



The cost of treating patients in public hospitals continues to increase each year. However, national figures show that it continues to cost less to treat individual patients in Queensland than any other state or territory.

chapter 8

...efficiency

New funding model

During the 2006-2007 period Queensland Health developed its New Funding Model (NFM) to support the Department's strategic objectives. There are two levels to New Funding Model – the Resource Allocation Model (RAM) and the Casemix Funding Model (CFM).

Resource Allocation Model (RAM)

At the higher level of the New Funding Model is the Resource Allocation Model. Its purpose is to allocate Queensland Health's budget between the Northern, Central and Southern Area Health Services based primarily on the health needs of their respective populations. The focus of this level of allocation is to enable an equitable funding distribution across Queensland.

Casemix Funding Model (CFM)

This second level of the New Funding Model allocates funding to 23 of the largest public hospitals in Queensland by assessing a number of factors including the hospital's patient activity measured in terms of the different sorts of patients the hospital treats.

The key to the New Funding Model is its ability to evolve and adapt to the rapid population changes and cost escalation being experienced in some parts of Queensland. The New Funding Model has been designed to be responsive to changes in population, non-population factors, and models of care and service costs.

The New Funding Model will offer:

- **Accountability.** By attributing responsibilities to specific and lower levels. This enables individuals to take ownership of decisions and moves decision making closer to the patient.
- **Transparency.** New processes ensure decision making is open and transparent and there is improved budget certainty for managers.
- **Efficiency.** Over time, all hospitals will move to a situation where they will be funded at the same level for treating the same type of patients.

Patient cost per weighted separation

There are many ways to measure efficiency of performance in public hospitals. The indicator used to highlight efficiency in this report is the cost per acute weighted separation. This indicator 'weights' each patient treated by a measure of complexity so that we can take into account the different types of patients treated in a hospital. The 'weights' used are also used in the Casemix Funding Model described above. Basically every patient is assigned to a category based on their diagnosis, procedures undertaken and so on. This category is known as a Diagnosis Related Group (DRG). Using data from all Queensland public hospitals we estimate how much the average patient in each Diagnosis Related Group costs to treat. Some examples of Diagnosis Related Groups and their costs are shown in the table below.

Diagnosis related group	Cost for 2006-2007	Relativity/weight
Heart transplant	\$135,605	35.68552
Appendectomy	\$8,657	2.27811
Normal delivery	\$4,705	1.23823

The different costs are converted into relativities or weights by dividing by the standard price. We use this information to compare efficiency between hospitals, taking into account the mix of patients (sometimes called cases), so casemix treated by the hospital).




Patient cost per weighted separation 2006-07

Hospital	Weighted separations	Cost	Cost per weighted separation
Principal referral and specialised			
Cairns Base	33,942	\$119,195,901	\$3,469
Gold Coast	54,001	\$181,798,552	\$3,579
Nambour	34,004	\$117,540,803	\$3,401
Princess Alexandra	80,144	\$302,892,460	\$3,837
Royal Brisbane and Women's	84,403	\$392,107,501	\$4,052
Royal Children's	18,237	\$72,841,941	\$3,852
The Prince Charles	42,861	\$197,888,610	\$4,482
Townsville	45,327	\$161,597,953	\$3,500
Total/average	Total 392,919	Total \$1,545,863,721	Average \$3,934
Large			
Bundaberg	13,681	\$47,981,216	\$3,465
Caboolture	16,829	\$50,698,043	\$2,969
Hervey Bay	12,631	\$38,686,250	\$3,201
Ipswich	27,092	\$80,675,028	\$2,946
Logan	28,958	\$95,069,330	\$3,231
Mackay Base	16,993	\$58,982,291	\$3,402
Maryborough	4,479	\$14,593,156	\$3,592
Queen Elizabeth II	15,318	\$49,004,180	\$3,273
Redcliffe	27,128	\$73,891,348	\$2,700
Redland	13,922	\$34,946,678	\$2,466
Rockhampton	19,340	\$65,791,814	\$3,395
Toowoomba	24,529	\$87,772,355	\$3,555
Total/average	Total 220,900	Total \$698,091,689	Average \$3,160
Medium and small			
Gladstone	4,514	\$12,540,036	\$2,740
Queensland totals/average	Total 618,333	Total \$2,256,495,446	Average \$3,649

Eco efficiency: we're a leader

Queensland Health's Eco Efficiency Unit supports the Government Energy Management Strategy (GEMS) by working with Queensland Health staff and external contractors to develop electricity, gas and water management strategies that reduce energy and water usage and greenhouse gasses, while also providing districts with cost-savings.

How do we achieve energy efficiencies?

