

Health reform must be all about investment

The Federal Government has, with the agreement of the states (except Western Australia) introduced a sweeping reform agenda that will dramatically change our health system – closely followed by a strong health budget. Federal AMA president **Dr Andrew Pesce** reports on a changing health climate.



In good economic times and bad, governments must invest in the health of the population. This year's Federal Budget delivered strongly for health with more than \$7 billion in new investment, mainly to fund the Government's health reforms. This was a big win for the health sector in a tight fiscal environment.

Primary care was the theme of the Health Budget. It is also one of the major themes of the Government's reform agenda. Thanks to the hard work of the AMA, primary care for the Rudd Government has become synonymous with general practice and family doctors.

The *AMA Priority Investment Plan for Australia's Health System* has influenced a large part of the Government's reform agenda – and the Budget was no exception. There were major Budget decisions involving primary health care organisations, general practice nurses, allied health workers, general practice infrastructure, and after hours care, among other things.

This is all in keeping with the direction of the April COAG Agreement and the Prime Minister's vision for health reform enunciated at the National Press Club earlier in May. Some of the big omissions from the health reform list are mental health and dental health, and we will be asking questions of the Government about these.

While not every initiative is a perfect match with our policy prescription, we welcomed this Budget because of the enormity of the investment and the Government's acknowledgement of the key role of family doctors. Twelve months ago, the rhetoric from the Government was all about primary care reform but general practitioners were often not even mentioned. Now, general practitioners are once again at the centre of discussions of primary care reform.

Twelve months ago, the only plan on the table for federally-funded nurse and midwifery care was for independent

nurse practitioners and midwives. Now, funding is to be made available to existing general practices to employ practice nurses to work with doctors in caring for their patients. This initiative was a direct result of lobbying by the AMA to ensure that the reform agenda did not become focussed on funding for non-medical models of care.

Twelve months ago, the only Government support for new GP infrastructure development was for the GP Super Clinics. Now, all existing general practices are eligible to apply for the significant funding being made available to expand facilities to enhance capacity to deliver care or training opportunities.

Twelve months ago, there was much discussion about the creation of Primary Health Care Organisations as fundholders for general practice medical services. At this stage, funding for all GP medical services continues to be delivered directly to general practices.

It is our job now to remain engaged with the Government to ensure that the primary care reform agenda does not penalise or disadvantage our members and all family doctors in the country. It is our job to ensure that funding for enhancement of primary care is accessible to our hard working GPs who were previously at risk of being shut out of new funding. Most importantly, we have to make sure that real benefits flow to our patients. Our recent track record shows that we will be successful on this front.

The AMA has shown the Government that we have credibility in managing change in the best interests of the profession, the community and patients. We have a mature consultative relationship with the Government that is based on trust and honesty – and on saying it like it really is.

The health reform agenda is looking far better for the AMA, the medical profession, the community and the Government than it was a year ago. The debate has shifted and patients are the



ultimate winners. There is still work to do, though. There are details to be sorted out and there are details to be bedded down.

We are yet to get a good idea of the look, the shape, the make-up and role of the Medicare Locals. We need good co-ordination between primary and secondary care services. We need further consultation on the after hours proposals. We need to ensure that those practices that have delivered and continue to deliver after hours care to their patients are not financially penalised by the new proposals.

There will be strong debate over the proposals for complex and chronic care for patients, centred on the Government's flawed plans for diabetes patients. The AMA has countered with a better plan. We will continue to state our case on the need for, location of, and nature of proposals for GP Super Clinics.

The success of many of the Government's health reforms and Budget initiatives rests on having a suitably skilled medical and health workforce in the necessary numbers to provide equitable access to care for all Australians. This is one of the biggest question marks hanging over the health reform process.

There is one big certainty, however, that we present to Government in every meeting discussion and debate – when people are sick or want health advice; they want to see a doctor. We will continue to work and advocate to ensure that they will be able to do so.

For more perspectives on the reform plans, just read on over the coming pages of this issue.

