

# Australian Health Care Reform Alliance Conference

2<sup>nd</sup> & 3<sup>rd</sup> March 2009

## **An International Perspective on Health Reform**

Dr Paul McCormack,  
Christchurch, NZ.



# Structure

- What does “health reform” mean?
- International trends in health reform
- Is there any evidence?
- My take on what is happening here?
- What about NZ? and other countries?
- Some thoughts on the future

# Preliminary Statement

- Australians justifiably believe that their health system delivers **excellent quality care** to the Australian people.
- There is **strong evidence** for that from the relatively superior performance of the Australian health system in a number of international benchmark studies

# My World View

- Health is **all about people!**
- Health is **about hearts and minds**
- We should look after our patients in the same way that we would like our Mum [or daughter, or brother, or ... ] looked after?  
**The “Mum test”**

# My World View

- How can we make one + one = three??
- How health care is funded has more impact than how much is funded
- Goal: a “high trust – low bureaucracy” environment

# What is Health Sector Reform?

Reform means **positive change** but health sector reform implies more than just any improvement in health or health care.

# What is Health Sector Reform?

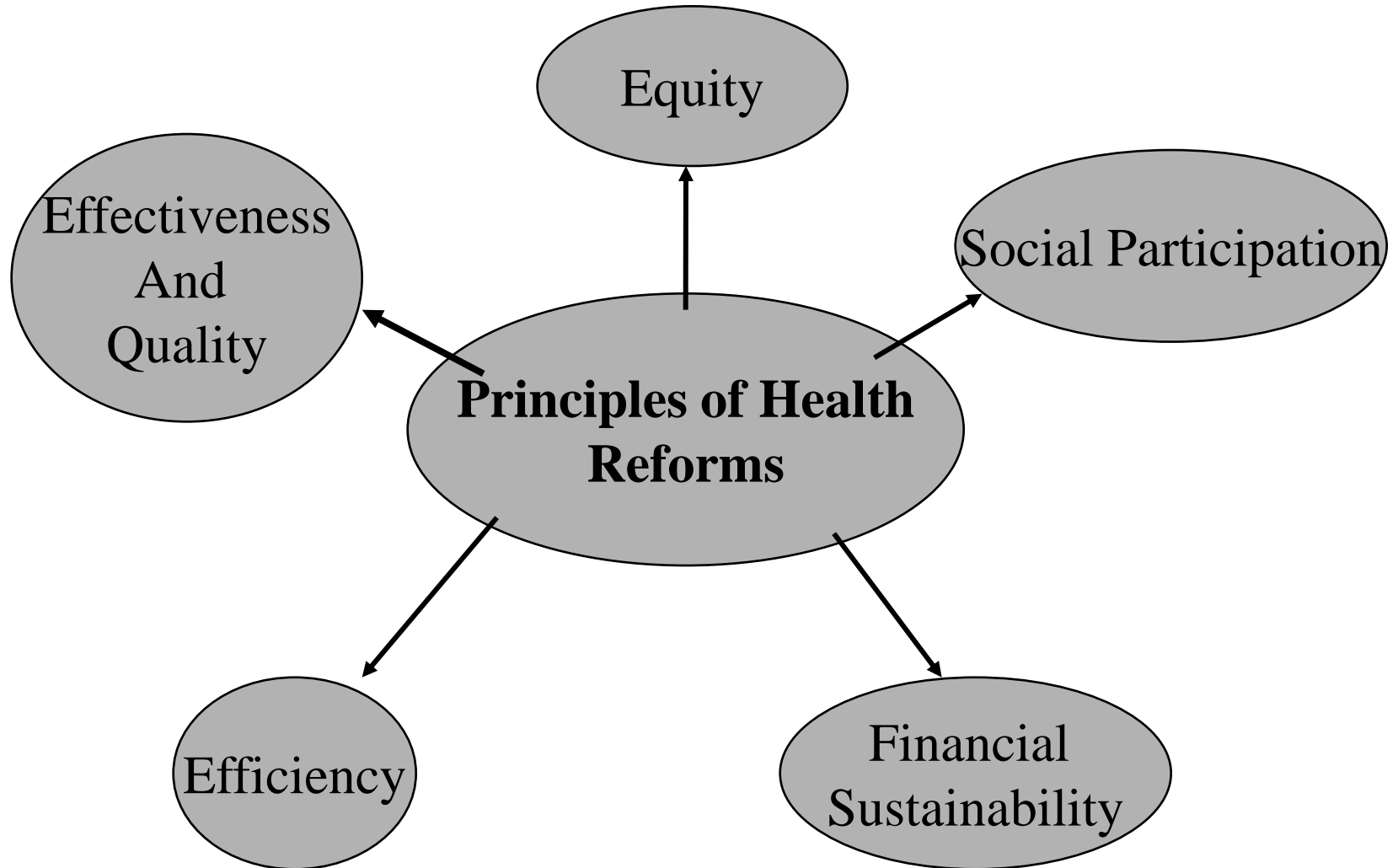
Definition:

- Sustained,
- Purposeful, and
- Fundamental change”

of health sector

- DDM - Data for Decision Making Project, International Health Systems Group, Harvard School of Public Health 1995

# Health Reforms





# International Health Reform Trends

- Aging of population, ..... and of health work force
- Capitation – funding care over a period of time
- Enrolment – connecting people with a lead health professional

# International Health Reform Trends

- From central control -> regional devolution
- From bureaucracy -> innovative, entrepreneurial environment
- Community involvement – as well as consumers

# International Health Reform Trends

- Increased role for nursing
- Doctors roles changing -> complex care and as coaches
- Integrated care – bridging gaps between community – hospital
- But ...clinicians feel unvalued, not respected and lacking influence

# Hamster Health Care



Joseph E. Scherger, MD, MPH; ICSI/IHI Colloquium, May 18, 2007

# Health Reform

Is there any **evidence** that might  
guide us?

# Primary Care and Health: Evidence

- Countries with strong primary care
  - have lower overall costs
  - Have generally healthier populations
- Within countries
  - areas with more primary care physicians have healthier populations
  - more primary care physician availability reduces the adverse effects of social inequality
- Barbara Starfield 2002

# Areas with Better Primary Care

- have
  - better health outcomes, including total mortality rates, heart disease mortality rates, and infant mortality, and
  - earlier detection of cancers such as colo-rectal cancer, breast cancer, uterine/cervical cancer, and melanoma.
- Starfield 09/04

# Starfield - Primary Health Care

- First contact
- Continuing
- Comprehensive
- Integrated
- Affordable



# Why Is Primary Care Important?

- Better health outcomes
- Lower costs
- Greater equity in health
- Assures that speciality care is more appropriate and therefore more effective

# My take on Health Reform In Australia

# Health Reform In Australia

- Australia has been a relatively ‘reform free” zone
- In general, the recent Australian past has seen shifting of various policy levers rather than a fundamental review of health system and its drivers

# Health Reform In Australia

- Australia has a very good “**sickness**” system – where people who get sick, or injured, get world class care
- This is the chance for Australia to be one of the first countries in the world to build a great “**health and wellness**” system !

