

# *Health Consumers*

## *Queensland.... your voice in health*

### **Summary of the A National Health and Hospitals Network for Australia's Future (2010)**

Health Consumers Queensland (HCQ) welcomes the Commonwealth Government's release of their latest national health reform paper, **A National Health and Hospitals Network for Australia's Future** on 3 March 2010. A full copy of the paper is available online at:

[http://www.health.gov.au/internet/main/publishing.nsf/Content/nhhn-report/\\$FILE/NHHN%20-%20Full%20report.pdf](http://www.health.gov.au/internet/main/publishing.nsf/Content/nhhn-report/$FILE/NHHN%20-%20Full%20report.pdf)

Coinciding with the release of the reform paper, the Prime Minister announced major structural reforms to Australia's health and hospital system on 3 March 2010. He suggested these reforms represent the biggest changes to Australia's health and hospital system since the introduction of Medicare, and one of the most significant reforms to the federation in its history.

The proposed reforms followed on from wide stakeholder consultation on the 123 recommendations made in the National Health and Hospitals Reform Commission's final report which was published in June 2009. In the report, the National Health and Hospitals Reform Commission identified that "we have a fragmented health system with a complex division of funding responsibilities and performance accountabilities between different levels of government". The Commission's report focused on tackling major access and equity issues that affect people's health outcomes; redesigning and repositioning the health system to respond to emerging challenges; and creating an agile and self-improving health system for long-term sustainability.

Proposed reforms mean the **Commonwealth Government will become the majority funder of public hospitals; take over funding and policy responsibility for general practice and primary health care services;** and dedicate about one third of the annual Goods and Services Tax (GST) allocations currently directed to state and territory governments to fund this shift in health system responsibilities. Further, the running of hospitals will be **re-directed to Local Hospital Networks** (small groups of public hospitals with local communities and health practitioners having a voice in how their hospitals are run and their health services are delivered) rather than through a centralised structure (for example, State or Commonwealth agencies). The Local Hospital Network will receive funding directly for each hospital service they provide.

"States will continue to be responsible for meeting the remaining costs of public hospital services, including meeting any costs over and above the **efficient price**, as well as the remainder of research, training and capital costs....this funding split creates a strong incentive for states to be as efficient as possible in playing their ongoing role in our public hospital system" (p.13). The efficient price for services will be set by an independent umpire.

One of the key reforms is the introduction of a **National Health and Hospitals Network** to bring together eight disparate State and Territory-run systems with one set of national standards to drive and deliver better hospital services. These networks will be funded nationally via a national agency and run locally by Local Hospital Networks. This will ensure local flexibility and innovation, with greater clinical and community engagement and control. States would have a key role in capital and service planning, determining network structures and appointing governing councils. For further details and a table of proposed roles and responsibilities in the National Health and Hospital Network, please see page 65 of the paper.

To enhance this proposal, the Commonwealth Government has announced additional investments in the **training of specialists, doctors and nurses; hospital beds; general practice services; and personally-controlled electronic health records.** There will be targeted training for speciality areas where shortages currently exist. Some of these areas include general surgery, radiology, pathology, gynaecology, obstetrics and dermatology. Health Workforce Australia will assist government in accurately **planning for future specialist workforce needs** with priority given to training places in the communities where Australians need them (for example, rural and regional areas).

It is intended that the Commonwealth will work with the States and Territories to implement the new arrangements, with appropriate **boundaries set between primary health care and acute care and primary health care and community care**, including the Home and Community Care Program.

Section five of the paper outlines the National Health and Hospitals Network proposal the Commonwealth Government will put to the states at the Council of Australian Government's meeting, which has recently been deferred from 11 April 2010 to 19 April 2010. Essentially their proposal includes:

- **Taking majority funding responsibility for public hospitals** – the Commonwealth will fund:
  - 60 per cent of the efficient price of every public hospital service provided to public patients (previously around 35 per cent under the National Healthcare Agreement)
  - 60 per cent of recurrent expenditure on research and training functions in public hospitals
  - 60 per cent of capital expenditure (operating capital and planned new capital investment) to maintain and improve public hospital infrastructure
  - in the future, up to 100 per cent of the efficient price of 'primary health care equivalent' outpatient services provided to public hospital patients.
- **Taking full funding and policy responsibility for General Practice and primary health care services in Australia** – one level of Government (the Commonwealth) will be responsible and accountable for the strategic direction, planning and public funding of primary health care as recommended by the National Health and Hospitals Reform Commission. It is envisaged that services will be provided in the most appropriate care setting for the consumer and that those services will be better integrated, coordinated and more responsive to the needs of consumers. Appropriate boundaries will be set between primary health care and acute care, and primary health care and community care (for example, the Home and Community Care Program).
- **Re-balancing financial responsibility in the federation** – the Commonwealth Government will dedicate one third of total GST revenue directly to health spending and fund the majority of growth in health and hospital costs. Government believes the establishment of a National Health and Hospitals Network is vital to ensure the long-term sustainability of Australia's finances and its capacity to provide future high quality health services. By 2045-46, given current trends spending on health and hospitals would equate with the entire revenue raised by state governments, meaning states would not be able to meet their responsibilities. To address these rising health care costs, the Commonwealth Government will work towards greater efficiencies in health and hospitals – "most notably through the introduction of **activity based funding** and reforms to primary health care services....under this reform, no State will be worse off over the upcoming forward estimates and all will be better off in the medium term"...from 2014-15 and 2019-20 there is a projected benefit of \$15 billion to the States (p.16).
- **National standards for a unified health system** – improving clinical governance will be vital to the new system as poor quality health services come at a cost to consumers and the system. Clinicians, as the experts in their field, need to be supported to lead continuous improvement in and auditing of standards of care (p.17). There will be three national governance functions – an independent pricing function; a performance reporting and auditing function; and a clinical standards function.

Strong national standards, transparent reporting (for example, surgery waiting times; bed occupancy rates; adverse events; hospital acquired infections) and appropriate information will be required to drive improved outcomes; enhance accountability for public and private hospitals; and inform consumer choices about their health services. The Government's national standards should be developed with clinical, consumer and community participation. The standards should be applicable across key areas including access to public hospital care, emergency departments and elective surgery; local general practitioners and other health professionals; and financial performance and efficiency; and quality and safety in the health system.

Local Hospital Networks will be held accountable for meeting performance standards. The Commonwealth will be advised about poorly performing hospitals, requiring the States to correct any problems/issues.

- **Local hospital networks to drive accountability and performance** – decentralised hospital management, decision-making and devolved responsibility are an integral part of system-wide reform. The Commonwealth Government will require States to introduce Local Hospital Networks with geographic or functional connection which are large enough to operate efficiently and provide a reasonable range of hospital services. The reforms propose the Local Hospital Networks will be separate state statutory authorities made up of local professionals with local knowledge from one to four local hospitals (more for smaller hospitals) built around principal referral hospitals in major cities or regional centres and specialist hospitals (for example, children's hospitals).

In consultation with local communities, the States will have the flexibility to determine the regional, rural and remote network structure which best meets the needs of communities and considers the especial challenges of managing multiple small hospitals. For illustrative models of Local Hospital Networks, please see page 62 of the paper. The Local Hospital Networks will collaborate to target their own needs, deliver patient care, manage their budgets and be accountable for their performance. This would avoid centralised controls and excessive remote bureaucracy.

### **Initial issues for HCQ**

HCQ would like clarity around the proposed relationships between Local Hospital Networks and Primary Health Care Organisations which were proposed in the National Health and Hospitals Reform Commission's final report. Also HCQ would ask how the Commonwealth intends coping with the tyranny of distance, particularly in rural and remote areas of Queensland where consumers have to travel extensive kilometres to access even a basic public hospital or community health facility.

HCQ is keen to see a strong role for health consumers in the proposed Local Hospital Networks, particularly in their governance arrangements and consumer and community consultation activities. We believe Local Hospital Networks will only work if the hospitals are responsive to consumer needs and experiences. These must underpin service improvements.

Given the importance of the recent announcement and release of the reform paper and its potential impact on all Queensland health consumers, HCQ suggests consumers and their representatives should be involved in further discussions around the proposals contained in the paper. It is vital consumers' perspectives are provided in relation to the national reform agenda. HCQ would also like more details on the proposals and how the government plans to implement them for better health outcomes for all Australians.

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