A South Australian perspective on national reform

We have heard from federal AMA president Dr Andrew Pesce with a national perspective on the Federal Government's reform plans and budget announcements. Here we hear from AMA(SA) president **Dr Andrew Lavender**, with a South Australian perspective, and, over the coming pages, from other commentators.



THE actual increases in health spending announced by the Federal Government amount to just over \$6 billion for the period 2009-10 to 2013-14. This is an increase in total estimated health spending of only 2.1%, with net additional spending of \$3.5 billion for hospitals, \$1.2 billion for general practice and primary care, nearly \$1.2 billion for workforce and around half a billion dollars each for aged care and e-health initiatives, with some offsets from reduced Pharmaceutical Benefits Scheme (PBS) spending.

South Australia could expect an additional \$400 million dollars over four years – not a large amount given that state spending on health will be around \$18 billion over that time! So, what was in it for South Australia? Why was the premier so keen to sign up to the national health reform agenda?

The reality is that health spending has been growing at around 9% pa for more than a decade – hospital spending, Medicare Benefits Schedule, PBS and Private Health Insurance Rebate expenditure have all far outpaced

revenue growth. With the Federal Government fully funding the last three and reducing its proportion of funding for the first, the states were left with paying for most hospital costs, and wearing all of the political consequences of the underfunding of that system. Despite a sleight of hand in taking GST money from the states and calling it their own, the Federal Government will now fund 60% of all 'efficient' costs of hospital care, and 60% of teaching, training, research and capital spending. The states still have control of resource allocation, so why wouldn't you accept a guaranteed 60% 'contribution' towards a service that you run?

What benefits might doctors and patients see? South Australia already has a 'case-mix' model of funding and SA is already 'efficient' at delivering hospital services – we have actually traded places alternately with the Victorians over the last decade as being the most 'efficient' state. However, we need more resources to increase the level of activity (it is effectively capped by spending limits) and to free up bottlenecks which will improve productivity – that is, more and better outcomes for the money that we spend.

The real benefit from this reform agenda will come from having nationally consistent independent standards and auditing. Valid, transparent and freely available comparative information, allied with improved funding for research and education, will drive clinical and administrative change throughout the nation. Doctors have always been at the forefront of innovation, but we lacked an evidence base when arguing for systemic change.

It will take years, but, with active engagement of clinicians and security of funding, we might actually end up with a self-improving true health 'system', rather than a series of poorly connecting 'silos', and, ultimately, it will be our patients that benefit.

The potential downside is the ability of bureaucracies to procreate and absorb any potential efficiency gains. Clinician involvement will be vital to keep resources focused on achieving better patient outcomes. It is also important to work towards seamlessly integrating our primary and hospital care sectors, so that care can be focused on an individual's needs as they transition through various stages of illness back to health.

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Health reform: making it real, getting it right

We are embarking on an unprecedented era of health reform, with the Federal Government proposing sweeping changes, and the Council of Australian Governments (COAG) agreeing to a new plan for health. **Dr Christine Bennett**, who chaired the National Health and Hospitals Reform Commission (NHHRC), which the government charged to examine the current system and propose a plan for the future, reports.

THE Australian health industry and community are poised for an unprecedented era of health reform.

After two years of thinking, talking and debating about what should be done, we finally have a plan and the funding to make it happen. Some are still questioning whether the plan is right, whether the funding is enough, asking for more detail and pointing out the gaps.

The reform agenda isn't just about a quick fix in 2010 but is likely to be a decade of reform.

Taking on board 94 of the NHHRC's 123 recommendations, backed up with \$7.3 billion over the next four years, the COAG National Health and Hospitals Agreement and the National Health Reform Plan undoubtedly give us a massive opportunity to make fundamental reform real.

It is now time to focus on how to get it right. How can we, as a medical profession and as individuals, make a positive difference to the reform process and outcomes?

