



# **Australian Healthcare Reform**

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**Hong Kong Hospital Authority Convention 2013**

**Hong Kong**

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# About Australia

- 23 million population
- 31.5% live in rural areas
- 517,000 indigenous Australians
- 23% English as a second language
- Federation – 6 states, 2 territories

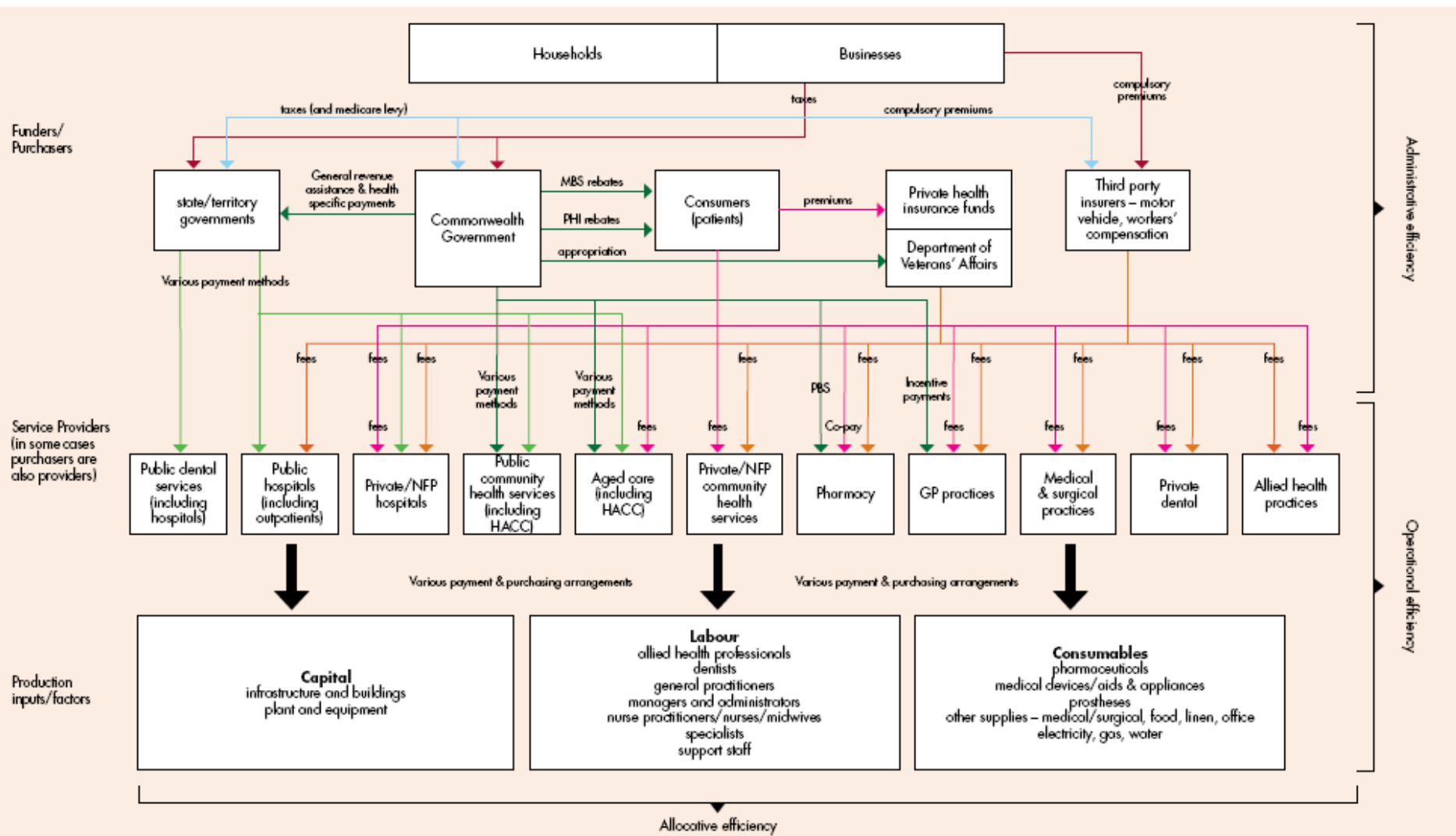


- Medicare – universal health entitlement
- 45% have private health insurance
- \$130.3 billion spent on health (2010); 9.3% of GDP
- 70% public, 10% health insurance, 20% direct
- 7.3% increase 2010-2011