# Australia - things that are different

- Health statistics at the top of the international health league tables
- Health statistics for indigenous people are at the bottom of the same league tables
- A huge country, with 1/3 of population living in rural / remote Australia
- The thorny issue of federalism and 8 “health systems”

# Australia - things that are different

- No budget for MBS and PBS
- Remarkably “hospital-centric”, having more overnight beds per capita than any other OECD country.
- At ~9 per cent of GDP, you are now spending above the average of the OECD countries.

# Podger - 4 key structural issues

- Problems in Australia's health system:
  - lack of patient oriented care;
  - allocative inefficiency;
  - poor use of information technology; and
  - poor use of competition
- October 2005 - Paper to the Productivity Commission Roundtable on Productive Reform in a Federal System

# My take on what is happening here!

- National Health and Hospital Reform Commission
- National Preventative Health Taskforce
- National Primary Health Care Strategy Reference Group
- COAG Health and Ageing Working Group
- ‘Linking Evidence, Policy and Practice’ - Health reform Conference March 2008



# Minister Roxon

- “Australia needs a health care system that keeps people well, not just one that looks after them when they are sick “
  - June 2008
- “To us, whether to reform is now no longer an option – it’s a matter of why, when and how.”
  - August 2008

# NHHRC:

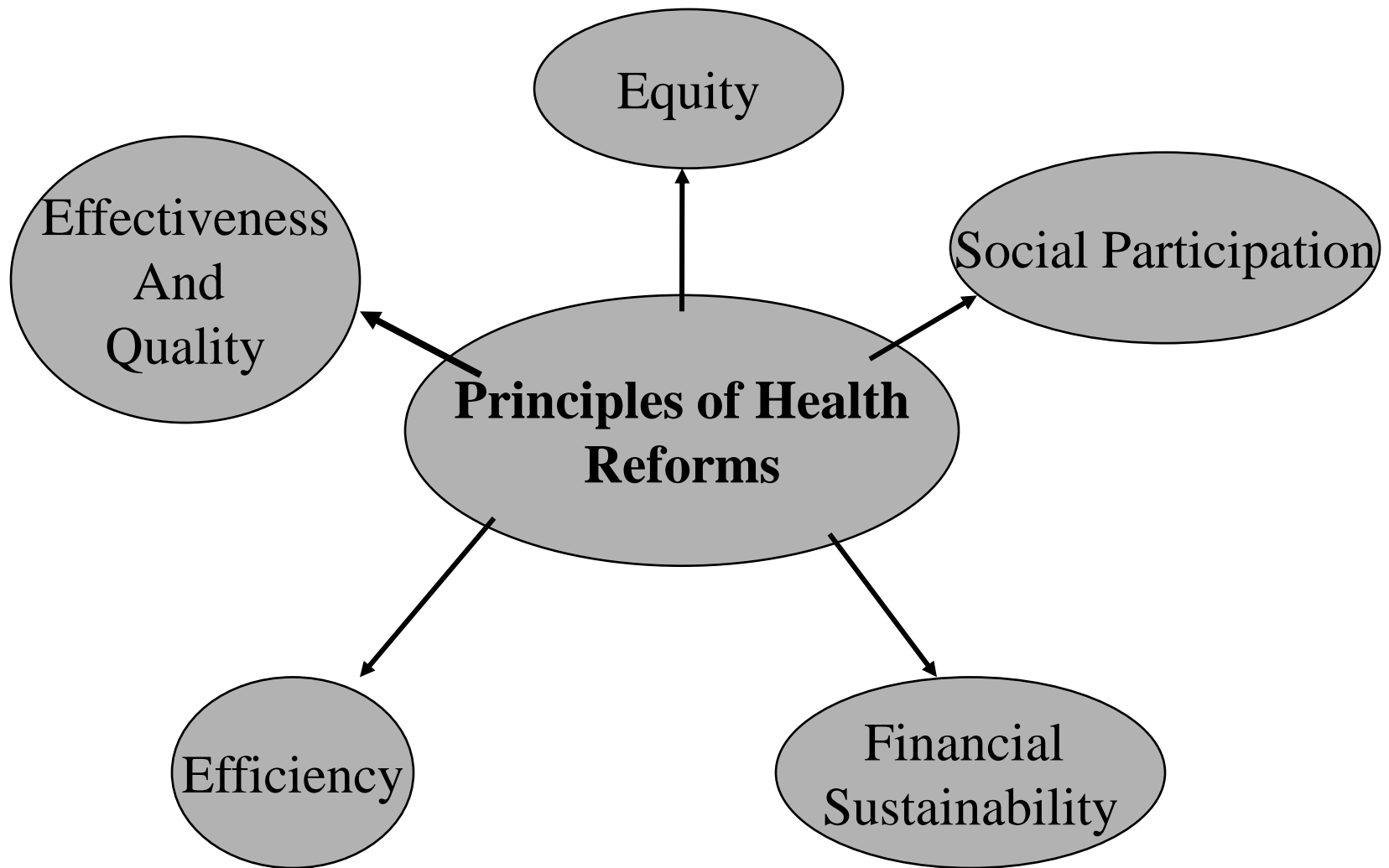
## A long-term health reform plan to

- provide sustainable improvements in the performance of the health system addressing the need to:
- reduce inefficiencies generated by cost-shifting, blame-shifting and buck-passing;
- better integrate and coordinate care across all aspects of the health sector, particularly between primary care and hospital services;

# A long-term health reform plan to

- bring a greater focus on prevention to the health system;
- improve frontline care to better promote healthy lifestyles and prevent and intervene early in chronic illness;
- improve the provision of health services in rural areas;
- improve Indigenous health outcomes; and
- provide a well qualified and sustainable health workforce into the future

# Health Reforms



**NHHRC**

# Beyond the blame game

Accountability and performance benchmarks for  
the next Australian Health Care Agreements

A Report from the National Health and  
Hospitals Reform Commission

**April 2008**

# Well Done!

“What we needed to do was to step back and think about how the whole health system works and what was needed ....”

Executive Summary

# NHHRC - Challenges

- Closing the gap in Indigenous health status,
- Investing in prevention,
- Ensuring a healthy start,
- Re-designing care for those with chronic and complex conditions,
- Recognising the health needs of the whole person,
- Ensuring timely hospital process,

# NHHRC - Challenges

- Caring for and respecting the needs of people at the end of life,
- Promoting improved safety and quality of health care,
- Improving distribution and equitable access to services,
- Ensuring access on the basis of need, not ability to pay,
- Improving and connecting information to support high quality care, and
- Ensuring enough, well-trained health professionals and promoting research.