When undertaking Energy Performance Contracting, Queensland Health partners with an energy service company (ESCO) to analyse the energy usage (electricity, gas and water) within a facility, and determine ways in which usage can be reduced.

Some of these strategies include reducing electricity usage through measures such as solar panels for heating and energy efficient lighting. Once an efficiency project is identified and approved, the ESCO guarantees that the identified savings will be made.

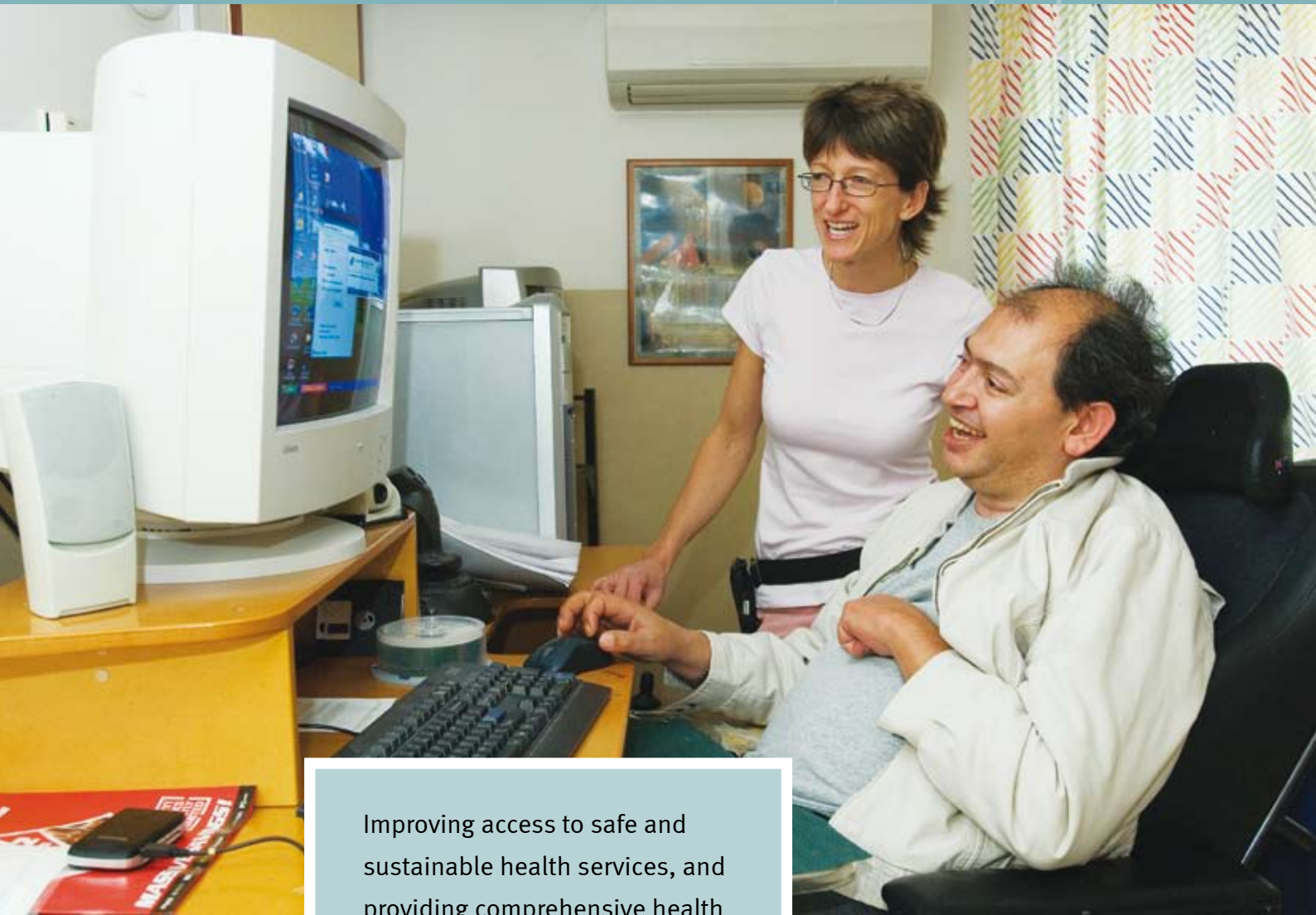
The benefits of energy performance contracting include:

- reduction in energy usage and costs
- reduction in greenhouse gases
- contributing to ecological sustainability
- savings for districts, which can be used for other projects
- support for Government Energy Management Strategy