- 3 practicing doctors per 1000 people (OECD)
- 110 million GP visits per year

- 8.9 million hospital admissions in 2010-11
- 60:40 public:private patient admissions

# Australia's health system



# A long-term blueprint for reform



The National Health & Hospitals Reform Commission (NHHRC) was established in March 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.”

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

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All aboard the Marrakesh Express — page 11

  
**AMA**  
Volume 20 Number 5  
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# A long-term blueprint for reform

- Four reform themes:
  - Taking responsibility
  - Connecting care
  - Facing inequities
  - Driving quality performance
- 123 recommendations for action
- 108 accepted / 14 noted / 1 rejected



# Taking responsibility

promoting  
a healthy  
australia

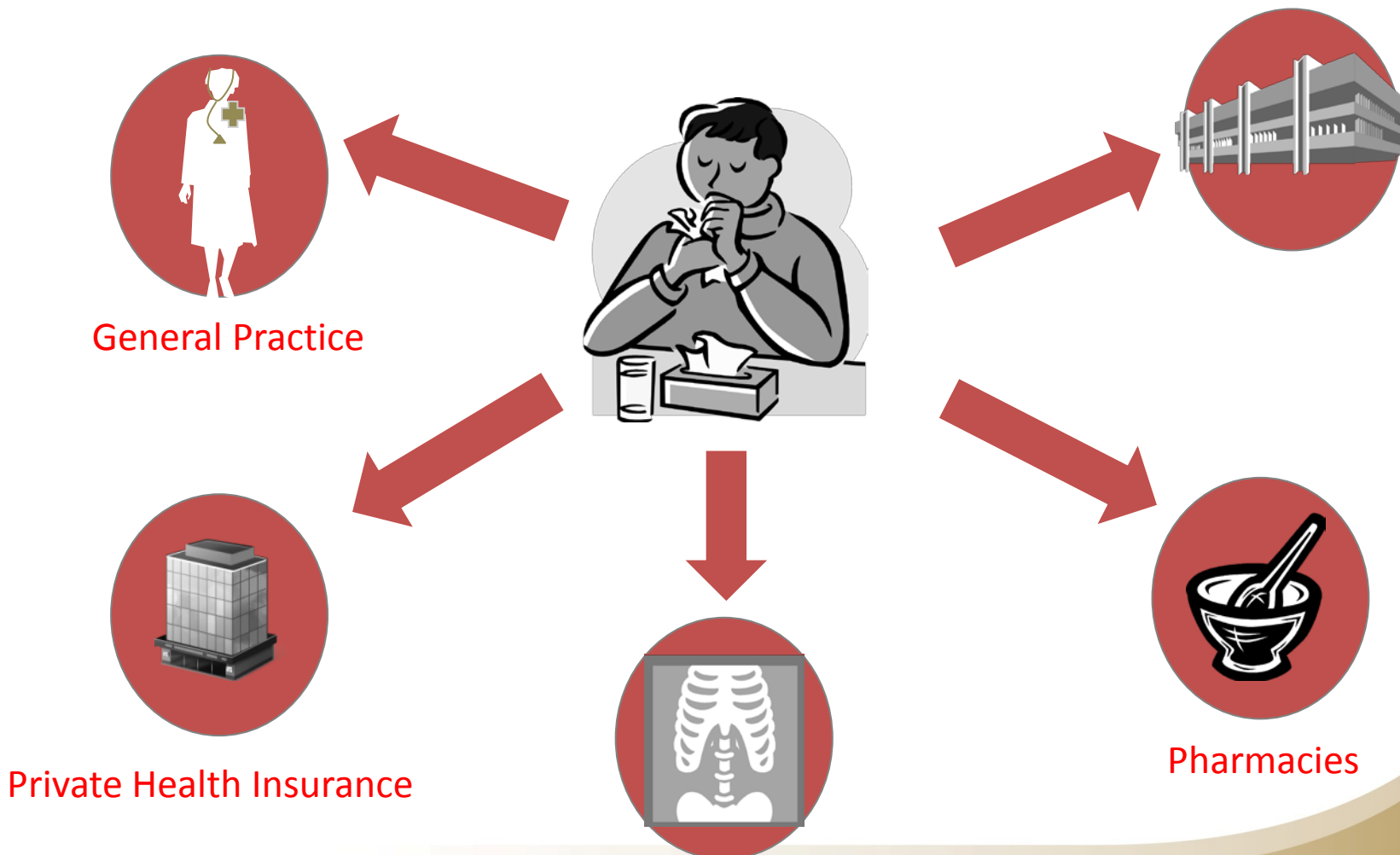
ANPHA

Australian National  
Preventive Health Agency



Individual and collective action by people, families, communities, health professionals, employers, health funders and governments.

# Taking responsibility - PCEHR





# Connecting care



Comprehensive care for people over their lifetime



# Connecting care – strengthening primary care

- More GP superclinics.
- Voluntary enrolment pilot - financing of chronic disease.
- Medicare Locals – 61 Australia-wide.
- Local hospital networks – 55 + small rural networks.
- Sub-acute care – the missing link.
- No single public funder.

# Connecting care – aged care



# Facing inequities



Recognise and tackle the causes and impacts of health inequities

# Driving quality performance



Leadership and systems to achieve best use of people, resources, and evolving knowledge



# The reform journey

- July 2009 – The National Health and Reform Commission’s Final Report ‘**A Healthier Future for all Australians**’ released.
- April 2010 – Signing of a **National Health and Hospitals Network Agreement** between the Commonwealth and, except for Western Australia, all of the states and territories.
- August 2011 – An amended plan formed the basis of the **National Health Reform Agreement** signed by all First Ministers.



# Public hospital financing reform

- **2010/11–2013/14** – Commonwealth contribution to maintained as special purpose payment (block grant) plus National Partnership Agreements.
- **2014/15** – Activity Based Funding will be used to determine Commonwealth share growth of efficient cost of public hospitals.
- **2014/15** – Commonwealth pays for 45% of growth, up to 50% by 2017/18.
- Projections suggest Commonwealth share of 50% of public hospital funding by mid 2060s.

# IHPA and NHPA

## Independent Hospital Pricing Authority

## National Health Performance Authority







# How ABF is being used

- **Federal Government** – Determines funding for agreed share for State operated public hospitals using efficient activity based pricing from 2014/15.
- **State governments** – Purchase through price and volume contracts with local hospital networks using activity targets and efficient pricing.
- **Local Hospital Networks** – Informs hospital budgeting and assists understanding volume, complexity and patterns of service activity.

# Health workforce

- A strategic approach to workforce innovation
- Health Workforce Australia: Health Workforce 2025 (2012)
- Numbers, distribution, roles and innovation
- Teaching, training, capacity and funding - ?ABF by 2018



