

Executive Summary – Revitalising Health Reform: Time to Act

The Australian Institute of Health Policy Studies has commissioned this Discussion Paper to encourage broad community debate and, importantly, action on reform of Australia's health care system.

This report demonstrates that, all too often, existing processes for health system reform are ineffective. It documents the 'unfinished business' on health system reform since 2000. For example:

- *The Federal Parliament has undertaken three major inquiries into health funding and Medicare. But, many important and sensible recommendations from these inquiries have not been seriously examined by governments, let alone implemented:*
 - *For example, the Senate Inquiry into Public Hospital Funding recommended in 2000 that "Health Ministers give urgent consideration to the development of a national health policy, informed by community consultation". Seven years later, there is still no national framework that spells out for Australian citizens their rights under a universal health insurance system, the role of public and private health services, and a future vision of how health services should be organised and funded to improve health outcomes.*
 - *In 2006 the House of Representatives Inquiry into Health Funding recommended that consumers should have access to better information on how hospitals and individual doctors perform on quality and safety measures. This recommendation is hardly new, with numerous calls for 'health report cards' over many years, including following the deaths at Bundaberg Hospital. Yet, as of June 2007, only one state – Queensland – has commenced publishing information on the clinical quality of care provided at individual public hospitals. At a national level Health Ministers agreed in July 2004 to publish sentinel events data, but it took until July 2007 for the first national sentinel events report to be released. This recent report is still embryonic, with no information published at the level of individual states/territories or hospitals, and with no data included for private hospitals.*
- *The Productivity Commission has produced many reports on health-related issues, covering necessary reforms to the health workforce, medical technology and general practice. While most of these reports were specifically commissioned by government officials, there has been slow progress by governments in acting on the Productivity Commission's recommendations.*
 - *For example, the Productivity Commission recommended strengthening the assessment of medical services that are funded through the MBS through establishing an independent review committee to advise on the safety, effectiveness and cost-effectiveness of proposed changes. This recommendation – similar to existing arrangements for the review of pharmaceuticals – was not accepted by the Australian Government.*
- *Politicians and senior health bureaucrats regularly meet to discuss health reform, including through formal channels such as the Council of Australian Governments, the Australian Health Ministers' Conference and the Australian Health Ministers Advisory Council. But these processes are themselves in need of reform:*

- *Current meetings focus on 'promises' or commitments to health system reform, but there is no mechanism to ensure that reform is actually delivered. Health Ministers and bureaucrats regularly endorse national strategies and service improvement frameworks, such as the National Chronic Disease Strategy. Many of these reports are aspirational, destined for filing on bookshelves or worse, because they lack new investment, implementation plans or any accountability mechanisms by which governments are required to report back on progress to consumers and health professionals on what has been achieved.*
- *Politics regularly intrudes on the timing and effectiveness of these meetings. Federal and state/territory elections or forthcoming negotiations of the Australian Health Care Agreement often limit discussion on important health issues. Health Ministers did not meet for nine months in the lead-up to the 2003 Australian Health Care Agreement negotiations, while State Premiers walked out of the Council of Australian Governments meeting in August 2003 in protest at the Commonwealth's funding offer for public hospitals. This environment is hardly conducive to effectively delivering important reforms to the Australian health care system.*

Health system reform is imperative. *There have been literally hundreds of reports in recent years that provide the evidence for why reform is needed. **The health system is under stress and many Australians are not achieving good health outcomes,** as shown by the following examples:*

- *Patients in rural areas experience higher levels of certain cancers and die more often from these cancers. Prostate cancer mortality is 21% higher for men living in rural and remote areas compared to men in capital cities.*
- *There are about 7000 cases of staph infections every year in Australia, with about 25-35% of people dying from these infections. Yet, there is no routine, national monitoring system that might improve prevention and control of these infections.*
- *Australians are paying a huge \$16.5 billion of health costs directly out of their own pockets – 19% of total health spending. The cost of accessing health services is a barrier to necessary care. A recent survey found that 29% of Australians reported failing to access medical care (such as visiting a GP or filling a prescription) over the past 12 months due to costs.*