Keep the reform principles and objectives in clear view

– Putting people at the centre of their health and health care, investing in prevention and wellness, tackling inequities and making access fairer, connecting care across disciplines and locations, strengthening primary and community specialist team care, focusing on safety and quality and driving efficiency. We can easily lose sight of these in the myriad of detail and vested interests that are challenged by change.

Share responsibility for getting it right

– Let's shift from the culture of blame. Don't just leave it to governments to act, but rather look at what can be done within our practice or health service. For example, consider introducing advanced care plans, and lifestyle prescribing, and get involved in teaching and research.

Show leadership – Be a voice individually and as a profession. For example, the profession could take the lead in developing sensible approaches to paying for performance and quality. Share innovations that are working in your practice or area.

The reform agenda isn't just about a quick fix in 2010 but is likely to be a decade of reform. Health workforce, structural changes and capital investments have long lead times. A two way dialogue needs to be maintained throughout the reform implementation.

One way to achieve this would be for an expert, independent group to offer clinical and consumer scrutiny and constructive 'can do' advice to government on progress and how to modify to meet the policy objectives.

We all have our hopes for health reform. For me the top ten are:

- A serious and robust investment in prevention and health literacy.
- A clear pathway to a national public funder.
- Making the person-controlled electronic health record a reality.
- Local Hospital Networks move to operate a broader range of primary health and community based services (ie Local Health Service Networks).
- Innovation in how we pay for health care that supports efficiency, quality and outcomes.
- Smarter use of data and knowledge with feedback to clinicians, providers and researchers to support continuous improvement.

- Performance measures need to be across care so we don't unduly focus only on emergency department and surgical waiting times.
- Aged care reform is extended following the Productivity Commission Report.
- Mental health care is more comprehensively tackled within announced reforms.
- Dealing with dental health as part of health.

Finally, in regard to the governance changes, I hope we don't lose sight of the goals of the Medicare Select concept presented by the NHHRC. Put simply, we need to explore more effective ways of getting value from our public and private health spending and mixed provider system that more effectively responds to the changing needs of consumers through choice and constructive competition.

Dr Christine Bennett is former chair of the National Health and Hospitals Reform Commission and chief medical officer of Bupa Australia.



Clinician involvement will be crucial to reforms

Health reform is here but exactly what the changes will mean for South Australia remains to be seen, according to University of Adelaide executive dean of health sciences and former National Health and Hospitals Reform commissioner **Professor Justin Beilby**.



H EALTH reform is now clearly here. National Health and Hospital Networks will be created and nationally funded and locally run. In parallel, Medicare Locals will be established which will evolve from current Divisions of General Practice. In a further enhancement to this new framework the Commonwealth will take over funding and policy control for the aged care sector and look to integrate these three disparate elements. Increasingly, decisions on such issues as program funding, health service changes and innovation and the implementation of prevention programs will be devolved, quite logically, to a local level.

What does this mean for South Australia? It is still unclear how many Hospital

Networks will be established and whether they will overlap or mirror Medicare Locals. The number of Medicare Locals should be kept to a minimum – say one or two rural and three urban. The establishment of South Australia's Medicare Locals will be eagerly watched by all of primary care. They must be of appropriate size and with vision, governance and leadership that will look to the future, not focus on short-term solutions to our current needs.

As both these new bodies evolve and the governance and interaction between both organisations is clarified, it will be crucial that local clinicians are involved both in shaping these new bodies and also providing leadership. It is somewhat reassuring that the prime minister has recently announced the establishment of Lead Clinician Groups to interact with the

new Governing Councils that will oversee the new Local Hospital Networks. What is not clear in South Australia is how these new Lead Clinician Groups will interact with the SA Clinical Senate and current Clinical Networks (for example Orthopaedic and Cardiology Networks).

General practice is the cornerstone of primary care and one of key elements within the health reform is the absolute priority to strengthen primary care – a worldwide trend. As part of the reforms more GPs will be trained, more practice nurse positions created and funding provided to upgrade existing general practices and primary care facilities. Almost \$500 million of new funds will be invested to help our patients with diabetes. These reforms will be welcome additions and need to be used wisely.



