

VHA Annual Conference

Collaboration – the key to better health

Public – Private Collaboration: Why isn't there more of it?

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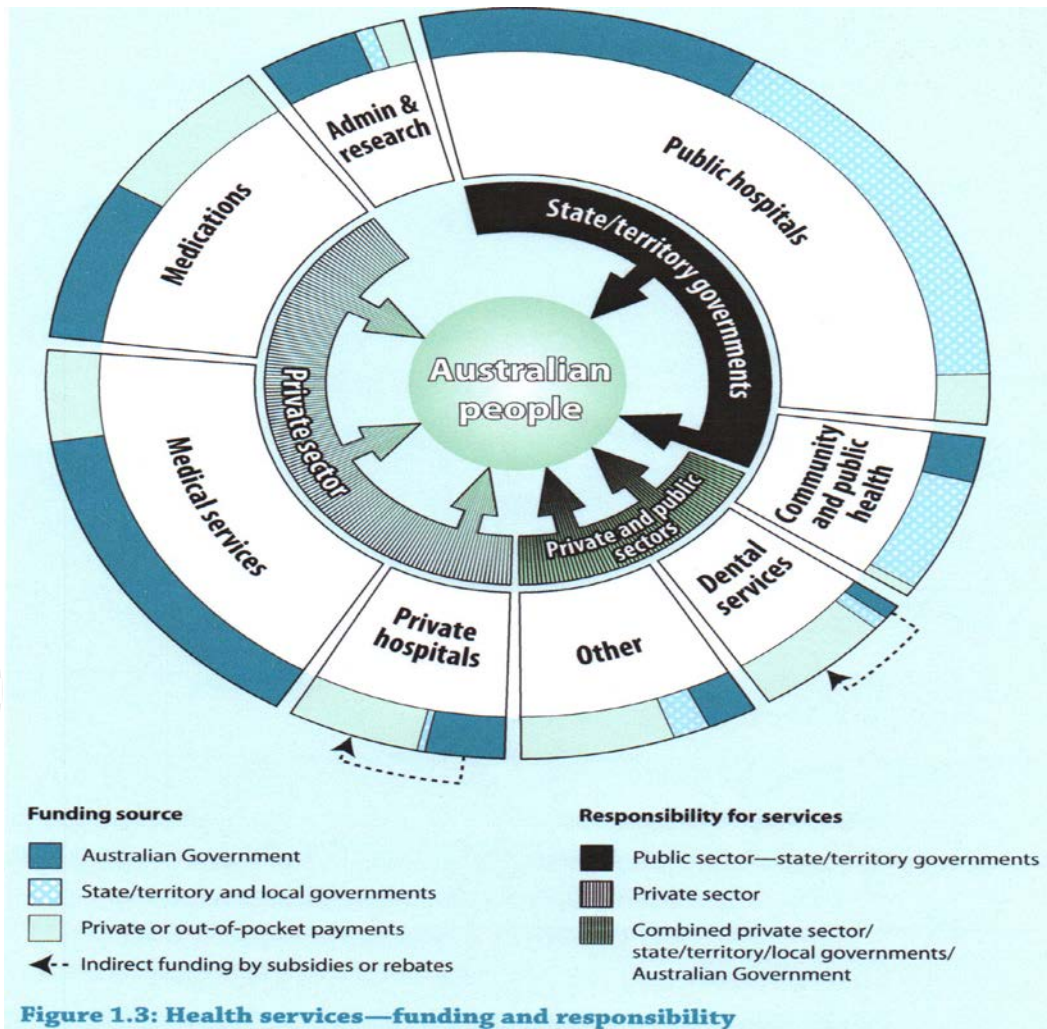
Introduction

- Private sector – a quick reminder
- Collaboration
 - There has been some...
 - but why isn't there more?
- Options for the Future:
 - Big ideas
 - Playing to strengths
 - More of the same
- What can we do?



Private Sector in the Health System: Australia

Cabrini Health



Source:
Australian Institute of
Health and Welfare:
Australia's Health 2010

Private Hospitals

581 Private
Hospitals

Treat 40% of
all patients.