# NHHRC - Principles

- People and family centred
- Equity
- Shared responsibility
- Strengthening prevention and wellness
- Comprehensive
- Value for money
- Providing for future generations

# NHHRC – Principles, contd

- Recognise broader environmental influences shape our health
- Taking the long term view
- Safety and quality
- Transparency and accountability
- Public voice
- A respectful ethical system
- Responsible spending on health
- Reflective improvement and innovation

# A Healthier Future For All Australians

Interim Report  
DECEMBER 2008

CARE FOR LIFE TAKING RESPONSIBILITY PRODUCTIVITY WELLNESS EVERY  
QUALITY LEADERSHIP COMMUNITY CHOICES FAIRNESS RESPONSIBILITY  
ACCOUNTABILITY RESPECT VALUES HEALTHY START PEOPLE AND FAMILIES  
LITERACY ACCESS CAPACITY CONNECTING CARE INNOVATION EVIDENCE  
HEALTHY START PRODUCTIVITY WELLNESS EVERYONE LEADERSHIP CHOICES FAIRNESS  
RESPONSIBILITY ACCOUNTABILITY RESPECT VALUES

# NHHRC – Four Themes for Reform

- Taking responsibility: individual and collective action to build good health and wellbeing by people, families, communities, health professionals, employers and governments;
- Connecting care: comprehensive care for people over their lifetime;
- Facing inequities: recognise and tackle the causes and impacts of health inequities; and
- Driving quality performance: better use of people, resources, and evolving knowledge.

# NHHRC - Taking Responsibility

- Building good health and wellbeing into our communities and our lives

# NHHRC - Connecting Care

- Creating strong primary health care services for everyone
- Nurturing a healthy start to life
- Ensuring timely access and safe care in hospitals
- Restoring people to better health and independent living
- Increasing choice in aged care
- Caring for people at the end of life

# NHHRC - Facing Inequities

- Closing the health gap for Aboriginal and Torres Strait Islander peoples
- Delivering better health outcomes for remote and rural communities
- Supporting people living with mental illness
- Improving oral health and access to dental care

# NHHRC - Driving Quality Performance

- Strengthening the governance of health and health care
- Raising and spending money for health services
- Working for us: a sustainable health workforce for the future
- Fostering continuous learning in our health system



# **NHHRC** - Strengthening the governance of health and health care

# **NHHRC – Strengthening Governance**

- Appears to be consensus that the systems do not work together as a whole
- No government understands the system as a whole
- Different systems distort priorities

# NHHRC – Strengthening Governance

The three options for reform of governance:

- Shared responsibility with clearer accountability
- Commonwealth sole responsibility – regional health authorities
- Commonwealth responsibility, with compulsory social insurance and competing health care plans

# NHHRC – Strengthening Governance

- I support **option 2** - the Commonwealth taking over the responsibility for pooled funding for all health care in Australia and deploying health through regional health authorities
- The rewards from having a single health system are too great to ignore

# **NHHRC – Strengthening Governance**

- Implement transitional Regional Health Authorities to take early responsibility for pooled funds
- Separate out funding from provision
- Requires excellent corporate governance skills combined with community and health professionals
- Over time, rebalance with more elected community and clinical people

# NHHRC – Strengthening Governance

- Regional Health Authorities -competent and innovative planning and purchasing organisation with responsibility for population health at regional and local level
- Improve delivery through informed and intelligent purchasing
- Separate the components of financial risk (efficiency, demand etc) and let them lie where they are best controlled!

# **NHHRC – Strengthening Governance**

- Accountability delivered by three yearly election cycle for majority of members
- After election, board capability assessed and Ministerial appointments made to achieve a balanced board

# **NHHRC – Strengthening Governance**

- Separate State based hospital trusts to take accountability for hospital performance separate from RHAs
- The Government should pass ownership of hospitals infrastructure to community or regional trusts
- The Commonwealth should focus on securing better health outcomes



# **NHHRC – Strengthening Governance**

- Separate hospital trusts to take accountability for hospital performance separate from RHBs
- The Government should pass ownership of hospitals to community or regional trusts
- The centre should focus on securing better health outcomes

# **NHHRC – Strengthening Governance**

- Utilise the States experience and expertise in the provision of hospital care
- Form new Divisions of Primary Care – inclusive of broader group of health professionals, but still respectful of central role of GP

# NHHRC – Strengthening Governance

- A regional view of health facilities with priority investment in community infrastructure
- Increase focus on care of ill people in hospitals; care of unwell people in the community

# **NHHRC – Strengthening Governance**

- Unresolved direction with private insurance
- Already, there are many private providers
- As an outsider, I cannot see why public funds should be used to top up private insurance schemes, via the rebates

**NHHRC** - Building good health and  
wellbeing into our communities and  
our lives

# NHHRC - Good Health

- Universal entitlement with targeted additional services
- This still leaves an uneven playing field with health care still unaffordable for some despite the safety nets
- **MUST** address social determinants of health

# **NHHRC - Good Health**

- Reporting on Equity valuable but fraught
- Ten year goals for Health Promotion and Prevention – Healthy Australia
- Requires improved health literacy

# NHHRC - Good Health

- New wellness and health promoting programmes important
- Supportive of health programmes in multiple settings
- Make healthy choices easy choices
- Does it make sense that water costs more than a fruit drink?



**NHHRC** - Creating strong  
primary health care services for  
everyone

# NHHRC – Primary Care

- Primary care IS at the heart of health
- Goal should be to provide the right care to the right person in the right setting by the right clinician at the right time at the right cost ....

# NHHRC - Primary Care

- Funding
- General practice should be funded with balance of capitation, FFS, quality and performance payments and targeted grants
- Resist the FFS only approach to GP payments – part capitation creates new positive incentives for doctors as well as other health professionals

# NHHRC - Primary Care

- We all respond to perverse incentives
- Despite recent policy changes, the Medicare incentives encourage doctors to attempt to care for people exclusively
- Why are there no team incentives??

# NHHRC - Primary Care

- Medicare might be reformed to be more team based rather than doctor based
- Team based care – consider the work by Richard Bohmer, Harvard - mix of routine care and complex care provided by nurse doctor teams
- Definite potential for  $1 + 1 = 3$

# NHHRC - Primary Care

- Do not shy away from enrolment - a bilateral commitment between a person and their health professional
- Except at a gross region or state level, there is little accurate practice population information in Australia
- Enrolment means that primary care can be explicitly aware of the people for whom they have care provision responsibility

# NHHRC - Primary Care

- Move to “smart” contracts – not input focussed but outcomes based
- KPIs – could include??
  - Percentage of 25 year olds who smoke
  - % of people at EOL who have signed advanced directives
  - Number of hospital contacts in last month of life?

