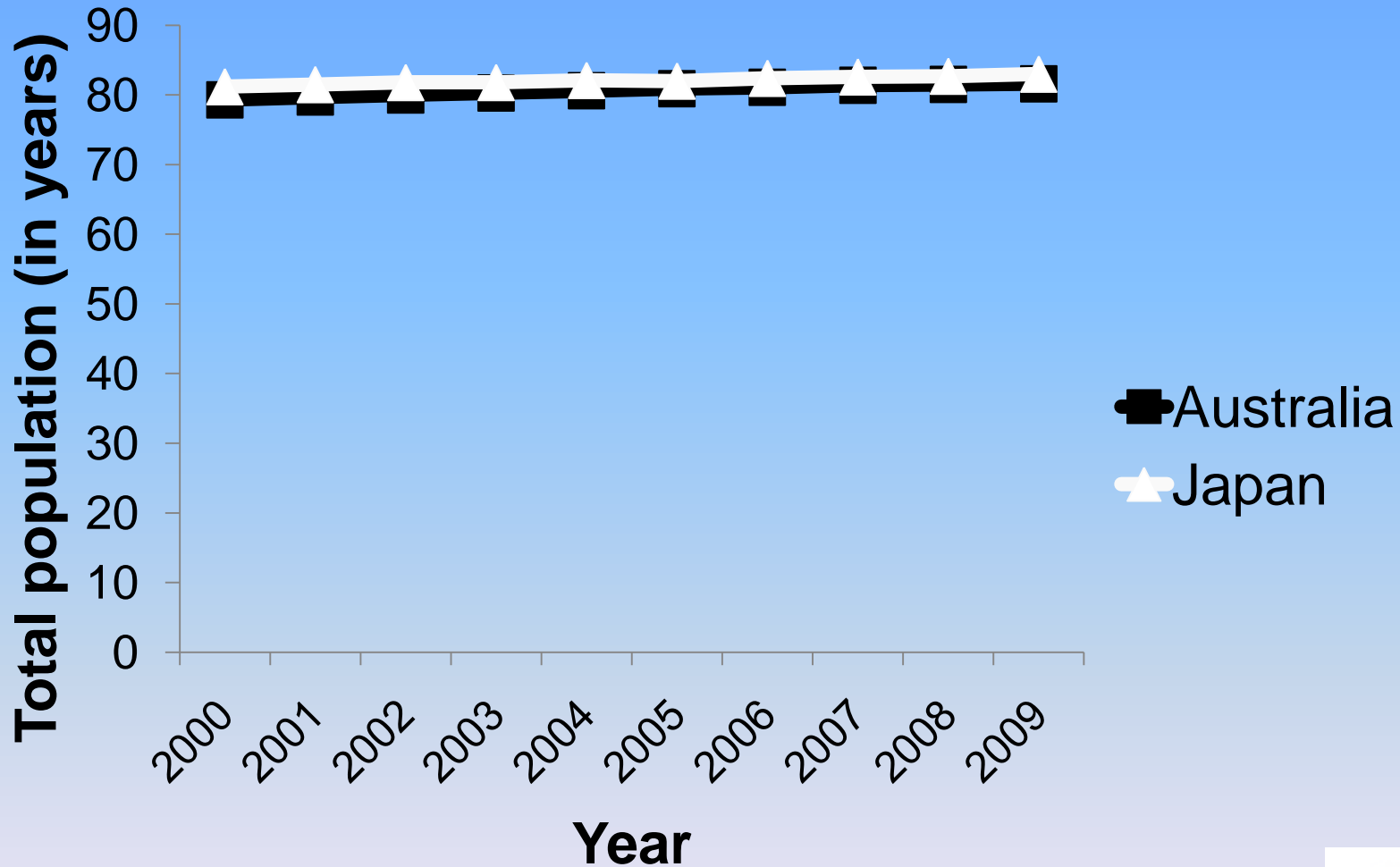
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Life expectancy at birth



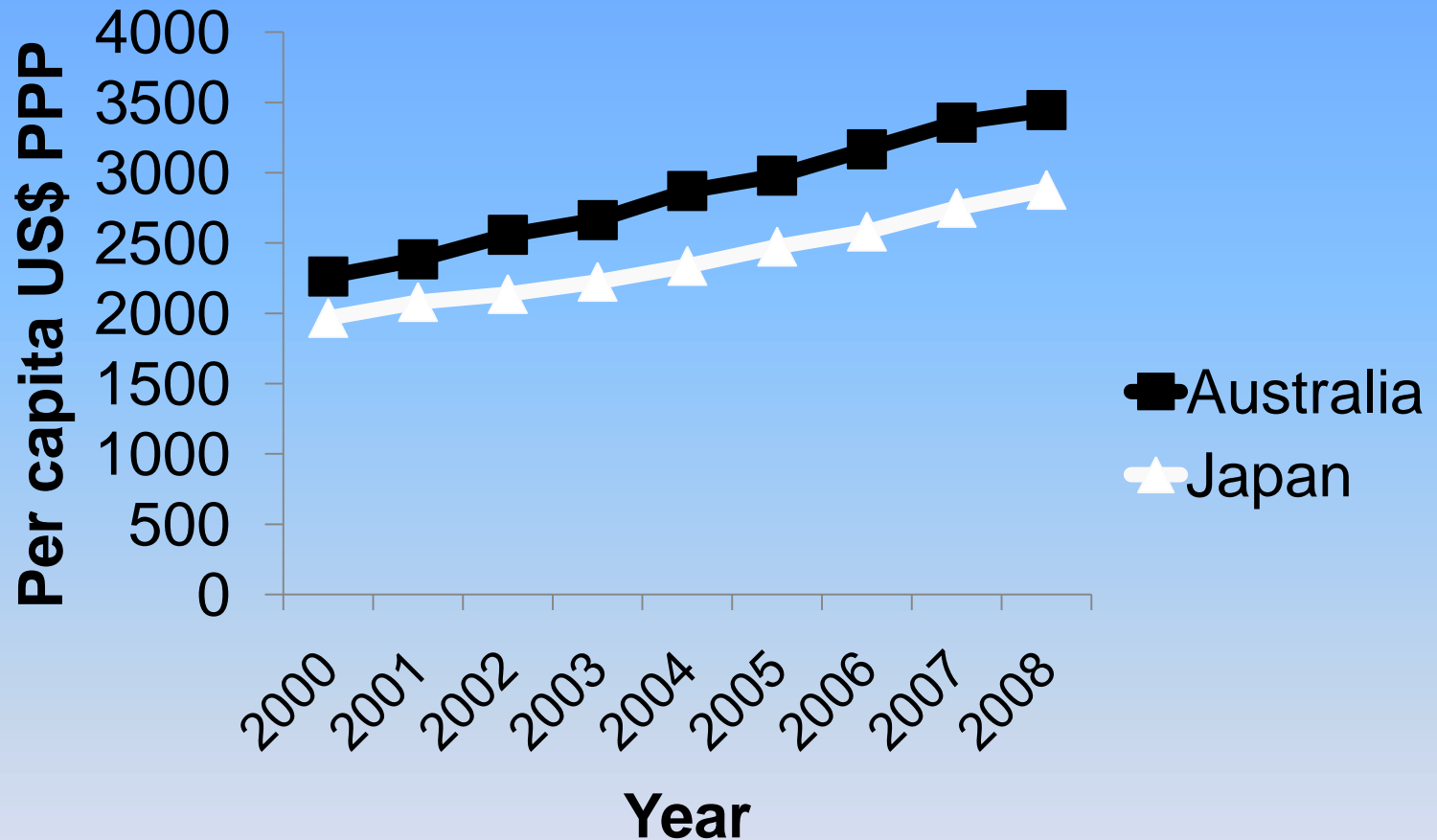
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Total expenditure on health



