

Ailing health system needs Rudd's reforms

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*The states should be collaborating rather than holding back, writes **David Penington**.*

It has been a difficult few years for the health system. Between 2005 and 2007, mishaps in public hospitals were reported in state after state, the most egregious – in Bundaberg – is now before the courts. In 2008, further problems hit the headlines from Sydney's Royal North Shore Hospital and The Alfred in Melbourne. These were hospitals performing well against the usual indicators of performance – patient turnover and budgets.

Peter Garling, SC, in his 2008 inquiry into the New South Wales public health system, said: *"I have identified one impediment to good, safe care which infects the whole public hospital system... It is the breakdown of good working relations between clinicians and management which is very detrimental to patients. It is alienating the most skilled in the medical workforce from serving in the public system."* Across Australia, as states strive to control costs, the mission of public hospitals has become one of serving numerical and budget targets.

Internationally, the cost of health care has grown steadily with advances in medical science and technology. Health care will continue to evolve. The NSW Auditor-General estimated that by 2033 health costs would consume the totality of state revenue on present trends.

The 2nd Intergenerational Report confirms huge looming costs as a result of an ageing population, but current arrangements are fundamentally derived from 1975's Medibank and cannot handle future needs without change.

Kevin Rudd, before the 2007 election, promised to "fix" things if the States had not done so. Australia's healthcare faces an uncertain future unless there is real reform. Some premiers are resisting, despite the fact that the public is convinced of the need for change.

This is clear from the public hearings held as part of the Rudd government's health and hospitals review chaired by Dr Christine Bennett. It identified concerns that included not only access to public hospital services, but also ready access to GPs, mental health and aged care, indigenous health, dental care and prevention. The review made many recommendations, although it presented them as a series of "silos" with varied paths, rather than bringing them together where they need to intersect, serving people in the community.

To those complaining about delay, it should be pointed out that in one area – the necessary expansion of Australia's health workforce – much is underway. In November 2008, the Council of Australian Governments allocated \$1.6 billion to health workforce development. From 2009, the federal government provided an additional \$20 billion to the states over four years, together with special grants to shorten waiting lists for surgery and \$500 million for changes to emergency departments and post-acute care. These should provide respite until longer-term changes come.

Rudd has now shown real leadership. Rather than accepting the recommended regulatory solutions for hospitals, he has taken note of evidence showing lack of public confidence in the quality and safety of services.

This is in contrast to public confidence in Britain following the remarkable reforms of Ari Darzi, a brilliant academic surgeon. The British National Health Service was suffering the dead hand of bureaucratic control. He determined that, at every level of management, there should be partnership

between administrators and medical leaders in the delivery of medical services. This has been implemented with great benefit.

Rudd's local hospital and health networks will bring medicos back into governance, empowering professional commitment to the best possible service to patients. Internal monitoring of quality will be redeveloped and university teaching hospitals – with their clinical research to develop, test and evaluate the quality of services – will now have an acknowledged role.

He proposes to use Victoria's case-mix funding model nationally, although now recognising that smaller hospitals may have to be differently funded. Implementation needs to be worked through but the states should collaborate, not hold back.

The reduction in the Canberra's health contribution under John Howard from 2003 was on the basis that the states should contribute part of their new GST revenue; Rudd's proposal to hold one-third of the GST for hospital funding is similar.

Other components still to come include primary care – a key element as care outside hospitals will increasingly be the way to go. The Australian General Practice Network has contributed outstanding planning of primary care organisations across Australia, which must have a key role, together with community health centres. Healthcare for the elderly is critical, as older people in acute hospital beds, not well enough to look after themselves, take space needed for elective surgery and emergencies.

In the private sector, they would be in rehabilitation hospitals, far cheaper to build and operate and far more appropriate to their needs, followed by enhanced community nursing – another of the areas which now falls between the cracks of divided state and Commonwealth responsibility.

There is much to be done over several years to make it all happen, but the Prime Minister has taken the important first steps.

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