56,560 EFT

28,000 beds

33% of total



3.5mil
separations

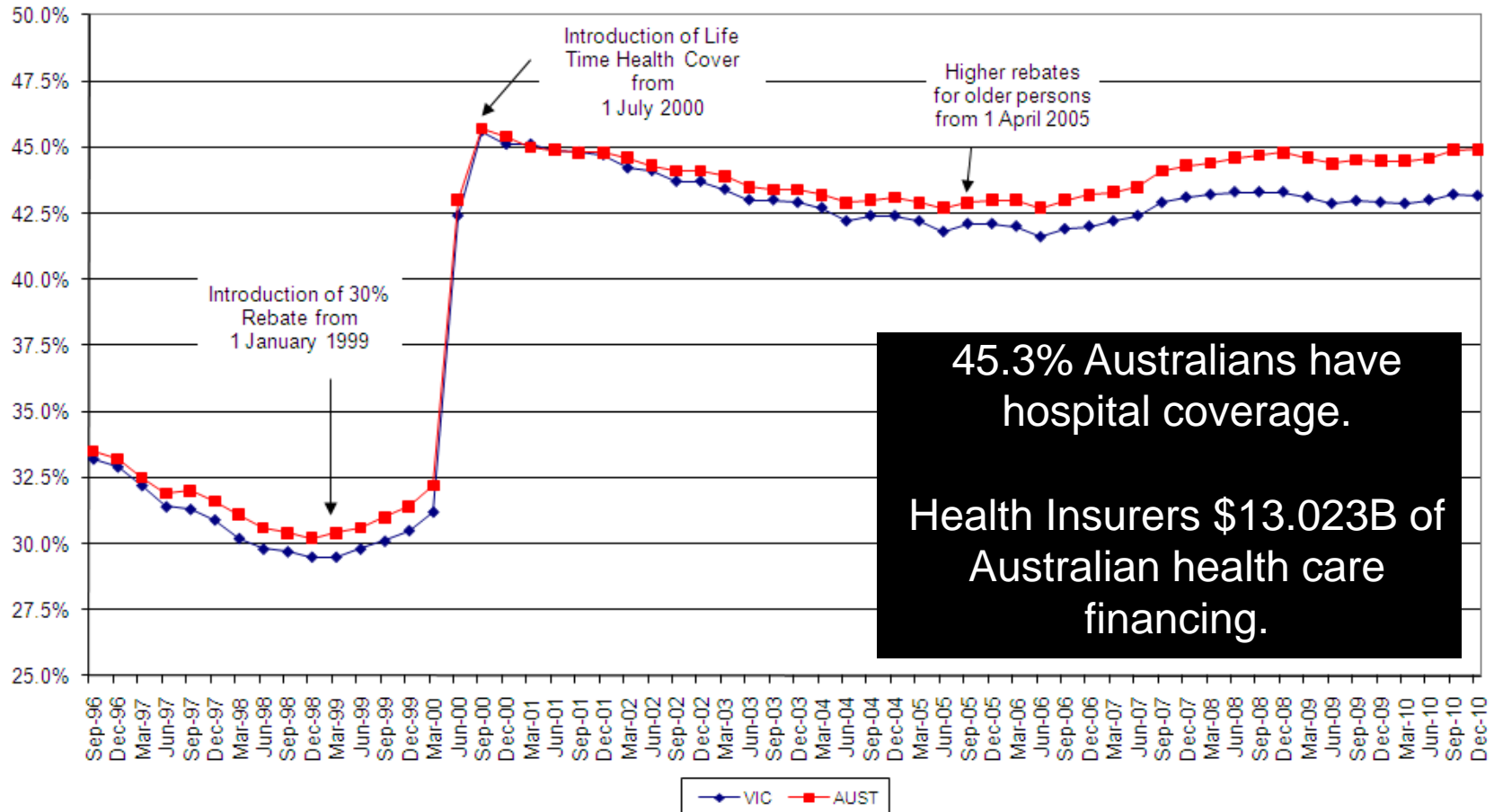
8.4 mil days of
hospitalisation

64% of elective
surgery

536,000 ED
presentations

Private Health Insurance

% of Population with Health Insurance



45.3% Australians have hospital coverage.
Health Insurers \$13.023B of Australian health care financing.