# NHHRC - Primary Care

- Shift the boundaries [and funding] between primary care and hospitals so that only those people who are ill get admitted to hospitals
- Provide timely appropriate care for the unwell in the community



# NHHRC - Primary Care

I support more involvement in

- after hours care and
- community based acute care
- provided by the new primary care team – doctors, nurses, pharmacists, etc and community physicians, community nurse specialists

# Pegasus Health 24 Hour Surgery



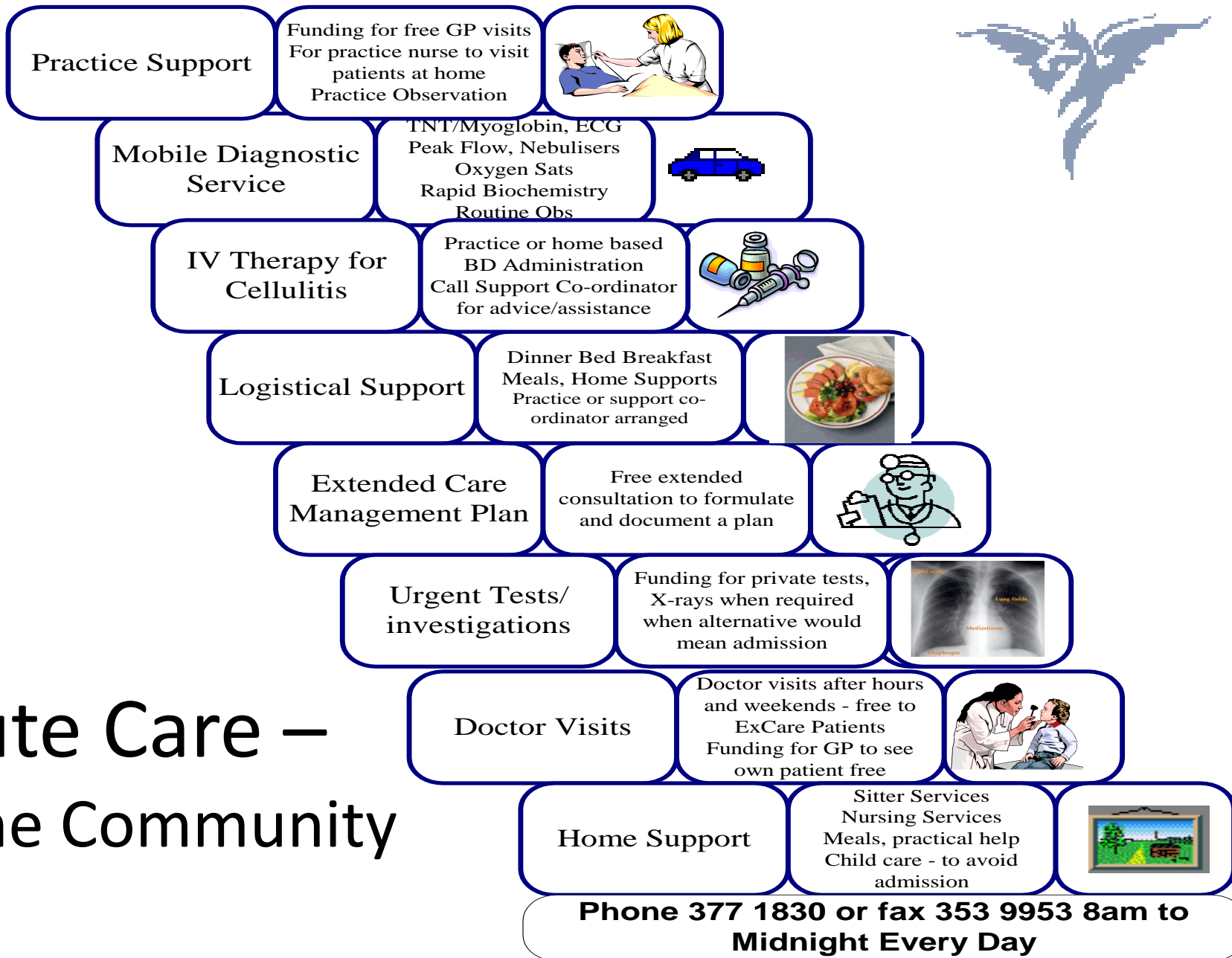
# Pegasus Acute Care

- Our goal – safe, patient focussed and supported cost effective alternative to hospital admission
- General practice team and the patient make decision
- Innovation encouraged

# Observation Unit







# Acute Care – in the Community



**RESERVE  
PARKING**

Community Ca  
Vehicle

# NHHRC - Primary Care

- Health Information proposals – uncertain who the beneficiary is
- Balance required – between confidentiality and appropriate clinical access
- Perhaps as part of enrolment, people may declare who they are prepared to share their health information with
- People's ability to manage their information will be variable

**NHHRC** - Ensuring timely access  
and safe care in hospitals



# NHHRC - Hospitals

- Primary purpose of hospitals is to provide life saving care and to assist others to be restored to good health
- Hospitals and hospital specialists are precious resources
- ED over crowding problems are not ED problems - they are GP problems - in response to perverse funding incentives!

# NHHRC - Hospitals

- Taking a patient and family perspective of a hospital admission is valuable – as compared to the usual system-centric view
- Who are hospitals there for??

# NHHRC - Hospitals

- Funding – I recommend a mix of capitation capacity funding, activity and quality / performance payments
- National Access targets – useful but could lead to new games
- Yes – create incentive framework for hospitals and for services within hospitals – drive it down to those who can achieve the desired results

# NHHRC - Hospitals

- Clinical leadership and clinical governance essential – but needs to be enabled
- Current major disconnect between corporate and clinical governance
- Tribalism should be discouraged and integration rewarded

# NHHRC - Hospitals

- Accountability can only be delivered if responsibility, and budgets are devolved down to those who will actually deliver the results.
- CEOs seldom deliver health care themselves!

# NHHRC - Hospitals

- Separation of funding into acute and planned care is effective
- Outpatients – decentralise to primary care sites; see people with the referrer to achieve a sustainable result
- A single system will address cost shifting

# NHHRC - Hospitals

- Consider the drivers in funding frameworks carefully
- Older patients and at people at end of life consume 80% of the resources – is this always kind?
- Build on your strengths!