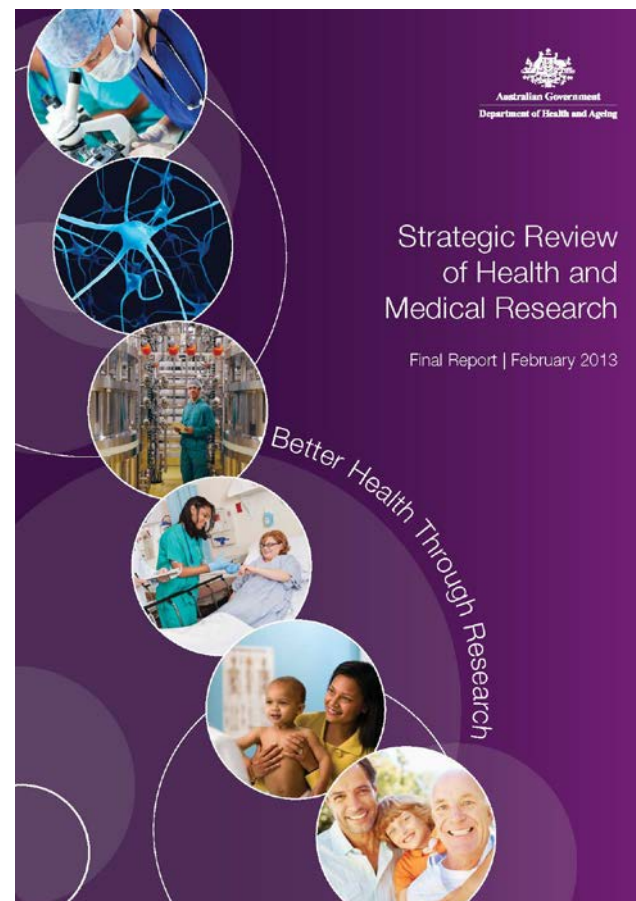


# Smart use of data

- Data linkages – still to be achieved.
- Clinical governance – no systemic clinician feedback.
- Mapping unwarranted variation – more potential.
- Performance reporting – [www.MyHospitals.gov.au](http://www.MyHospitals.gov.au); NHPA, ACSQHC (Quality Commission), AIHW
- Systems for using evidence in policy and practice.
- Engaging consumers/people in their health care
- Building a culture of research.

# Research

- **McKeon Review**  
Strategic Review of Health and Medical Research - Final Report (February 2013)
- Government response pending