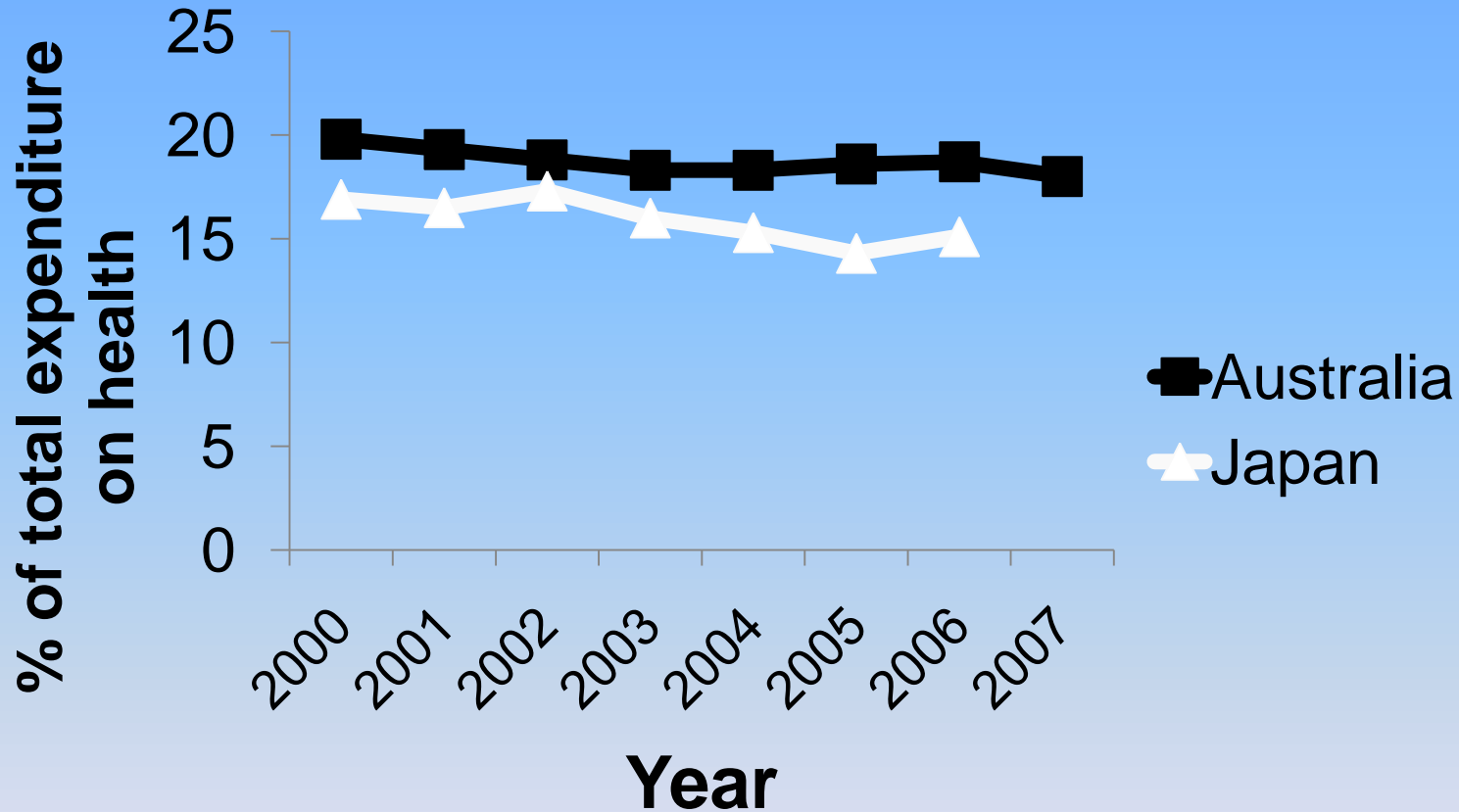
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Out-of-pocket expenditure on health



Part 2: Australia's national health care reforms



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A National Health and Hospitals Network for Australia's Future

**A summary of and commentary on the
Commonwealth's health reform plan**



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Case for health reform

- Fragmented health system
- System under growing pressure:
 - Large increases in demand for and expenditure on health care
 - Unacceptable inequities in health outcomes and access to services
 - Growing concerns about safety and quality
 - Workforce shortages
 - Inefficiency



Problems with our 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



Problems with our health system today

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



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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

**National Health and Hospitals Reform
Commission's report** stressed the need to
focus on:

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

Listening to the community and experts

Community desires:

- A stronger Commonwealth Government leadership role
- 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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Three reform goals

1. Tackling major access and equity issues: five priorities
2. Redesigning our health system to meet emerging challenges
3. Creating an agile and self-improving health system



Goal 1: Tackling major health & equity issues

1. Improving health outcomes of Aboriginal and Torres Strait Islander people
2. Improved care for people with serious mental illness
3. Support for people living in remote and rural areas
4. Improved access to dental health care
5. Timely access to quality care in public hospitals



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Goal 2: Redesigning our health system

1. Embed prevention and early intervention: new Australian Health Promotion and Prevention Agency
2. Connect and integrate health and aged care services
3. ‘Next generation’ of Medicare:
 - Commonwealth responsibility to create a comprehensive primary health care platform



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Goal 3: Creating an agile & self-improving health system

1. Strengthened consumer engagement and voice
2. Modern, learning and supported workforce
3. Smart use of data, information and communication
4. Well-designed funding and strategic purchasing
5. Knowledge-led continuous improvement, innovation and research



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Funding the reforms

- Financial implications:
 - Annual additional recurrent cost: \$2.8b - \$5.7b
 - Capital investment over 5 yrs: \$4.3b - \$7.3b
 - ‘Denticare Australia’ : increased funding
 - Projected health and residential aged care expenditure will grow to 12.2% GDP in 2032-33, less than the current projection of 12.4%



NHHRC recommendations

- Taking Responsibility
- Connecting Care
- Facing Inequities
- Driving Quality Performance
 - Healthy Australia Accord
 - Medicare Select
 - Raising and spending money for health services
 - National E-Health system



Reforms to establish the foundation of a new health system

- Federal Government 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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Reforms to come