# NHHRC - Hospitals

- Public private partnerships make sense
- Ideology that would swing from public to private and back again wastes resources and discourages valuable investment – [as has happened in NZ]
- Opportunity to define best long term partnership



# **NHHRC** - Closing the health gap for Aboriginal and Torres Strait Islander peoples

# NHHRC – Closing the Gap

- Demonstrably, the current health system is failing - despite huge efforts
- The 17 year difference in life expectancy for your indigenous people demonstrates why a different approach needs to be taken
- This will require the “whole of government” approach recommended because of the broader determinants of health

# NHHRC – Closing the Gap

- I support the establishment of new national Aboriginal and Torres Strait Islander Health Authority
- Building a health system that works “by indigenous people for indigenous people” is essential
- Goal should be equity of outcomes

# **NHHRC – Closing the Gap**

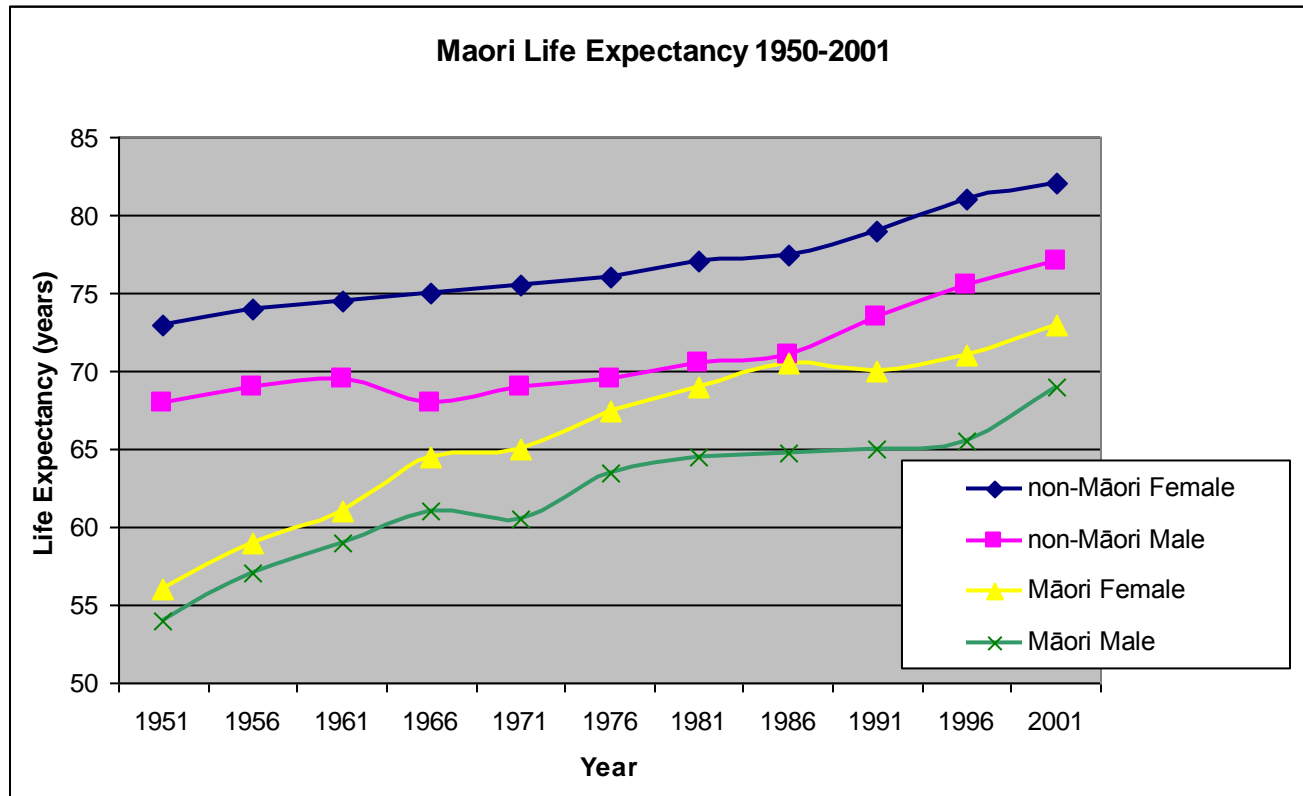
Comprehensive Strategy required

- Relationship development
- Improved ethnicity data collection
- Cultural training and understanding
- Building an indigenous health workforce
- Targeted health and non health interventions

# NHHRC – Closing the Gap

- The great programmes already out there need to be supported, resourced and expanded
- ABCD [Audit for Best Practice for Chronic Disease] is but one excellent programme
- But we need to get in front of the curve, investing in programmes for the young and mothers – helping to keep people healthy

# Māori Life Expectancy 1950-2001



**NHHRC** - Working for us: a  
sustainable health workforce for  
the future

# NHHRC - Workforce

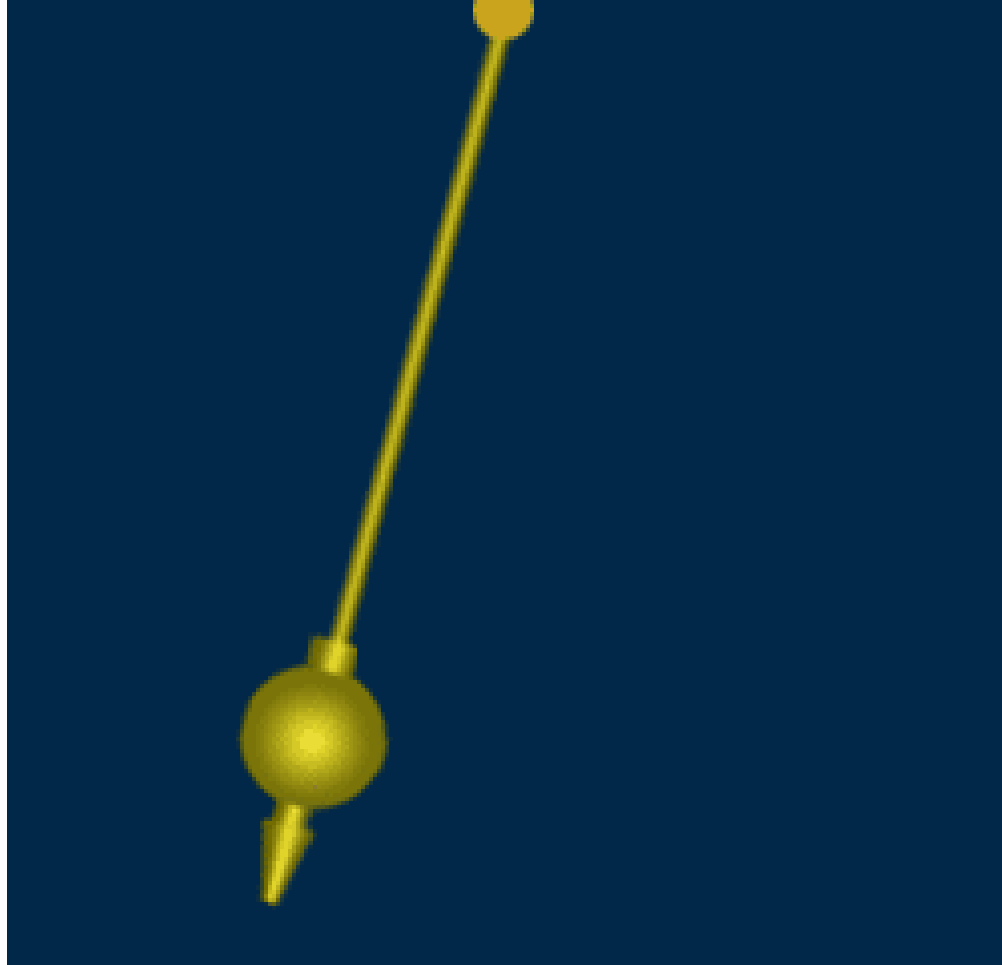
- I am doubtful that you really have an immediate workforce shortage
- My take is that skilled health professionals are not being enabled to work in smart ways
- The problem seems to be the professional boundaries - Break down the fiefdoms!!