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A bitter pill, or just what the doctor ordered?

SA Health Minister **John Hill** believes that all South Australians will be winners from the recent Council of Australian Governments agreement to reform Australia's health system, particularly given the compelling case for reform.



I believe all South Australians will be the winners from the Council of Australian Governments (COAG) agreement to reform

the nation's health system and unlock more than \$1.4 billion extra for our state's health services over the next 10 years.

The case for reform has always been compelling, but as our ageing population grows more reliant on our health and hospital system, that case has become urgent. The South Australian Government now funds more than 60 percent of our hospital system and we predict that, without reform, our entire state budget would be spent on health by 2032.

The Rann Labor Government has spent billions rebuilding and upgrading hospitals, opened more than 200 new beds, provided record amounts of elective surgery, slashed waiting times and

employed over 1,000 additional doctors and nearly 3,700 extra nurses.

The COAG reform package will not come into effect until 2014/15 so the premiers and chief ministers at the COAG summit argued for more money for hospitals in the interim period.

South Australia asked for a 9.3 percent increase in health funding from the Federal Government each year for the four-year interim period. The deal we brokered, in effect, delivers an amount equivalent to that increase – which for South Australia adds up to an extra \$306 million over the next four years. This includes:

- \$119 million for more sub acute beds – including mental health beds.
- \$47 million – to improve access to elective surgery.
- \$37 million – to provide more senior medical staff working after business

hours and improve access to emergency departments.

- \$29 million for financial assistance for long-stay older patients.
- \$20 million for Emergency Departments' capital works.
- \$13 million for elective surgery capital works.
- \$20 million to expand multi-purpose services and upgrade and provide more country hospital places.

When the new funding system begins in 2014/15, South Australia's health system will receive an additional \$1.1 billion up to 2019/20.

The historic deal agreed by the states and territories with the prime minister secures the long term sustainability of our health and hospital system to provide what we all want – a high quality, free and subsidised medical care system.

The SA State Government has, together with other states (excepting WA) agreed to a raft of changes proposed by the Federal Government to reform Australia's health system. What does SA Shadow Minister for Health, Mental Health and Substance Abuse **Duncan McFetridge** think of the changes?



WE all welcome plans to provide additional funding and resources for health care services in South

Australia. However, disappointingly, Premier Mike Rann signed up to the Federal Health Plan on the strength of one phone call from Prime Minister Kevin Rudd. Only after other Labor premiers and Western Australian Liberal Premier Colin Barnett raised issues with the plan did the Federal Government then provide hundreds of millions of dollars in extra funding that South Australia would have missed out on.

The Liberal Opposition does not support the Federal takeover of our public hospitals. The Federal Government has no experience in running our hospitals. We feel very strongly that a state government, being closer to the front line, is better suited to managing our hospitals.

Liberal policy is to give hospitals back their boards. The Local Hospital Networks in the Federal Health Plan will go a long way towards this if the State Government and the South Australian Health Department follow the guidelines. However, in reality, what we have seen in South Australia is a continued centralisation of health service administration. We have seen nothing from the State Government to give us any joy for the implementation of Local Hospital Networks, which are designed to give local control of local hospitals back to local communities.

Super Clinics sound good, but, as the failed Whitlam Community Health Centres and the UK Polyclinics have shown, there may be expectations not delivered upon and many problems created. Extra funding for primary health care must be carefully targeted not just into education campaigns but into frontline health services.

More doctors and more nurses are obviously required as part of the future of a growing health system in South Australia, so any initiative that provides more funding for training places and incentives for doctors and nurses to go bush are clearly welcome.

The national registration of health practitioners offers the ability to move across the country and avoid extra red tape; however, we are concerned about the massive Melbourne-based bureaucracy that is being created and may not deliver the efficiencies and promises made.

There are concerns that the new tribunal may add significant cost and time delays to handling issues.