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



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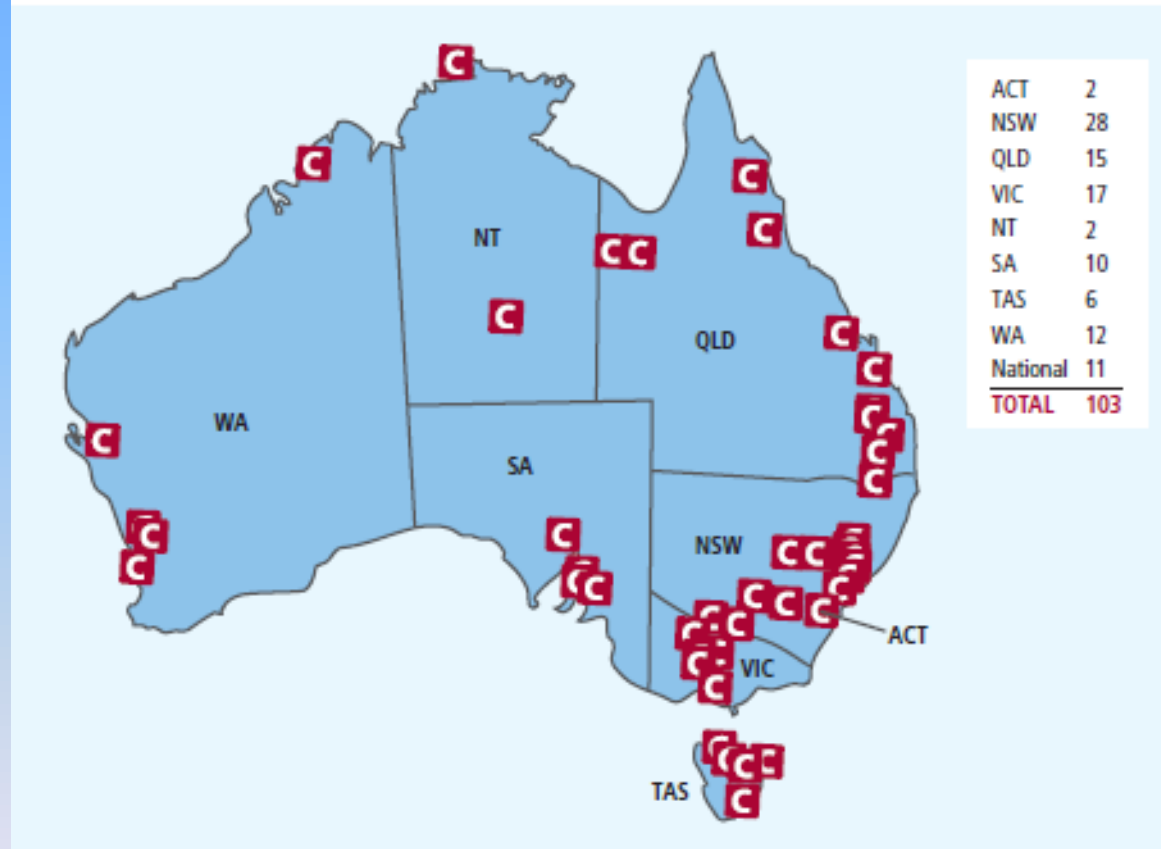


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Consultation with health professionals and the Australian people

Figure 1: Locations of Government's health reform consultations



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The Commonwealth Government

The Government will be the majority funder of the public hospitals system, funding:

- 60% of the efficient price of services provided to public patients
- 60% of recurrent expenditure on research
- 60% of capital expenditure to maintain and improve infrastructure
- Over time, up to 100% of the efficient price of outpatient services



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Additional public funding by the commonwealth since 2007

- A 50% increase in public hospital funding over the period 2008-09 to 2012-13 including:
 - \$500 million ongoing increase in 2008-09
 - An additional \$22.4 billion over five years from 2009-10 through the National Healthcare Specific Purpose Payment
- An additional \$1.3 billion through the National Partnership Agreement on Hospital and Health workforce Reform



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Additional public funding by the commonwealth since 2007

- A further \$300 million through the National Partnership Agreement on the Elective Surgery Waiting List Reduction Plan
- An additional \$643 million through the National Partnership Agreement on Preventative Health
- Increased capital investment of \$5 billion through the Health and Hospitals Fund

Additional public funding by the commonwealth since 2007

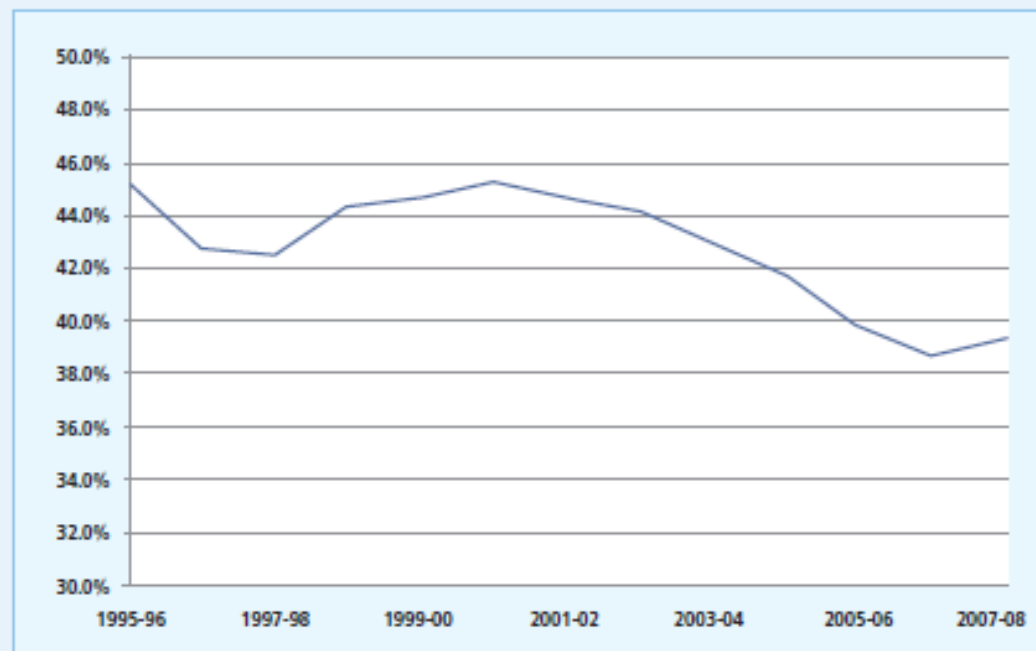
- An additional \$20 billion over this decade through the National Health Reform Agreement comprising:
 - Up to \$3.4 billion through the National Partnership Agreement on Improving Public Hospital Services
 - \$16.4 billion guaranteed for efficient growth in hospital activity over the period 2014-15 to 2019-20



Box 1: Decreasing Commonwealth funding shares over time.

The Government's \$64 billion investment in health and hospitals through a new National Healthcare Specific Purpose Payment and National Partnerships with state and territory governments has temporarily reversed the trend of a declining Commonwealth share over the past decade. However current projections of continued strong growth in hospital demand, and increasing costs compared to the Commonwealth's funding contribution, could see the Commonwealth's funding share decline in the future.

Figure 2: Commonwealth proportional contribution to government funding for public hospitals



Source: Australian Institute of Health and Welfare, Health Expenditure Series Australia, 2007-08.

Includes expenditure through The Department of Veterans Affairs and through the Private Health Insurance Rebate.