# NHHRC - Workforce

- If we truly enabled the 8.6% of the Australian people [one in eleven!] who work in the health system - safely and clinically appropriately, what more could be achieved?

# What has been happening in NZ?



# 2000 – Yet Another Reform!

- A single health system with regional funders
  - Created central role for primary health care
- Established 21 District Health Boards as regional funders
- Established 80+ Primary Health Organisations – as vehicles for PHCS

# Nov 2008 – Yet Another Reform?

- Health Policy: **Better, Sooner, More Convenient for the Patient**
- Minister Ryall: - “Poor primary health is costly to fix elsewhere in the system”.

# Funding and Framework 2009

- Less bureaucracy, more frontline care for patients
- Giving doctors and nurses more say
- Care closer to home
- Smarter use of the private sector

# Reducing Endless Waiting

- Sooner, more convenient care in GP surgeries
- Smarter use of the private sector
- Innovative management
- Rewarding surgical teams
- GPs in emergency departments
- Quality use of medicines

# Towards Better, Sooner, More Convenient Care

- Moving more services closer to home
- Co-ordinating care
- Chronic care and social support
- Devolving more care to the primary sector
- Primary-care funding

# Improving Performance & Quality

- A new partnership with the health professions
- Clinical networks
- More effective spending and planning
- Greater choice for patients
- Long-term health service plan
- Public-Private Partnerships
- Better information for the public



# Strengthening the Health Workforce

- A new partnership with the health professions
- Boosting health workforce numbers
- International recruitment

What has been happening in  
England?

# ‘System Reform’ Agenda

- Since 2000, reforms have attempted to move the NHS away from a reliance on the use of centrally issued targets to drive change by introducing market-style incentives
- Eg: competition from new providers and more consumer choice.

# ‘System Reform’ Agenda

There are four main elements:

- incentives to reward activity and efficiency
- diverse providers with freedom to innovate
- increased patient choice and commissioning by practices and primary care trusts (PCTs), and regulation and system management to ensure quality, equity and value for money.

# Incentives

- Payment by Results - introduced strong financial incentives via a reimbursement system for English hospitals -
- Intended to reward hospitals for high levels of activity and quality.
- New contracts aimed at making the workforce more productive.

# Providers

- Encouraging a greater diversity of organisations to supply health care services
- Growth in independent surgical treatment centres
- Few alternative providers of primary medical care – an area for future reform?.

# Commissioning

- The 152 PCTs in England are responsible for 80 per cent of NHS spending, equivalent to around £58 billion.
- Able to contract with private sector to provide commissioning support under a national framework contract.

# Regulation

- Effective regulation to ensure the quality and safety of both individuals and institutions.
- Monitor the performance of providers and commissioners
- Framework for market regulation.



# Free Choice

- Allowing patients to choose a NHS hospital anywhere in England – began in April 2008.
- Aims to use consumer pressure to improve the quality of hospital services provided by the NHS.

# Kicking Bad Habits

- How can the NHS help us become healthier?
- Individual responsibility for health and self-care are key themes in recent health policy development in England

# Our Health, our Care, our Say

- Explores the future of health and social care based on the assumption that individuals would manage their health and health care.
- Individuals should adopt healthier behaviours to avoid ill-health in later life

# No Patient Left Behind

- Fair and equal access to services is a right of every NHS patient, regardless of their ethnic origin or where they live in the UK.
- Primary care determines the make-up of their local patient populations and commission services that best meet their needs. Eg: professional interpreters and patient advocates,

# The Point of Care

- A programme run by The King's Fund that aims to transform patients' experience of care in hospital.
- The goal is to enable health care staff in hospitals to deliver the quality of care they would want for themselves and their own families.
- **The 'Mum' test!**

So, how are you doing?

Commonwealth Fund 2007

# Overall Views of the Health Care System in Seven Countries, 2007

Percent reported:	<b>AUS</b>	CAN	GER	NETH	NZ	UK	US
Only minor changes needed	<b>24</b>	26	20	42	26	26	16
Fundamental changes needed	<b>55</b>	60	51	49	56	57	48
Rebuild completely	<b>18</b>	12	27	9	17	15	34

Source: 2007 Commonwealth Fund International Health Policy Survey.  
Data collection: Harris Interactive, Inc.

# Confidence in Health Care System

Percent reporting “very confident” that they will:	<b>AUS</b>	CAN	GER	NETH	NZ	UK	US
Get quality and safe care	<b>34</b>	28	24	59	30	28	35
Receive the most effective drugs	<b>36</b>	32	23	45	20	25	33
Receive the best medical technology	<b>39</b>	28	24	46	25	27	38