Achievements in energy efficiency at selected Queensland Health hospitals

Facility name	CO2 tonnes	Electricity (kWh)	Gas (Gj)	Water (Kls)
Bundaberg Hospital	1,045	1,029,974	417	18,330
Cairns Hospital	1,251	2,365,658	871	62,780
Gladstone Hospital	857	809,444	2,914	4,974
Hervey Bay Hospital	1,625	1,534,119	1,721	
Ipswich Hospital	4,154	4,103,055		23,400
Logan Hospital	2,253	2,125,482	2,400	32,248
Mackay Hospital	1,605	1,439,926	2,892	12,787
Nambour Hospital	3,206	4,242,777		23,500
Redcliffe Hospital	1,381	1,679,722		11,352
Caboolture Hospital	2,309	2,444,722		8,840
Rockhampton Hospital	1,442	1,363,579	1,492	23,406
RBH East Block	361	341,030		
RBH West Block	194	183,490		
Royal Children's Hospital	2,429	844,300	21,143	
Herston Campus Water Project	507	1,236,000		186,200
Scientific Services complex	1,029	944,935		3,086
Prince Charles	11,404	15,740,051	65,844	10,676
Total:	37,052	42,428,264	99,694	421,579

These achievements have been recognised at the 2006 Premier's Awards for Excellence in the Public Sector where the Eco Efficiency Unit was the winner in the Sustainable Environment Category



Improving access to safe and sustainable health services, and providing comprehensive health services that better meet the needs of people across the health continuum..

chapter 9

...looking to the future

Strategic Directions 2007-2008

The recently released *Queensland Statewide Health Services Plan 2007-2012* establishes our strategic direction and guides service improvement and service reform in Queensland. This Plan is based on the State's changing demography and trends in the health status of the population. The key objectives of the Plan are improving access to safe and sustainable health services, and providing comprehensive health services that better meet the needs of people across the health continuum. The system priorities that support the reform agenda include workforce capacity, optimal funding, improved information and communications technology and capital infrastructure. New funding received by Queensland Health in the 2007-2008 State Budget has been invested in supporting the objectives of reform articulated in the Plan.

Health workforce initiatives

Additional funding was provided in 2007-2008 to improve the recruitment, retention and preparation of the health workforce:

- \$15.1 million to enhance the clinical education and training of doctors, nurses and allied health professionals;
- \$5.9 million to create more positions for medical graduates to ensure an adequate supply of medical specialists;
- \$2.08 million to establish five additional rural generalist medical positions to increase the number of doctors in rural areas.

Neonatal intensive care units

Increased funding of \$17.8 million in 2007-2008 is provided to operate 19 additional neonatal cots at Townsville Hospital, Royal Brisbane and Women's Hospital and Mater Mother's Hospital.

Trauma plan

\$7.1 million additional funding in 2007-2008 will be provided to enhance injury prevention and improve trauma management at a Statewide level.

Outpatient services

The Queensland Government has committed to \$20 million in additional funding in 2007-2008 (\$80 million over four years) to improve outpatient services including reducing waiting time for specialist outpatient services in Queensland public hospitals. The funding will:

- improve the level of information provided to patients and general practitioners in relation to waiting times, service availability and pre hospital referral requirements including diagnostic testing;

- implement and maintain an improved Statewide specialist outpatient department information system.

Queensland Mental Health Strategic Plan 2007-2017

The *Queensland Mental Health Strategic Plan 2007-2017*, currently being finalised, will provide a structure for the reform of mental health services over the next 10 years. The Queensland Government has committed additional funding of \$353.5 million (which includes \$143.5 million in capital) over 4 years to support implementation of the Plan. This includes \$35.6 million funding allocation to Disability Services Queensland to purchase accommodation for mental health consumers in the community.

Taking the initiative....

Initiatives aimed at improving the health of children and young people include:

- \$0.5 million additional funding in 2007-2008 to continue the National HPV Program in Queensland's secondary schools from 2007 for female students in years 10, 11 and 12;
- evaluation of the joint Queensland Health and Department of Emergency Services Child Safety at Home: Mission Possible campaign piloted in Mackay and Mount Isa, to inform Statewide rollout in September 2007.

Action on the national health priority areas such as:

- release of the Health Kids Queensland, nutrition and physical activity data;
- development of joint Queensland Health and Education Queensland Sun Safety in Primary Schools Guidelines;
- implementation of digital mammography in the BreastScreen Queensland Program.

Action on alcohol, tobacco and other drug related illness, injury and death, including:

- \$4.8 million additional funding in 2007-2008 to support initiatives to prevent youth substance misuse, including 'Ice';
- establishment of a new Queensland Quitline telephone service (13 QUIT) to provide additional support and services, including call-back counselling and new self-help guides, for smokers wanting to quit;
- development and implementation of the North Queensland Indigenous Alcohol Awareness and Education Project to provide an overarching culturally effective communication strategy that connects and supports local initiatives to address alcohol misuse.