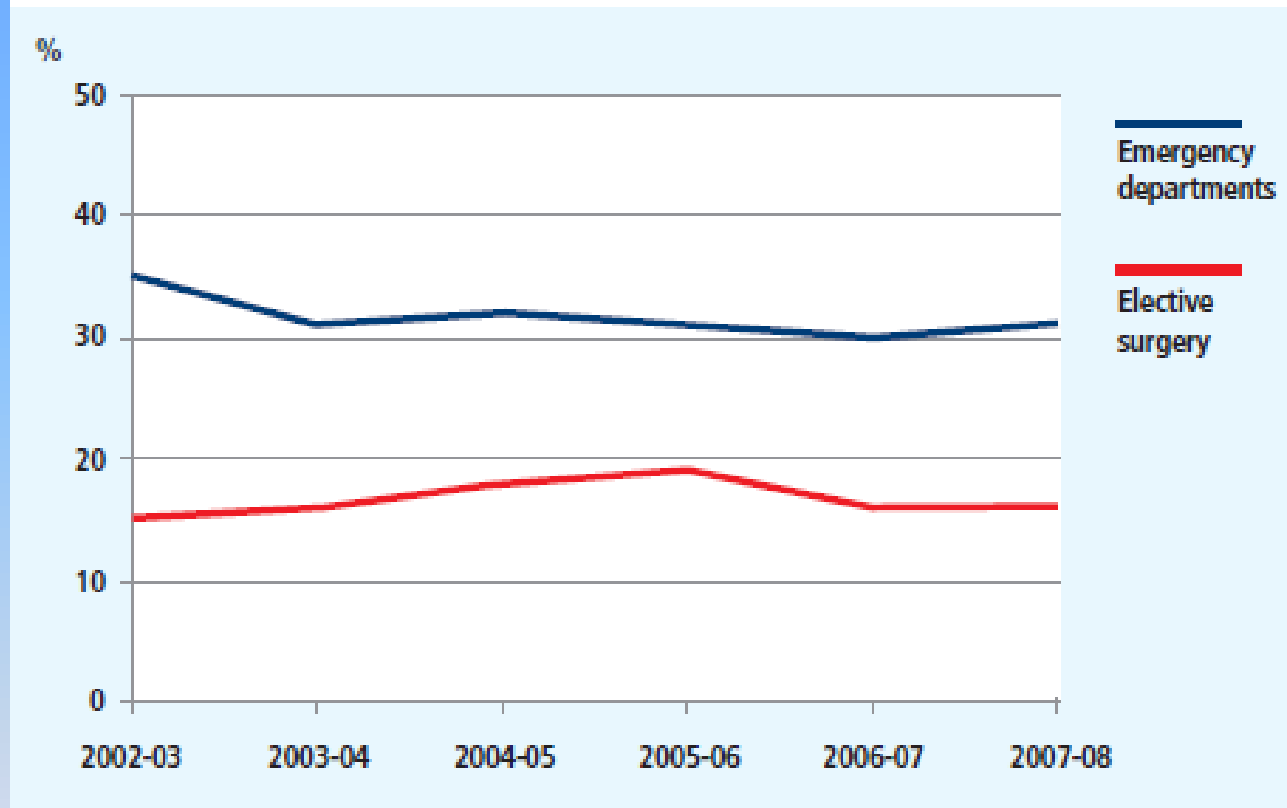


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Long waiting times

Figure 3: Hospital patients not seen within clinically recommended times



Source: Commonwealth Department of Health and Ageing, *The state of our public hospitals, 2009*



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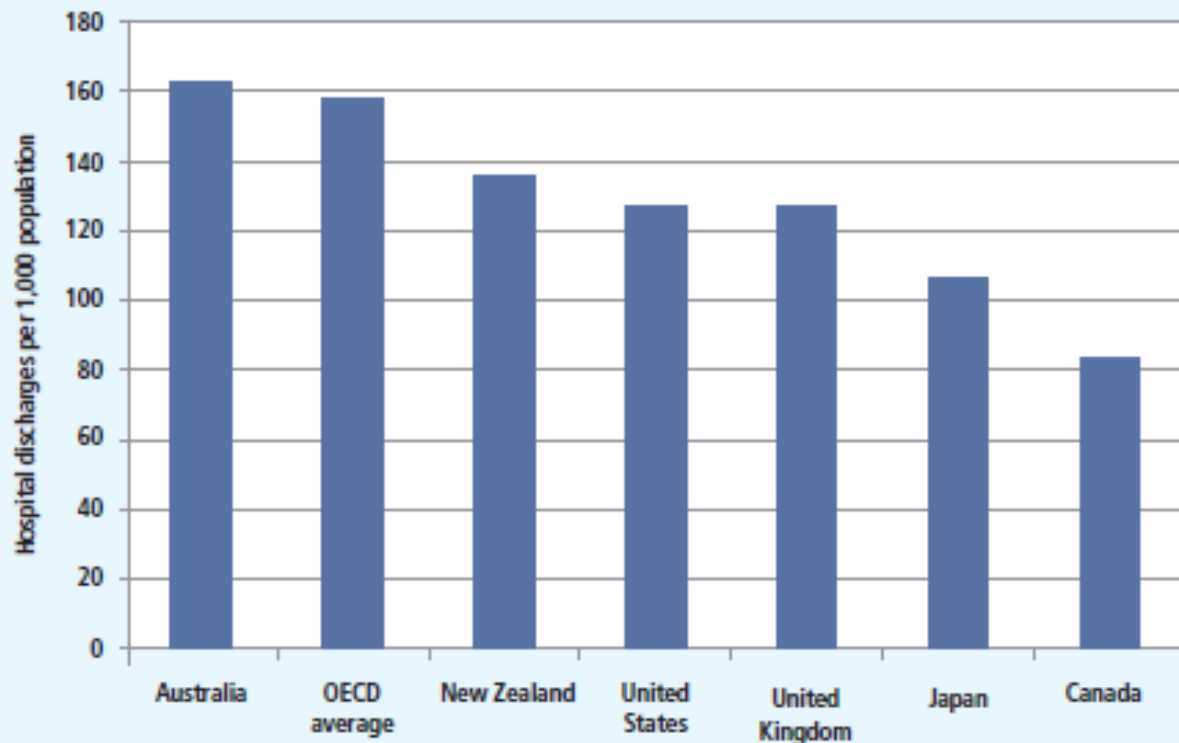


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Hospital discharges

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



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

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



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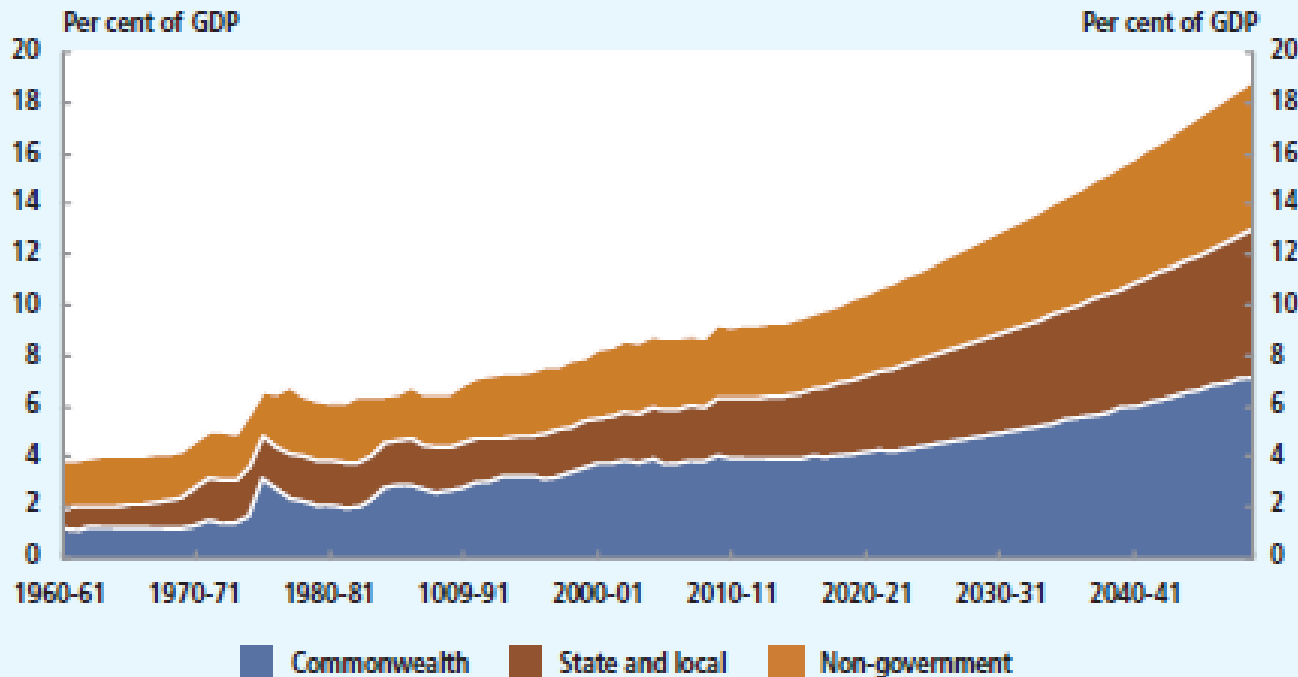


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Expenditure

Figure 5: Projected health expenditure by source of funds



Source: Treasury projections based on data from the Australian Institute of Health and Welfare. Based on current arrangements.