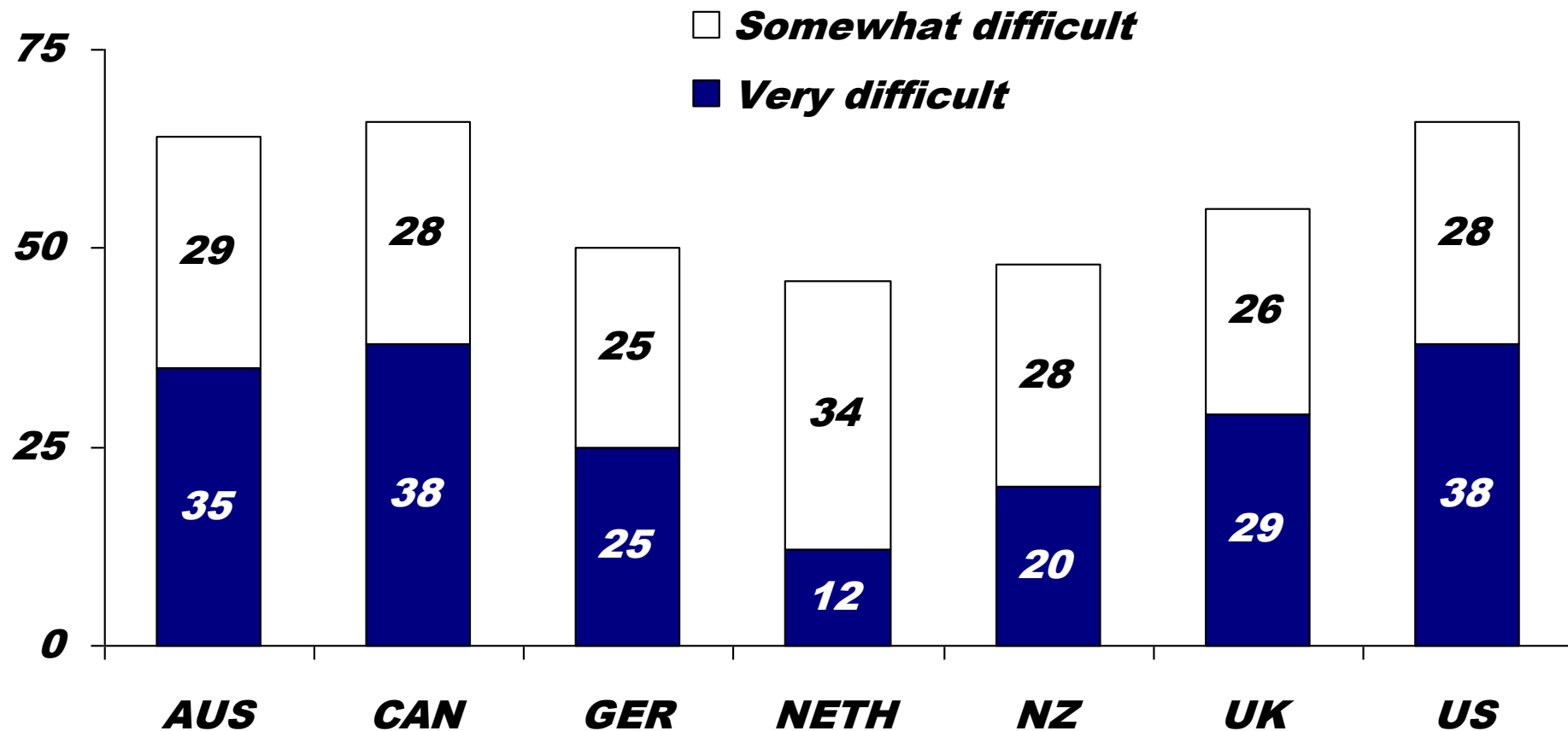


# Access out of hours

- Half or more of patients in Germany, the Netherlands, and New Zealand report rapid access to doctors.
- Notably, in the U.S and Canada, along with **Australia, two-thirds or more reported difficulty getting care on nights, weekends, or holidays**

# Difficulty Getting Care on Nights, Weekends, Holidays Without Going to the Emergency Room

Percent reported very or somewhat difficult

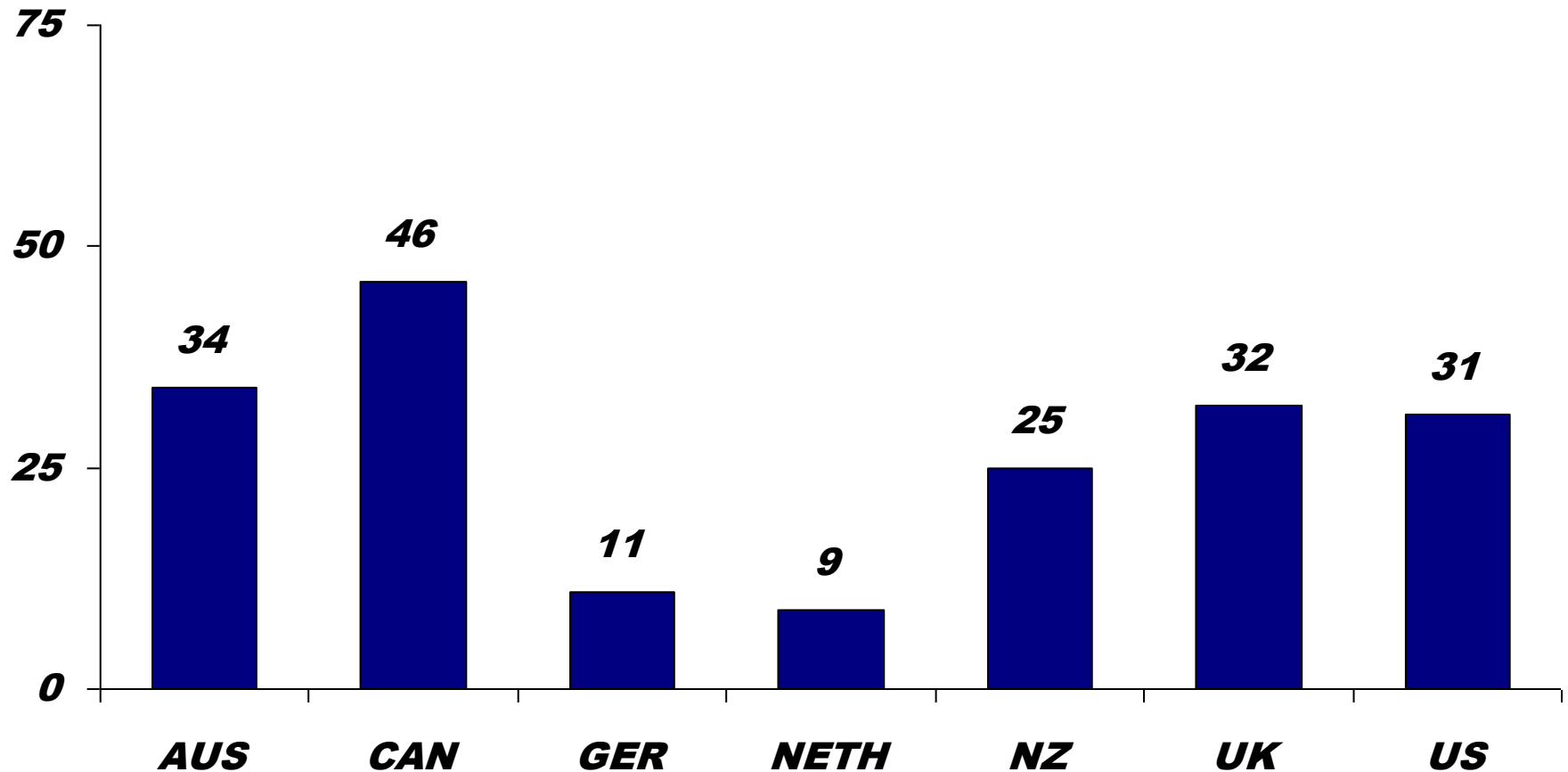


## Cost-Related Access Problems

<b>Percent in past year due to cost:</b>	<b>AUS</b>	<b>CAN</b>	<b>GER</b>	<b>NETH</b>	<b>NZ</b>	<b>UK</b>	<b>US</b>
<b>Did not fill prescription or skipped doses</b>	<b>13</b>	<b>8</b>	<b>11</b>	<b>2</b>	<b>10</b>	<b>5</b>	<b>23</b>
<b>Had a medical problem but did not visit doctor</b>	<b>13</b>	<b>4</b>	<b>12</b>	<b>1</b>	<b>19</b>	<b>2</b>	<b>25</b>
<b>Skipped test, treatment, or follow-up</b>	<b>17</b>	<b>5</b>	<b>8</b>	<b>2</b>	<b>13</b>	<b>3</b>	<b>23</b>
<b>Percent who said yes to at least one of the above</b>	<b>26</b>	<b>12</b>	<b>21</b>	<b>5</b>	<b>25</b>	<b>8</b>	<b>37</b>