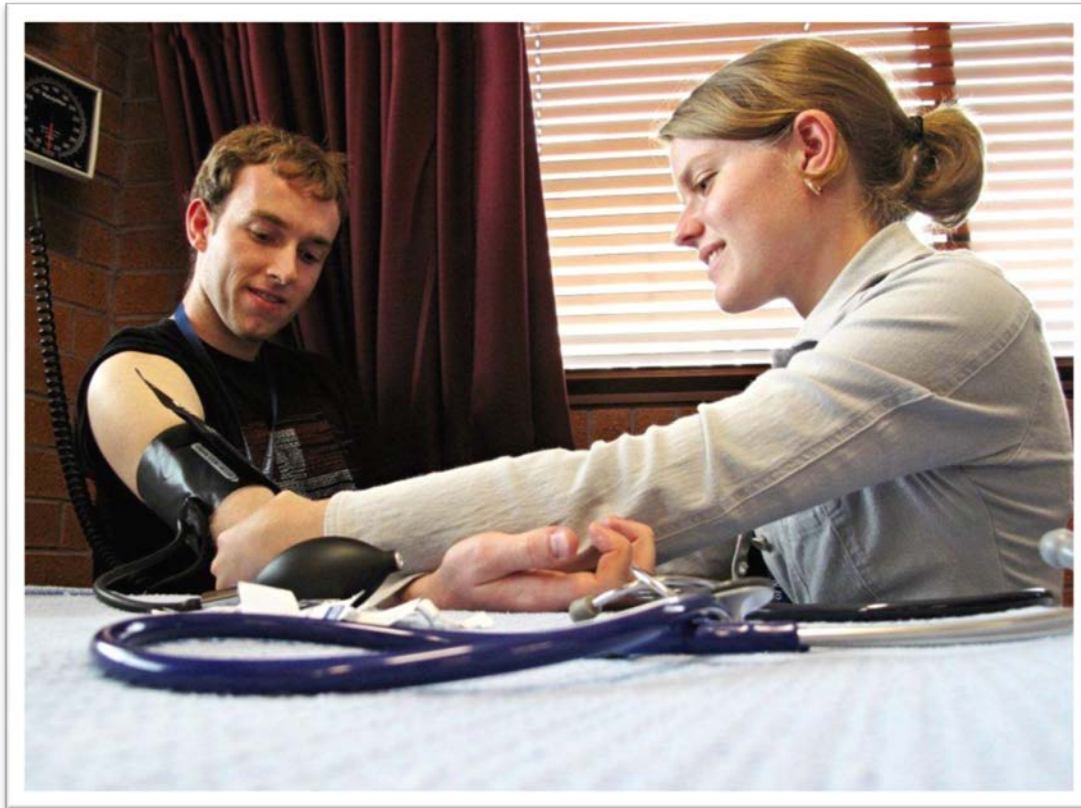
# Going beyond the public sector



89. We believe that there is a real need to further improve the responsiveness and efficiency of the health system and capacity for innovation. We agree that greater consumer choice and provider competition and better use of public and private health resources could offer the potential to achieve this through the development of a uniquely Australian governance model for health care that builds on and expands Medicare. This new model is based on the establishment of health and hospital plans, and