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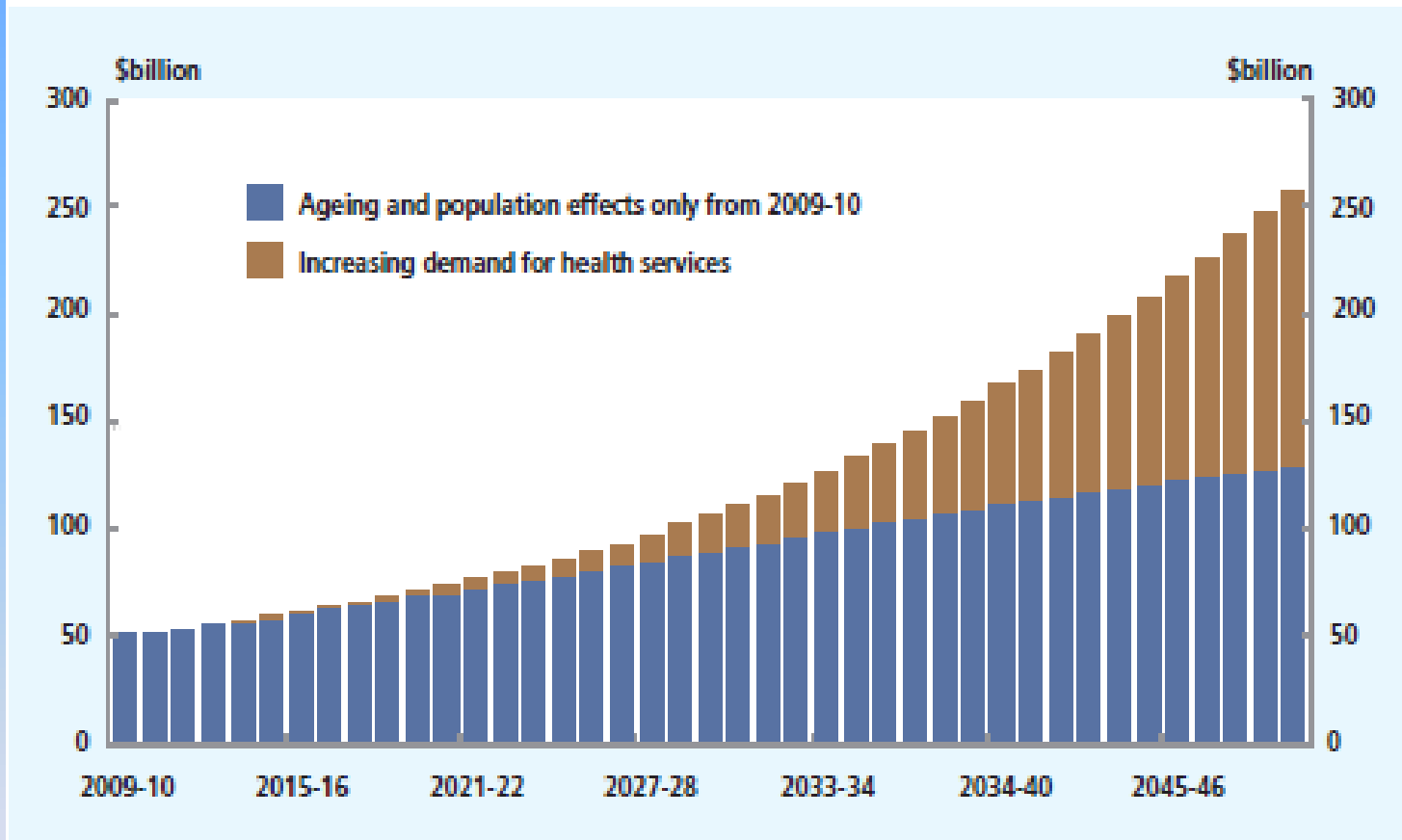


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Projected spending

Figure 6: Projected Australian Government health spending



Source: Treasury projections. Based on current arrangements.



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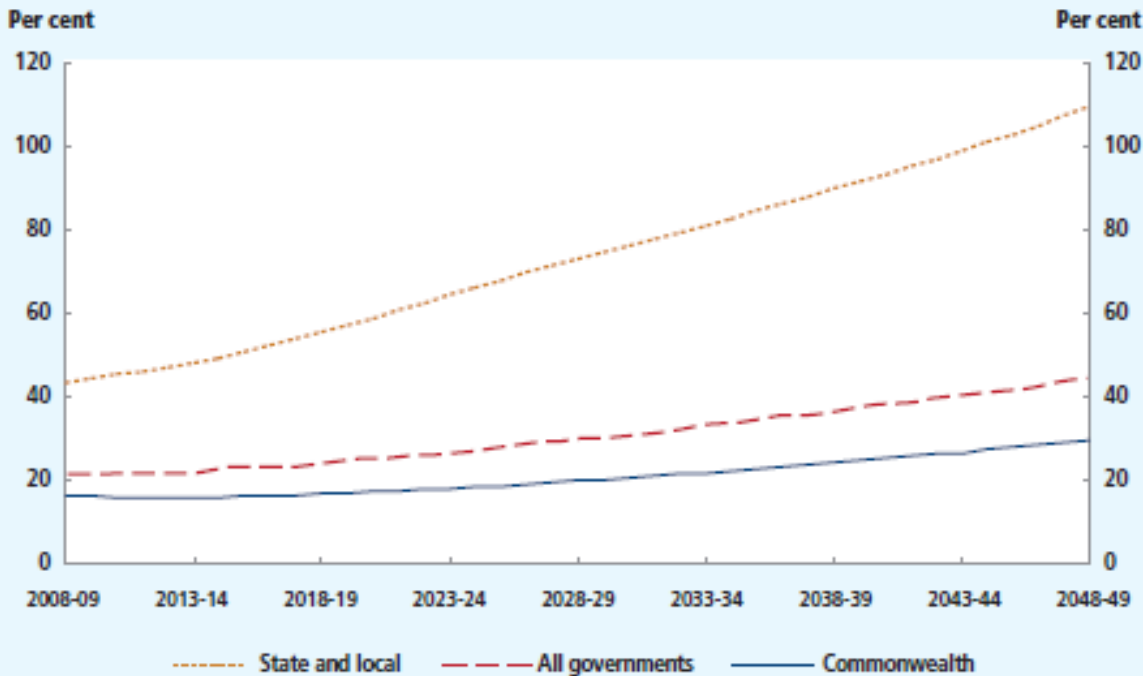


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Funding

Figure 7: Health funding responsibility as a proportion of own-source tax revenue (illustrative)



- Current spending and revenue trends suggest a risk that state governments will not have the financial capacity to meet health spending obligations in the longer term

Source: Treasury projections based on data from the Australian Institute of Health and Welfare.