Opinion polls consistently show that consumers place a very high value on a well-functioning health system. *In the most recent national poll, 79 per cent of Australians rated health and Medicare as very important in influencing their voting preference in the next federal election.*

In addition, this Discussion Paper reports on recent compelling evidence on the business case for health system reform, including:

- *Improving the productivity of how health services are delivered could result in savings of around \$3 billion. This would allow thousands more patients to be treated, with major scope for improvement in access, quality and effectiveness of health services, leading to better health outcomes.*

- *There is huge scope to improve the productivity and efficiency of health service delivery. For example, there is a 35 per cent difference in the average cost of treating patients in public hospitals between the most and least efficient of the states and territories.*
- *Doing the right thing to the right patient at the right time in the right setting would generate enormous savings of at least \$1 billion, as well as better outcomes for patients. For example, some older patients are inappropriately kept in public hospitals due to difficulties in getting access to community-based or residential care and support.*

There are many good ideas and proposals to reform the Australian health system.

The Australian Institute of Health Policy Studies, together with many health stakeholders, is urging governments to take action on four critical reform directions:

- 1. Create a health system focused on prevention, promotion and wellness*
- 2. Strengthen the role of primary health care*
- 3. Create a high-performing and publicly accountable health system*
- 4. Ensure fair and equitable access to health services for all Australians (including Indigenous people, rural and remote populations, and other groups).*

*These are vitally important issues and many groups have developed detailed reform proposals under each of these reform directions. **But the challenge in health system reform is translating good ideas into concrete action.** A major stumbling block is that the 'machinery' or governance of health reform does not serve Australians well and is itself in need of reform. Health system reform discussions often occur behind 'closed door' meetings of health bureaucrats and politicians, with opportunities for meaningful engagement by health stakeholders limited and even less participation by individuals or broader communities of interest outside the health sector.*

*Accordingly, **the Australian Institute of Health Policy Studies is suggesting three 'reform pathways' that could be implemented to improve our capacity to achieve real progress on health reform.** These reform pathways are:*

- 1. Embed the values and priorities of individual consumers into a strategic vision and national health reform agenda through engaging in a national consultation dialogue on what Australians want from their health system; and*
- 2. Broaden participation in the development of health reform options through creating a broad community and business coalition to take a leadership role in shaping health reform options; and*
- 3. Make governments more accountable for delivering real health reform through establishing an independent monitor to publicly report on progress in implementing agreed reforms to the health system.*

These reform pathways could be implemented in many ways, but some preliminary suggestions to stimulate further debate are described.

*The **first reform pathway of consumer engagement** could involve investment by governments in a national community and consumer consultation program on the values, principles and priorities that could shape the vision of our future health system. Similar national consumer engagement programs have occurred in the United Kingdom, New Zealand, Canada, France and Sweden, and there are many possible approaches including citizen juries, focus groups, consensus conferences and deliberative polling.*

*The **second reform pathway of broad participation in the development of health reform options** could be implemented through the **establishment of a new community and business leadership coalition to act as a spearhead in driving action on health reform**. Health reform is ultimately everyone's business, so proposals for change should be as broadly based as possible.*

*The **third reform pathway of greater accountability and monitoring on the progress of reform** could involve the creation of an independent body to monitor whether governments are delivering on their health reform commitments. For example, the Health Council of Canada was set up in 2003 to 'shine the light' on health system reform through providing annual progress reports on whether governments have achieved agreed health system reforms. An Australian independent monitor of health system reform progress could help ensure that commitments are turned into action, and that action results in real improvements in health outcomes.*

Australian Institute of Health Policy Studies (AIHPS)

www.aihps.org

info@aihps.org