Collaboration

Two meanings:

- “working together to achieve something”
- “the betrayal of others by working with the enemy”

Examples:

- Capital projects – public/private partnerships
- Privates “deeply embedded” in Public world.
 - Not for profits as public hospitals eg St Vincents, Mercy, Bethlehem
 - Outsourcing eg pathology, imaging, pharmacy, non-clinical services
- “Opportunistic” Fee for service type contracts
 - Privately insured patients in public hospitals
 - Public elective surgery in private hospitals
 - Post graduate clinical training in private hospitals
 - Occasional collaboration around models of care eg. Cancer, Palliative Care

What is the problem?

Health

Public & private sectors rarely “work together to achieve something” ie not enough collaboration;



Therefore we don't get optimal value and performance from our health care services;

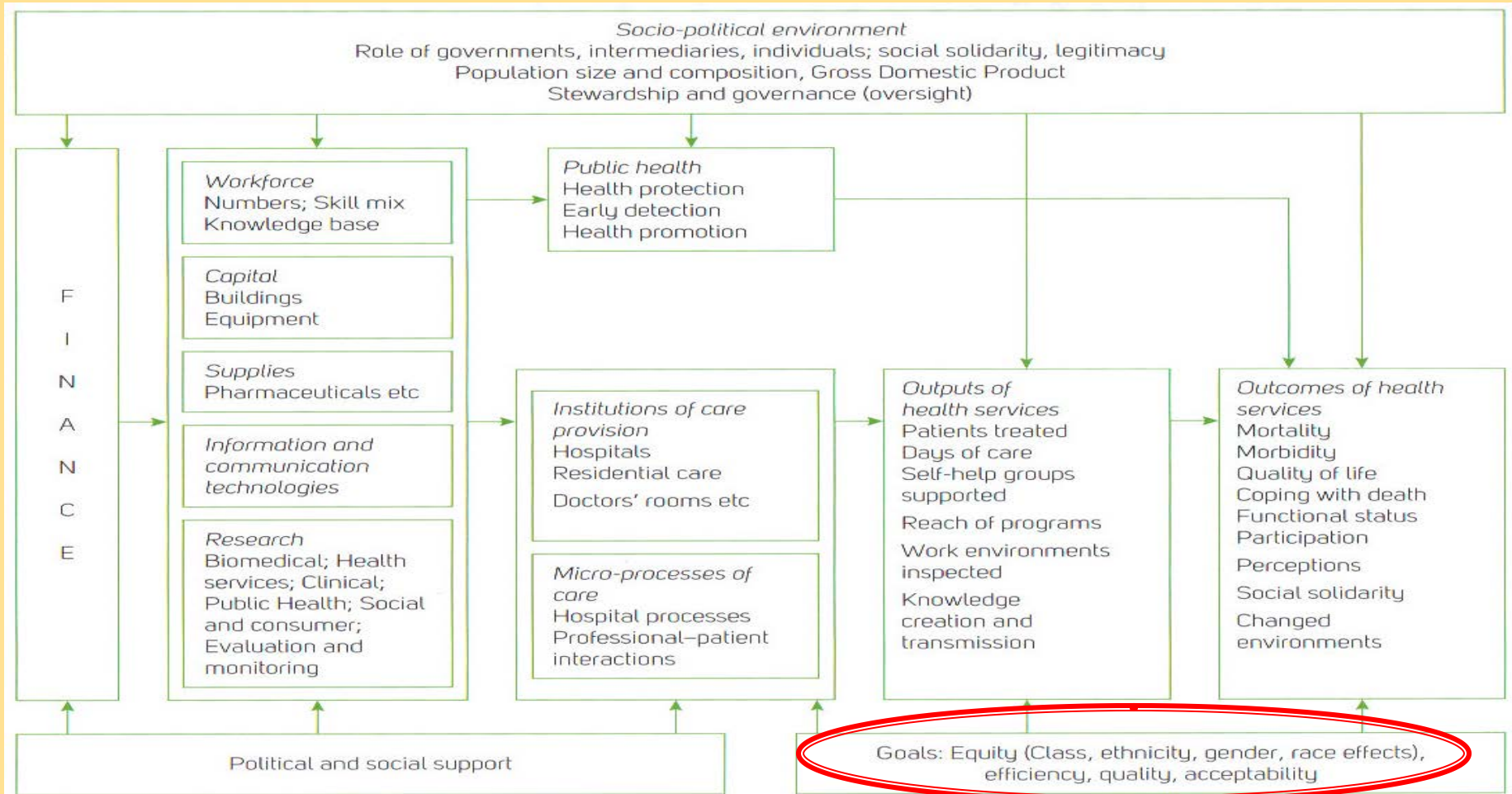


From time to time there is wasteful competition, but more often plain indifference;



We forego opportunities to learn from each other and utilise the best elements of each sector.

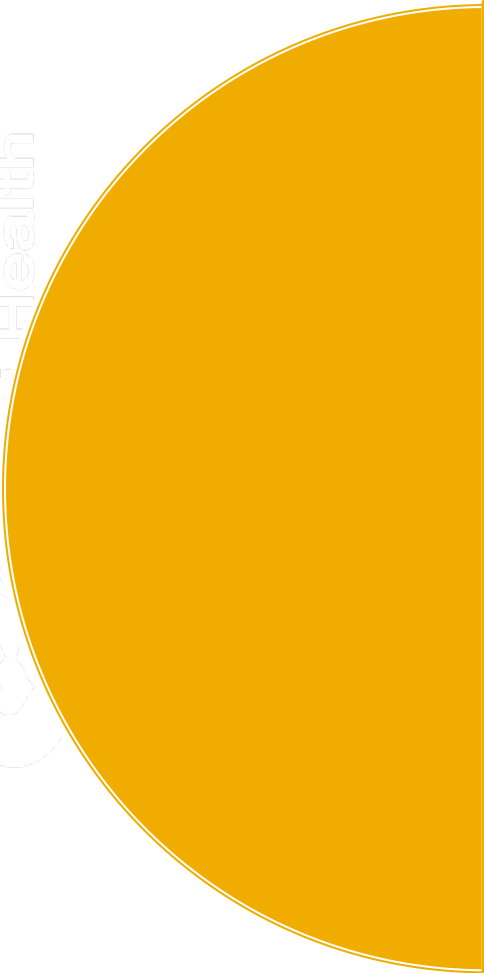
The illusion of One System



One biological system, two animals



A System? - Deming's view



"What is a system? A system is a network of interdependent components that work together to try to accomplish the aim of the system. A system must have an aim. Without an aim, there is no system. The aim of the system must be clear to everyone in the system. The aim must include plans for the future. The aim is a value judgment."