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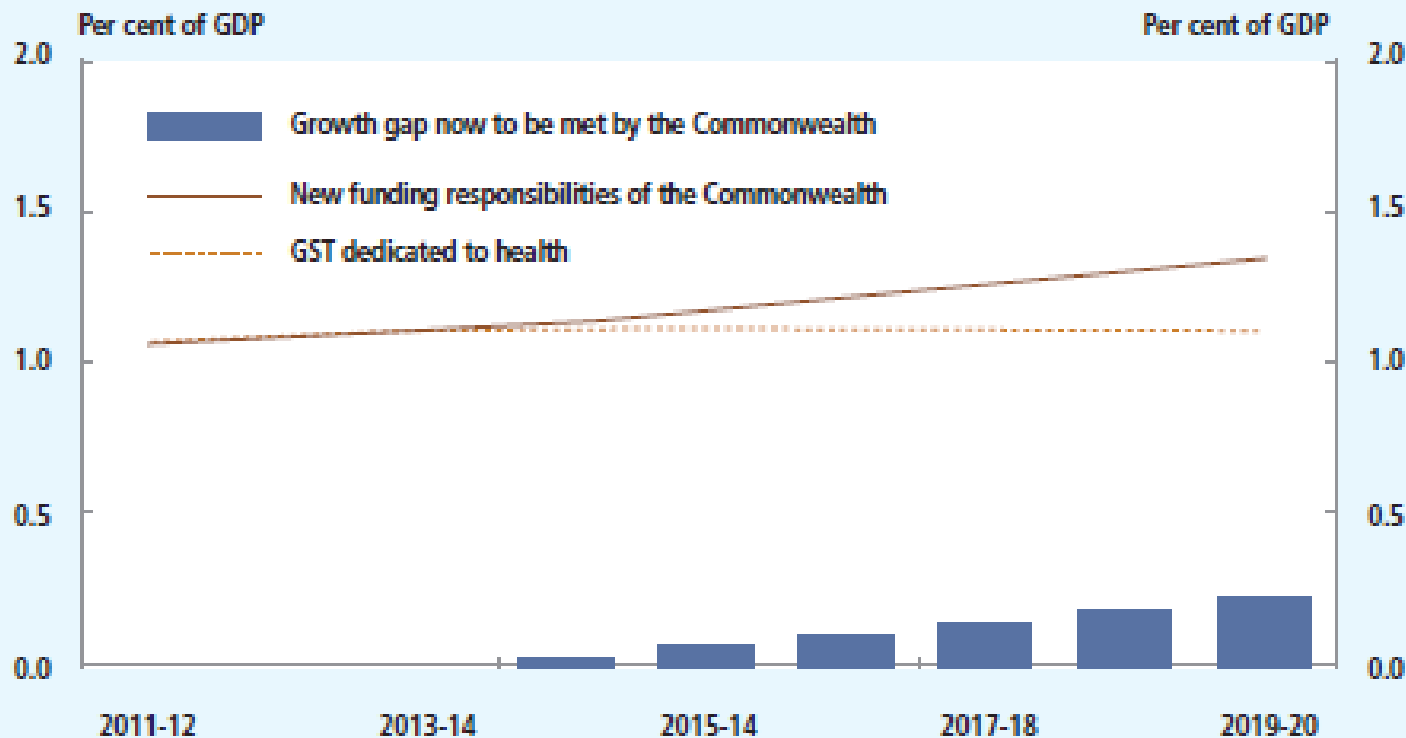


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More efficient and sustainable financing of the health system

Figure 8: Taking on a share of increasing state and territory expenditure



Source: Treasury projection. Based on current arrangements.



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Setting ten national standards

1. Governance for safety and quality in health service organisations
2. Partnering with consumers
3. Preventing and controlling healthcare associated infections
4. Medication safety
5. Patient identification and procedure matching



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Setting ten national standards

6. Clinical handover
7. Blood and blood products
8. Preventing and managing pressure injuries
9. Recognising and responding to clinical deterioration in acute health care
10. Preventing falls and harm from falls



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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



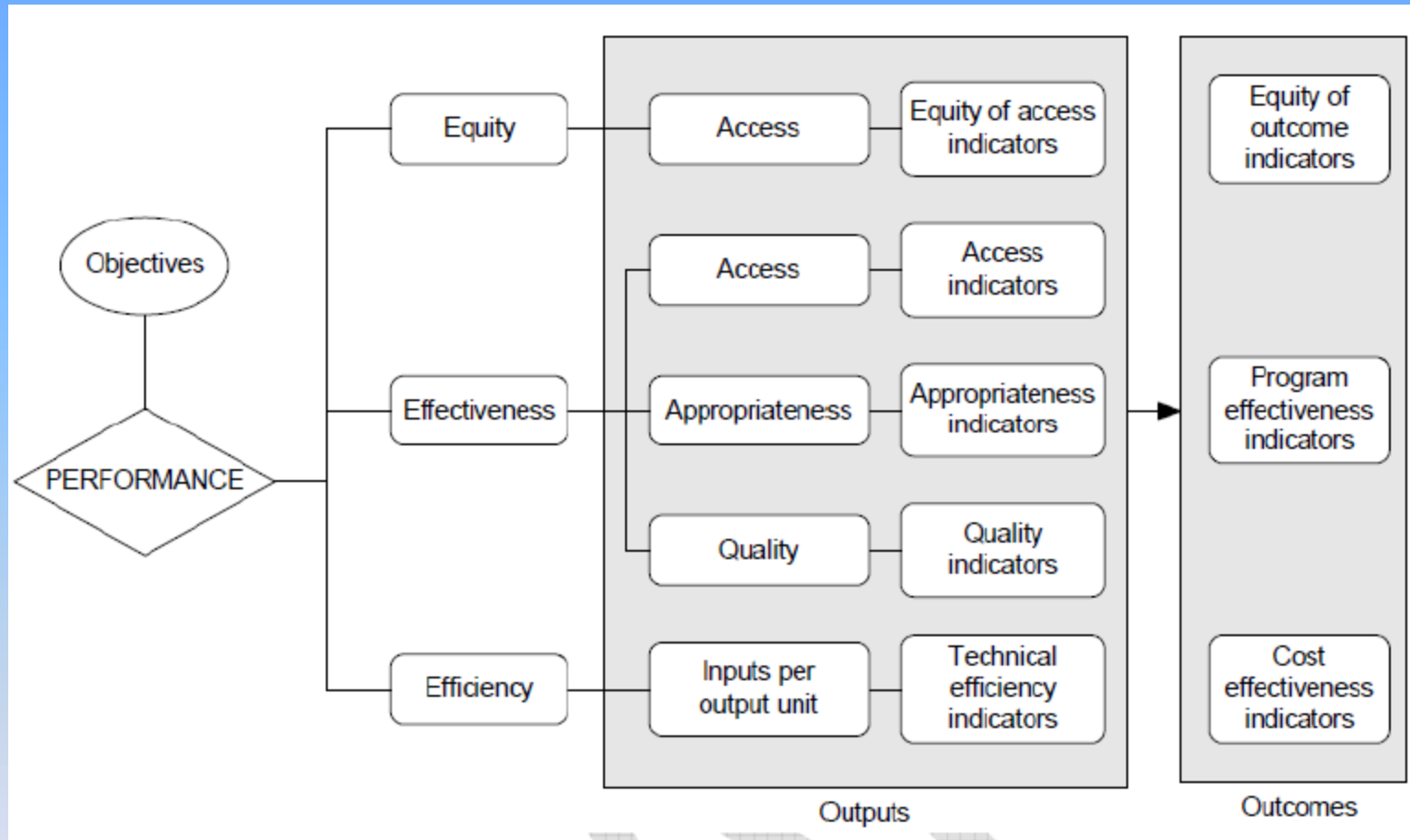
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National performance framework