I will maintain a close watch on the many issues and challenges in South Australia and look forward to working with the Australian Medical Association to ensure all South Australians benefit from the proposed changes.

Reforms to tackle training, but what about the bush?

The proposed health reforms recently agreed to at COAG will potentially affect all aspects of medicine, including training. Outgoing federal AMA Council of Doctors in Training chair **Dr Andrew Perry** looks at three aspects of the announcements that are of particular relevance to training.



Funding of inpatient activities

The Commonwealth Government has committed to funding 60% of the “efficient price” of all inpatient activities – including teaching and training. It is not clear how the Commonwealth Government will quantify this training commitment, particularly those costs associated with bedside teaching (eg ward rounds, outpatient clinics and theatre sessions) where the teaching component is notoriously difficult to delineate from the service delivery component. The AMA Council of Doctors in Training has recently committed to producing a document which will aim to outline all of the areas of training that should be covered under such a funding arrangement, to help the government meet this important commitment.

A four-hour national access target

A little-heralded aspect of the inter-governmental agreement recently signed through COAG was a national commitment to ensuring all patients who presented to an emergency department (ED) would be discharged or admitted from the ED within four hours of presentation to triage. This will affect almost every doctor in the public hospital system – including both emergency and inpatient specialty doctors – and across all levels of seniority. It will particularly affect trainees who provide most of the doctor-patient contact time and who are the first points of contact on the 24-hour on-call rosters.

It is of note that the South Australian government had already committed to this four-hour target prior to the last election and, at present, a lot of discussion is going on about how it can be implemented,

such that it improves patient outcomes rather than just improving waiting times.

Massive expansion of training positions

One of the sweeteners announced by the government to get the states to sign up to the reform package was an announcement of a significant increase in funding to those programs funded by the Commonwealth that increase prevocational and specialty training capacity. This included ~150% increases in the Prevocational General Practice Placement Program and the Expanded Settings Training Program, which sees specialty trainees undertake training in relatively new areas of training, such as in the private sector and in the community. SA utilises these programs at a level well above our junior doctor numbers relative to other states, so this is a good outcome for SA and something the AMA has been lobbying the government for over the past two years.

While he believes the recent COAG health reforms will be positive for Australia’s health system as a whole, **Dr Graham Morris**, president of the Rural Doctors’ Association of South Australia, is disappointed that – yet again – rural practitioners have largely been overlooked.



WITH the latest federal budget having an additional \$7.3 billion allocated to health funding, it is disappointing that the Rural

Rescue Package, proposed by the Rural Doctors Association of Australia (RDAA), the AMA and the Australian Medical Students’ Association (AMSA), has again been ignored, despite needing only a fraction of that money.

While rural practice is an incredibly rewarding career, the plain reality is that it is the poor cousin to city-based practice and rural doctors need more support to make their practice competitive against metropolitan-based medicine as a career path.

The additional funding for medical practices to recruit nurses is a positive step, but it could work out as a net disadvantage for some of South Australia’s

larger rural practices when the Medicare Benefits Schedule nursing items are removed. Positively, the Government has announced funding for many more GP training and prevocational places – including in rural settings. However, there are no realistic measures to entice these doctors into the bush once they have graduated.

We are also very concerned about how Medicare Locals and the Local Hospital Networks will work together in rural areas. In city locations, it is easy to look at the provision of primary care by a general practitioner as totally separate to the provision of secondary care in hospitals.

However, in rural SA it is common for general practitioners to not only be providing after hours primary care, but also after-hours emergency care in their local hospital. A coordinated approach is needed in rural areas to ensure these two networks cooperate to provide a solution that works in the bush.

In 2008, South Australians demonstrated just how important their local hospitals are when thousands protested over proposed country hospital closures.

With one third of all Australians living in rural areas, a comprehensive package to provide incentives for doctors to work in the bush is essential to providing country people with the same access to quality medical care as their city counterparts.

Tell us what you think ...

What are your views on the COAG agreement and Federal Government’s reform proposals? Tell us about them by emailing editor@amasa.org.au.