One system or many?

| | Public | Private(s) |
|-------------------------|--|---|
| <i>Aim/Purpose</i> | Commonwealth State Health Service Agreements Cost containment, rationing. | Disparate, commercial and mission; Revenue critical, Fee for service |
| <i>Customers</i> | Universal entitlement | Competition model; choice and private health insurance cover |
| <i>Suppliers</i> | Competition, some collective purchasing, government procurement rules. | Competition, Trade Practices Act |
| <i>Inputs</i> | Government employment arrangements, training | Workforce key, compete for doctors |
| <i>Processes</i> | Driven by funding rules, high public scrutiny | Variable, loose regulation, multiple contracts, low scrutiny |
| <i>Outputs</i> | Driven by funding rules, access a key priority, political | Defined by Health Insurance Act |
| <i>Quality Measures</i> | Variation across states | Variable, some regulation. Variable purchaser monitoring |

System Management a challenge

"A system must be managed. It will not manage itself. Left to themselves in the Western world, components become selfish, competitive. We can not afford the destructive effect of competition."

Health Services Research

"Knowledge is theory. We should be thankful if action of management is based on theory. Knowledge has temporal spread. Information is not knowledge. The world is drowning in information but is slow in acquisition of knowledge. There is no substitute for knowledge."

Why not more collaboration?