# Waited Two or More Hours in Emergency Room Before Being Treated

**Base: Used emergency room at least once**  
**Percent**



# NHHRC Report – my response

- Does this report describe Nirvana??
- No – but it certainly makes great leaps forward in the right direction
- If implemented, Australia can lead the world in a full health system sense

# NHRC Report - Reaction

- We believe that Aboriginal people's full participation in the health service design, delivery, monitoring and evaluation is integral to improving health outcomes for Aboriginal people.”
- From a NACCHO statement quoting chair Dr Mick Adams:

# NHRC Report - Reaction

- Nurses are not a stop gap for doctors and doctor centric care will only limit the options people have for accessing high quality, people focused health care.
- **Libby Muir, Australian Nursing Federation**

# NHHRC - Tribalism

- We are pleased that the Commission has recognised the central and essential role of assessment, diagnosis and treatment by a doctor in Australia's future health system.
- AMA



# NHHRC - Tribalism

- “Too much power on resource allocation decision making and on priority setting rests with the medical profession and the AMA.”

# NHRC Report - Reaction

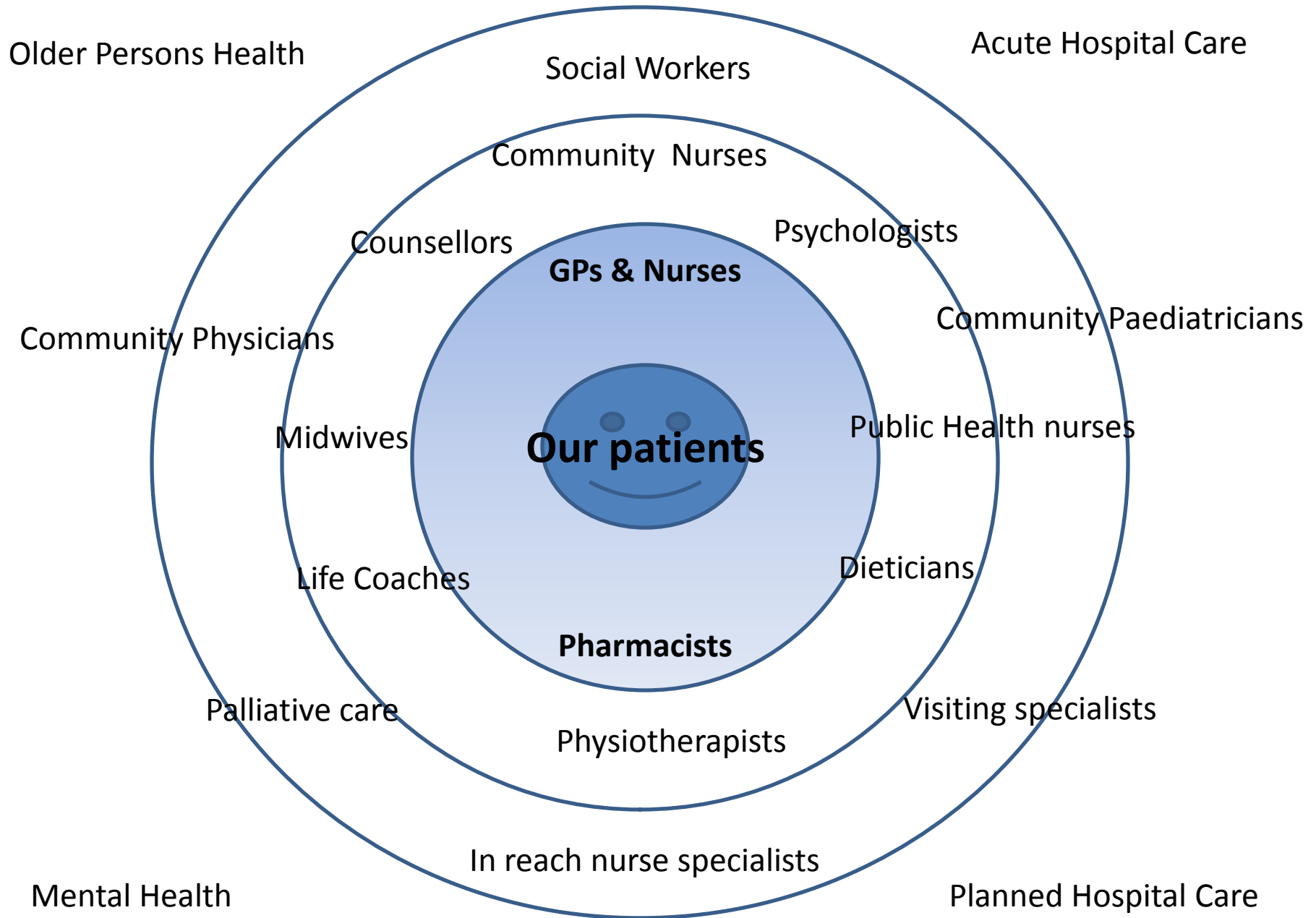
- Despite folk myth to the contrary, Australia remains one of the least egalitarian and meanest countries in the developed world.
- **Jeff Richardson, Professor and Foundation Director, Centre for Health Economics, Monash University**

# Future Focus – the people?

- Patient centred? People are informed and discerning consumers.
- How do people have a say about the future health system they are to get advice and care from?
- Doesn't experience teach us that we design systems that suit us??

# My Vision for the Future!

- Primary health care led health system
- Focus more on health maintenance and systems for early detection of illness
- Improve systems for the care of patients with long-term illness
- Targeted interventions on top of universal access



# My Vision for the Future!

- Effective community after hours care
- New community based “acute care” programmes as alternatives to hospital and rest home admission
- New roles for communities – increased participation

# Challenges

- Keeping connected to both patients and clinicians
- Discourage tribalism – avoid “divide and rule” strategies - the triumph of one health tribe will be followed by the next breakout of hostilities

# Be Warned!

NHS Reform:

**the empire strikes back**

- Professor Nick Bosanquet, Henry de Zoete, Andrew Haldenby
- Imperial College London



# Thanks very much!

Dr Paul McCormack

[paul.mcc@xtra.co.nz](mailto:paul.mcc@xtra.co.nz)

+64 21 325 801