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
 - Delivering on performance standards



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Figure 10: Illustrative models of Local Hospital Networks

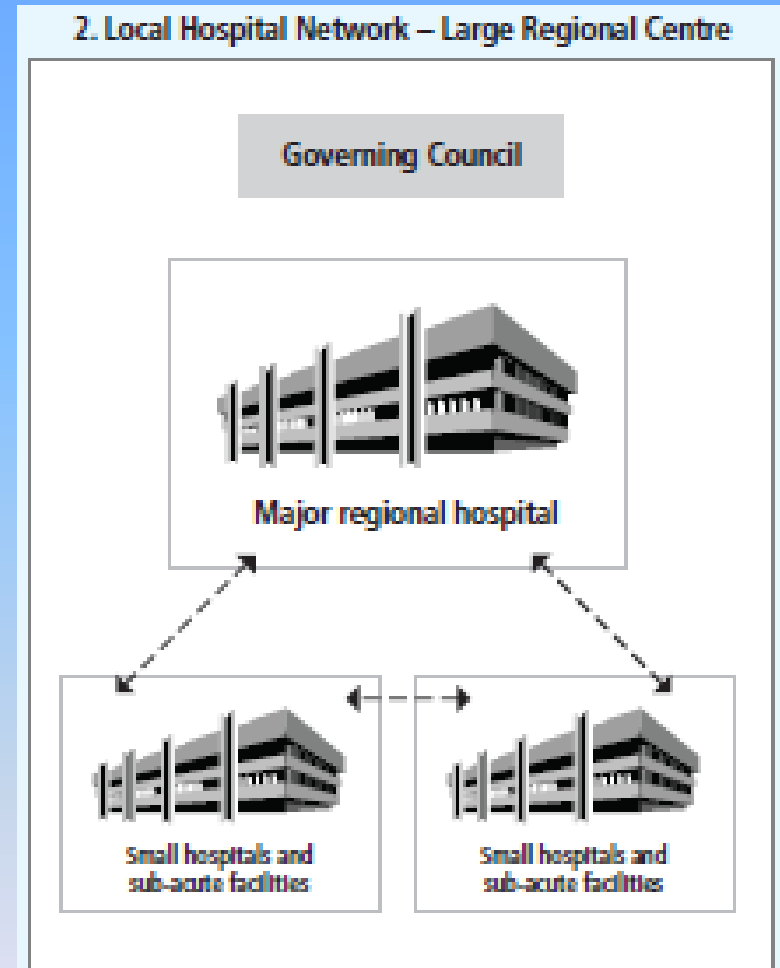
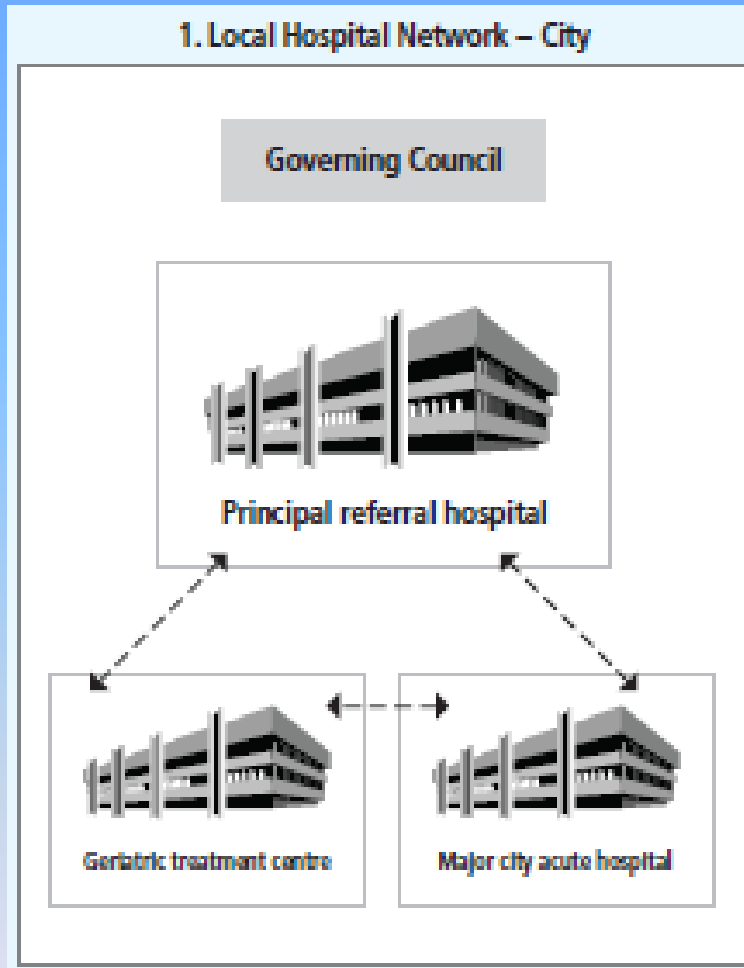
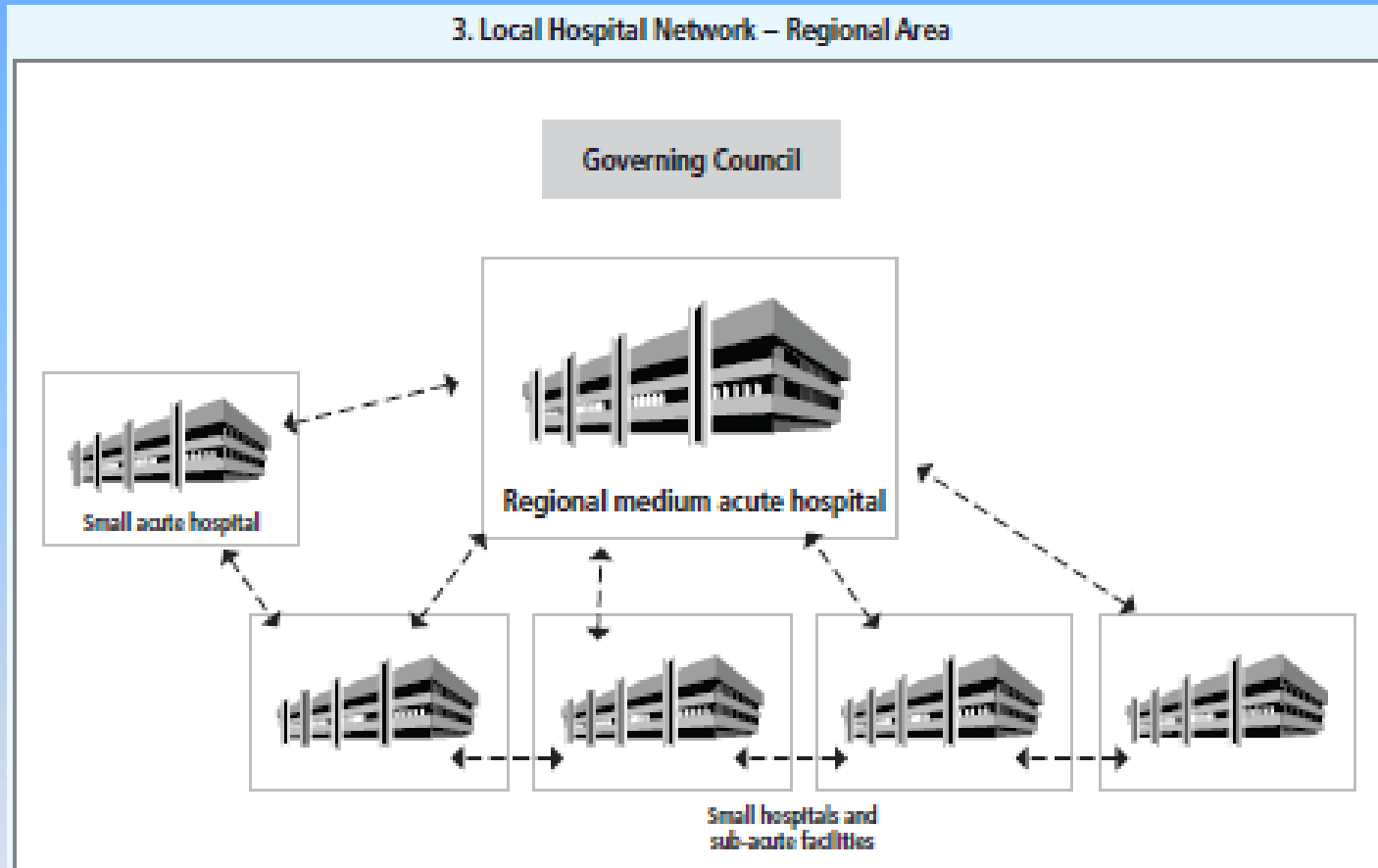
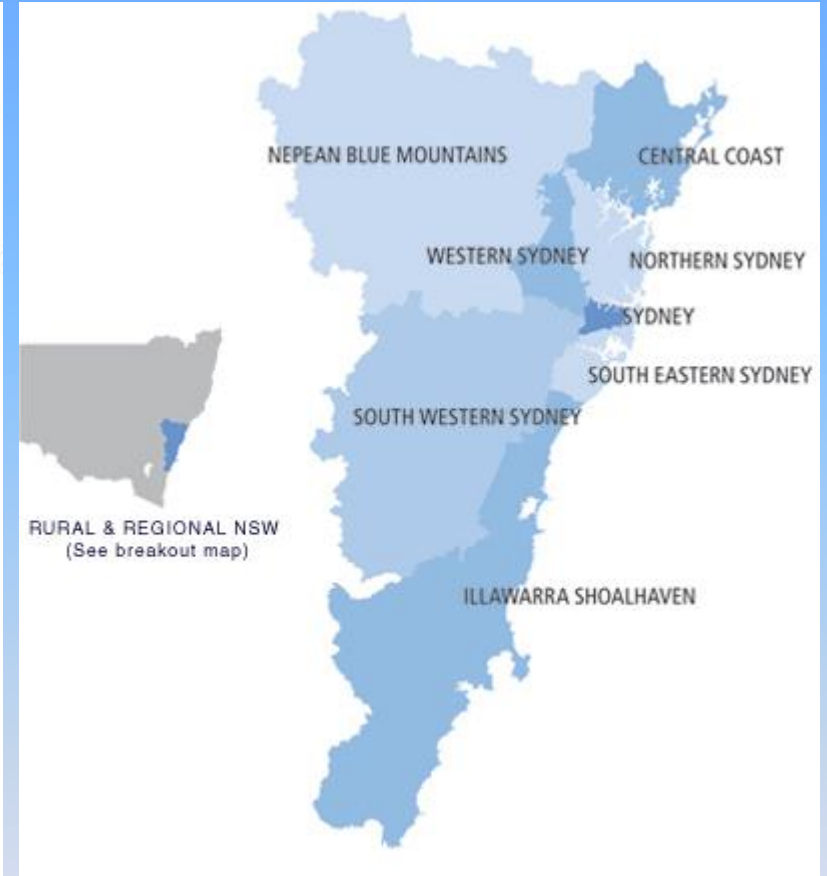