draws upon features of social health insurance as well as encompassing ideas of consumer choice, provider competition and strategic purchasing. We have given this new governance model the working title, 'Medicare Select'.



# Getting the right care, in the right place, at the right time



# Best value for the health dollar

*“A considerable proportion of routine healthcare that is delivered to patients has no evidence base in terms of clinical effectiveness, let alone cost-effectiveness”*

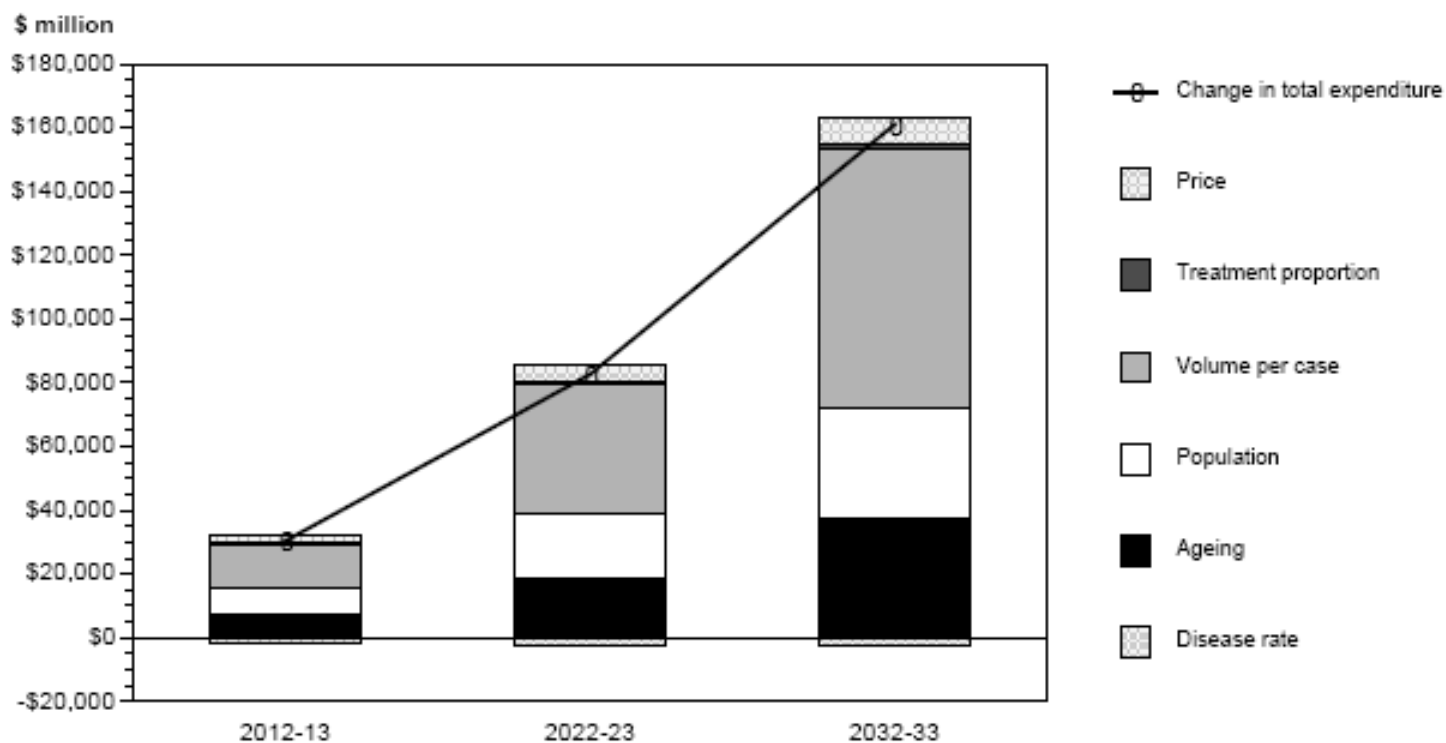
Professor Alan Maynard, health economist



