

Health System is Ailing

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*The COAG reforms are insufficient, writes **David Penington**.*

The Council of Australian Governments meeting on April 19 and 20 was the culmination of events with origins in Kevin Rudd's political commitment in 2007 to take over and fix the health system if the states had not done so. Following the prolonged study by the National Health and Hospitals Reform Commission and more than 100 hospital visits across the nation by the Prime Minister and Health Minister Nicola Roxon, hopes were high. In reality, the COAG communique is a mixed bag and must be tested as to whether it represents a workable framework for reform.

Rudd rightly discerned the system was at a tipping point in respect of funding for the future. In every Western country, health costs are rising well ahead of the consumer price index. This is even more critical in the light of costs associated with our ageing population detailed by this year's Intergenerational Report in January. The capacity to fund future growth has now been resolved by COAG, subject to ongoing negotiations with Western Australia, with significant funding from the commonwealth with its access to growing revenue. This is the one big tick.

The premiers at COAG were concerned primarily with public hospitals, always a big issue for state budgets. These views were put most stridently by Victorian Premier John Brumby.

Concern in the community, however, is for the quality of health care more broadly and people's access to it. Primary care, and its interface with hospitals, matters as much as hospitals themselves, as services increasingly will be delivered outside hospitals.

Aged care is becoming an urgent issue. There is a need for elderly people to be looked after in or near their homes, with expanded community nursing and nurse practitioners and access to rehabilitation hospitals and services, rather than seeing the elderly as a negative issue for public hospitals, just needing more nursing homes.

Mental health entails hospital and community services and needs urgent development. There is a crying need for better preventive health services.

These are all seen in the COAG communique as commonwealth responsibilities, but there is nothing in the proposed governance arrangements to assure us that they will operate as a unified system.

During the past 15 years, states have seen controlling hospital costs as their prime concern, although taking note of public complaints about waiting times in emergency departments and waiting lists for surgery. Hospitals are managed against budgets, numbers of patient separations and waiting times. In NSW and Queensland, management is controlled directly by health departments. In Victoria, former premier Jeff Kennett had established network boards, filled largely by people with finance and business backgrounds, used to management by numbers and with little or no understanding of medical issues. Case mix funding somehow removed a need to understand what was being done.

Calls for intervention in 2007 were stimulated by events in Bundaberg, Queensland, later reinforced by happenings at the Royal North Shore Hospital in Sydney, and then in the trauma unit at the Alfred in Melbourne, all hospitals performing well on their budgets and numbers.

The Garling review in NSW identified the problem as being due primarily to the profound separation between management and medical staff, who felt they no longer had any respected role in their hospitals.

Many times every day, doctors need to make difficult, urgent decisions, often on incomplete evidence. The tradition of professional review, now termed "clinical governance", is a crucial component of ensuring continuing safety and quality of a hospital's performance. Public hospitals are there to provide medical services to sick people, not to provide numbers to state governments, and where medical staff members feel ignored by management, these processes of review fall quickly away. Moreover, university-linked teaching hospitals are the standard setters with their clinical research, testing the quality of outcomes and assessing the value and safety of new developments.

This largely was ignored by the NHHRC and is in danger of being lost following COAG.

Rudd, after his hospital visits, recognised that management needed to be delegated to hospital network boards and that these should include medical input. He indicated support for hospital research. If boards are to be appointed and supervised by the state bureaucracies, however, there is little to give confidence that change will occur in hospital management.

NSW introduced medical executive positions in all its hospitals after the Garling review, but Victoria believes its hospitals are fine. The problem, though, has not been confined to NSW.

The further issue of how the local network boards will relate to the sectors of primary care, aged care, mental health and other services remains for oversight by states' officers with limited background in these areas.

The communique refers to new state-based "joint intergovernmental authorities" that will have "no policy or operational role" but act as "funding authorities". This was no doubt agreed in the final stages to get across the line, leaving no role for the commonwealth to monitor use of the funds in terms of hospital performance.

In reality we need, state by state, a joint health service authority overseeing co-ordination in planning and service delivery for all sectors. To use state bureaucracies to oversee hospitals is sensible to avoid duplication, but there must be a framework to ensure approved national policies are delivered through reporting to such bodies.

As the commonwealth is the main funder, it should lead such bodies, bringing planning and delivery of its own sectors into joint planning and delivery.

In Britain, the National Health Service had become strangled by bureaucratic regulation. The reforms led recently by Lord Darzi have vastly improved services there, with the principle that at every level, there must be a partnership between doctors and administrators. He used medical schools as the principle tool for this package. We need similar changes here, embracing the whole system.

The proposed further consultations that will lead to the COAG meeting on June 30 do not give confidence.

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