- We are not one system, but several
 - Public, not for profit, for profit
 - No unifying aim or purpose
- We are not managed as a system
 - Public = State, Private = Federal
- Health Services Research
 - Information of what private does, but little knowledge of why, or interface with public



Bold Solutions: - a shared purpose

"We believe that there is a real need to further improve the responsiveness and efficiency of the health system and capacity for innovation. We agree that greater consumer choice and provider competition and better use of public and private health resources could offer potential to achieve this, through the development of a uniquely Australian governance model for health care that builds on and expands Medicare. This new model is based on the establishment of health and hospital plans, and draws upon features of social health insurance as well as encompassing ideas of consumer choice, provider competition and strategic purchasing..."

Playing to Strengths

- What private sector does well
 - Manage capital expenditure
 - Responds rapidly and flexibly to market opportunity
 - Clinical and non-clinical support services
- What public sector does well
 - Clinical governance
 - Service integration, multidisciplinary care and continuity of care
 - Undergraduate and post-graduate clinical education
- Developing a common purpose
 - ?population, ?community, ?patient, ?workforce

More of the same

- Elective surgery contracting
 - Undermines private insurance
 - Unreliable for privates
- Outsourcing
 - Eg pathology, imaging, non-clinical services
- Capital projects
 - Public private partnerships expensive, complex
 - Private sector management of capital, assets
- Opportunistic projects



Conclusion – what can be done?

- System Leadership - Health Minister;
- System Management - Health Department;
- Pull together the information;
- Gain some knowledge
 - Health services research, pilot initiatives
- Build a “coalition of the willing”



Seven Deadly Diseases of Systems

1. Lack of constancy of purpose
2. Emphasis on short-term profits
3. Evaluation by performance, merit rating, or annual review of performance
4. Mobility of management
5. Running a company on visible figures alone
6. Excessive medical costs
7. Excessive costs of warranty, fuelled by lawyers who work for contingency fees



Deming System of Profound Knowledge

- ***Appreciation of a system***: understanding the overall processes involving suppliers, producers, and customers (or recipients) of goods and services;
- ***Knowledge of variation***: the range and causes of variation in quality, and use of statistical sampling in measurements;
- ***Theory of knowledge***: the concepts explaining knowledge and the limits of what can be known
- ***Knowledge of psychology***: concepts of human nature.

Deming 14 Key Principles

1. **Create constancy of purpose** toward improvement of product and service, with the aim to become competitive and stay in business, and to provide jobs.
2. Adopt the **new philosophy**. We are in a new economic age. Western management must awaken to the challenge, must learn their responsibilities, and take on leadership for change.
3. **Cease dependence on inspection to achieve quality**. Eliminate the need for massive inspection by building quality into the product in the first place.
4. End the practice of awarding business on the basis of price tag. Instead, minimize total cost. Move towards a single supplier for any one item, on a long-term relationship of loyalty and trust.
5. **Improve constantly and forever the system of production and service**, to improve quality and productivity, and thus constantly decrease costs.
6. Institute **training** on the job.
7. **Institute leadership** (see Point 12 and Ch. 8 of "Out of the Crisis"). The aim of supervision should be to help people and machines and gadgets to do a better job. Supervision of management is in need of overhaul, as well as supervision of production workers.
8. **Drive out fear**, so that everyone may work effectively for the company. (See Ch. 3 of "Out of the Crisis")
9. **Break down barriers** between departments. People in research, design, sales, and production must work as a team, to foresee problems of production and in use that may be encountered with the product or service.
10. Eliminate slogans, exhortations, and targets for the work force asking for zero defects and new levels of productivity. Such exhortations only create adversarial relationships, as **the bulk of the causes of low quality and low productivity belong to the system** and thus lie beyond the power of the work force.
11. a. Eliminate work standards (quotas) on the factory floor. Substitute leadership.
b. Eliminate management by objective. **Eliminate management by numbers**, numerical goals. Substitute leadership.
12. a. Remove barriers that rob the hourly worker of his right to pride of workmanship. The responsibility of supervisors must be changed from sheer numbers to quality.
b. Remove barriers that rob people in management and in engineering of **their right to pride of workmanship**. This means, *inter alia*, "abolishment of the annual or merit rating and of management by objective (See Ch. 3 of "Out of the Crisis").
13. Institute a **vigorous program of education and self-improvement**.
14. Put everybody in the company to work to accomplish the transformation. The **transformation is everybody's job**.