Figure 10: Illustrative models of Local Hospital Networks



Local Hospital Districts in NSW



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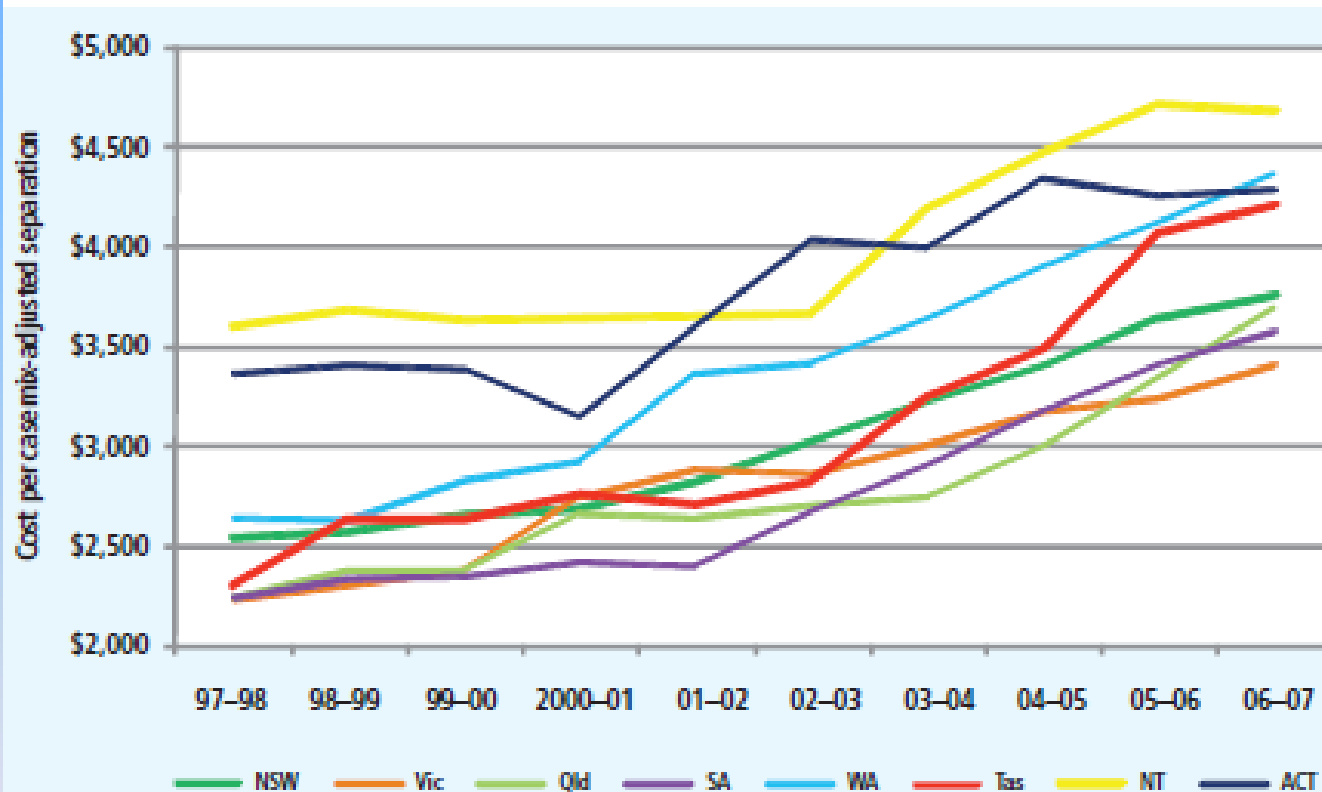


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The efficiency of public hospitals varies considerably between states

Figure 12: Recurrent cost for each hospital admission



Source:
National
Hospital Cost
Data
Collection,
2009.



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Commentary



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Commentary

- We have a reform process underway
- This will be a difficult *political* and *policy* journey
- New bodies have been established or bolstered:
 - Independent Hospital Pricing Authority
 - National Health Performance Authority
 - Australian Commission on Safety and Quality in Health Care



Selected references

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