*“Waste in health care is an ethical issue”*

Professor Christine Bennett

# Why are healthcare costs rising?



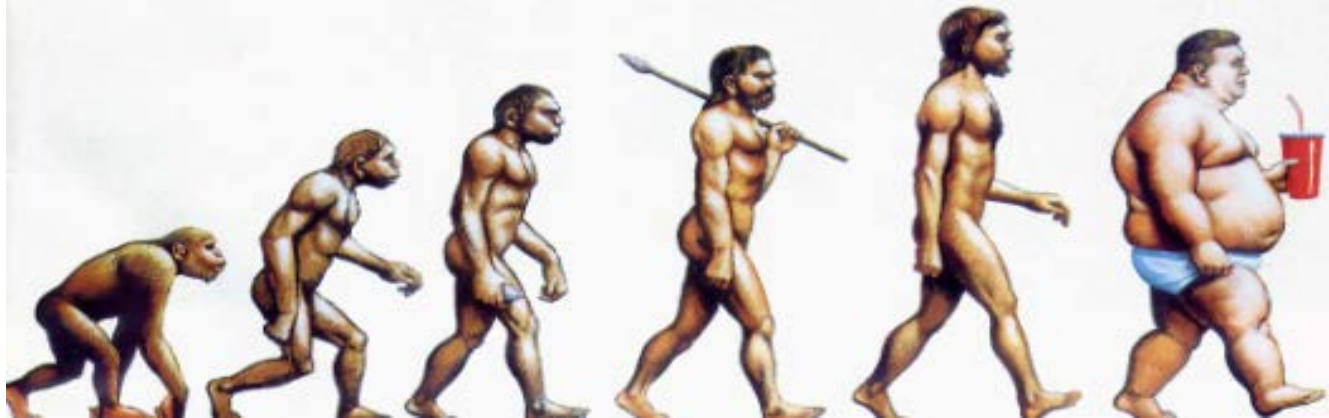
Source: Projection of Australian health care expenditure by disease, 2003 to 2033 (AIHW, 2008).



# Health is about more than healthcare



## The shape of things to come





# Questions & Discussion

National Health and Hospitals Reform Commission, ‘**A Healthier Future For All Australians**’ – Final Report (Canberra, June 2009):

<http://www.health.gov.au/internet/nhhrc/publishing.nsf/>

Professor Bennett’s report **Are we there yet? – A journey of health reform in Australia**” (March 2013) is available at:

<http://www.nd.edu.au/events/are-we-there-yet>.

Other reports and presentations can be found at

<http://www.christinebennett.info>.