

[www.grattan.edu.au](http://www.grattan.edu.au)

## Half measures aren't enough: public hospitals

*Published in The Weekend Australian, Health Section, page 11, 2-3 October 2010*

*The system needs a new broom, not rearranged deckchairs, writes **David Penington**.*

Nearly three years ago, Labor promised to fix public hospitals within 12 months if the states failed to do so. We went through a protracted review covering a host of issues but offering nothing about how hospitals should be managed.

After visiting several hospitals, Kevin Rudd subsequently recognised – as the British government had years ago – that devolution away from central bureaucracies is vital, as is interface with primary care.

Rudd proposed local hospital networks with local boards that would serve as an interface with their communities and with primary care. He agreed that managing delivery of medical services must involve medical staff.

Britain also recognised the need for leadership with good clinical research in teaching hospitals, continually assessing and improving quality of services.

The changes Rudd proposed in March this year required agreement with the premiers (all but one Labor) in the Council of Australian Governments in April.

The premiers undermined the package, ensuring their state bureaucracies retained control, and devolved management is now at risk. State bureaucracies will control appointment and performance of local hospital network boards and chief executives. Hospital doctors are not to be involved in management or governance on the spurious grounds that they cannot do so as employees. This disregards the fact almost every publicly listed company in Australia has executive as well as non-executive directors.

How has all this happened? It defies good evidence and logic.

In the lead-up to the 2007 federal election, there was widespread concern about the performance of public hospitals, triggered especially by events at Bundaberg Hospital in Queensland that culminated in former surgeon Jayant Patel being convicted on three charges of manslaughter and one count of grievous bodily harm.

Peter Beattie had acknowledged in his 2005 Queensland election campaign that there were fundamental problems with management by distant bureaucrats. Among reforms set in train was the appointment of clinical chiefs with a critical leadership role in three teaching hospitals. But reforms have progressed slowly.

Similar concerns were highlighted in NSW in 2008 when the coroner declared the death of a young woman at the Royal North Shore Hospital was avoidable had appropriate processes been followed. This led to a review by Peter Garling SC of the management of all NSW public hospitals. He observed the complete breakdown of interface between medical staff and management.

Among the consequent reforms was the appointment of a clinical executive officer in each public hospital to work with a hospital chief executive and be involved in management issues related to the delivery of medical services. However, these principles were ignored by COAG.

The Health and Hospitals Reform Commission, chaired by Christine Bennett from March 2008, took 16 months to examine the health system. Its report claimed to show how to end the commonwealth-states blame game, recommending that the commonwealth take over all primary, preventive, aged,

indigenous and mental health care. Processes to implement these changes are in their infancy, with huge gaps and uncertainties.

The Bennett report did nothing to tackle the fundamental public concern about hospital performance in critical areas: quality and safety of care, provision of appropriate services, cross infection, errors in care and the like.

It adopted the ALP mindset that centralised bureaucratic regulation (state and commonwealth) would fix everything, with centrally determined standards to be observed by more than 700 hospitals across Australia. It's a pattern reminiscent of regulation of dispersed motor industries by east European countries after World War II.

Still the Bennett commission rightly saw the need for better support and co-ordination of primary care, already well under way with general practitioners participating in primary care networks. These are now to be incorporated into Medicare locals to deliver all the new commonwealth services, with their own bureaucracies.

COAG urged that where possible these be developed in areas coinciding with local hospital networks, but the Victorian Premier gained agreement at COAG that there need be no change to his 83 hospital boards. NSW, with its five area boards, resisted devolution but is understood to have conceded 15 local hospital networks that can't possibly coincide with local general practices. The number in Queensland is to be greater than in NSW, but the figure has yet to be resolved.

In Britain, hospitals had to contract with primary care trusts for their funding, but the latter ended up being extensions of the Department of Health. To ensure accountability for ongoing care, Britain now empowers GPs to commission services from hospitals. But we seem to be setting up Medicare locals to do exactly what had failed in Britain.

Interface of services for mental health, aged care and systems for better management of chronic illness should involve GP networks.

Aged care has been seen by the commonwealth primarily as a matter of nursing homes – generally languishing, with unsustainable economic arrangements unless supported by religious organisations – for elderly people at present occupying beds in acute hospitals, blocking elective surgery or emergency admissions, and of shared services with the states for community care. The key is care of older people in their homes, with effective nurse practitioners liaising with GPs.

Fortunately the Productivity Commission was tapped by Rudd to engage in a broad review. The appointment of a new, able Minister for Aged Care and Mental Health, Mark Baker, is welcomed.

In the recent federal election, Julia Gillard chose to invite Alan Milburn – a former British health secretary, who began the Foundation Trust reorganisation of the National Health Service in 2002-04 – to advise her in the final two weeks of the campaign.

If he were invited back to review the arrangements for hospital management, we may begin to get a sense of worthwhile direction into our system.

*David Penington is a senior fellow at Grattan Institute and a former dean of medicine and vice-chancellor of the University of Melbourne.*

[www.grattan.edu.au](http://www.grattan.edu.au)