

***Terms of Reference and Principles Submission***

The Victorian Healthcare Association welcomes the opportunity to submit against the Terms of Reference and Principles of the National Health and Hospitals Reform Commission.

**The Victorian Healthcare Association**

The Victorian Healthcare Association (VHA), established in 1938 is the major peak body representing the interests of the public healthcare sector in Victoria. Our members are public hospitals, rural and regional health services, community health services and aged care facilities.

In preparing this submission, the VHA has consulted with its members and distilled a shared position aimed at improving the health of Victorians. This submission remains the position of VHA and does not supersede any submission or position stated by any member agency.

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## Terms of Reference

The VHA is in broad agreement with the NHHRC Terms of Reference and supports the National Health and Hospitals Reform Commission (and the National Preventative Taskforce) as important contributions to developing a healthier Australia.

However, VHA suggests some further improvements:

- An increased focus on mental health, identifying the links of mental health to Australia's health system and population
- Point C discusses the need to bring a greater focus on prevention to the health system which VHA endorse. However, the NHHRC must also consider whether the existing system is one that can meet this goal and the initiatives needed to enable cross-sectoral collaboration
- The role of private health insurance leads to a 2 tiered system that separates the rich and the poor – how does universality align with this conflicting ideology of user pays
- Framing a modern health system requires widespread consultation. Any consultation should engage with all stakeholders in the process, consumers, non-consumers and carers. This requires enabling the community to be armed with knowledge to make decisions about health expectations and priorities

In Appendix 1 the VHA has provided a number of case studies that showcase innovation. These case studies are given as examples of how the principles of the Reform Commission are already being implemented in practice across Victoria.

The barriers faced by many of the health services that have implemented these programs are funding systems that do not support innovation.

Key examples of barriers faced by health services are funding systems that are focused on specific practitioner groups, for example GPs, focus on throughput (output) rather than on health outcomes and provide perverse incentives for the types of services provided.

In an environment where workforce shortages are having negative impacts on health outcomes, funding mechanisms across all health services and levels of government must support the use of new models of care.

It is more often than not the dedication of local Boards of Governance, CEOs, senior managers, practitioners and local communities that are the enablers for change within the health system. The barriers are the health system itself. It should not be the strength of local relationships that enable change but a combination of local innovation and of the health system itself.

## Principles to shape Australia's health system

Principle	Comment
<b>1) People and family centred</b>	<p>The VHA <b>agrees</b> that the right care should be provided at the <b>right time in the right setting</b>, with a particular focus on community care.</p> <p>The VHA <b>thinks</b> care should be 'People, family and <b>community</b> centred'.</p> <p>The VHA <b>questions</b> how choice through healthcare will be achieved when income, <b>socio-economic status and socio-economic position</b> is inextricably a determinant of choice – thus, one size fits all does not suffice.</p>
<b>2) Equity</b>	<p>The VHA <b>agrees</b> that healthcare should be based on need and there is a need to deliver greater equity of access.</p> <p>The VHA <b>thinks</b> the inability to pay, compounded by high costs are barriers to access as <b>universality is not embedded in Medicare</b>.</p> <p>The VHA <b>questions</b> the limitations of equity in healthcare without changes to the current funding systems. Current funding mechanisms, in particular the MBS, funds follow the practitioner and promote the delivery of services to less complex clients.</p> <p>Access to services is not equitable, particularly in an environment of workforce shortages. Incentives that currently exist within the primary health care system impact significantly on the ability of Australians in <b>rural and lower socio-economic areas</b> to gain access to services.</p> <p>The VHA <b>believes</b> the organisation of primary health care services in Australia must change to address equity and access issues.</p>
<b>3) Shared responsibility</b>	<p>The VHA <b>agrees</b> health professionals play a vital role in educating, role modelling, referring and supporting the community. To achieve the best outcomes, it is necessary to remove perverse funding incentives – based on throughput - which no longer deliver the best outcomes for the community. These should be replaced with <b>positive incentives for wellness and enablement</b> approaches.</p> <p>The VHA <b>thinks</b> the role of the <b>social context</b> cannot be ignored and people within certain socioeconomic situations do not have the necessary control over their circumstances to change factors influencing their health or their <b>capacity</b> to make healthy choices. Thus, health must be considered not only a <b>responsibility</b> of the individual and health professionals, but <b>of society as a whole</b>.</p> <p>The VHA <b>questions</b> the ability of current policy to remove the barriers to <b>capacity building</b>, remaining well and ensuring institutions encourage <b>responsibility</b>.</p>

<p><b>4) Strengthening prevention and wellness</b></p>	<p>The VHA <b>agrees</b> that the Australian health system needs to be reoriented through investment in <b>wellness, prevention and early intervention</b>.</p> <p>The VHA <b>questions</b> prolonged rhetoric on this issue and recommends further investment in population health through the current reform. Australia's health system should be the <b>fence at the top of the cliff</b>, rather than the ambulance in the valley. We believe Australia has the expertise, skills and resources to deliver this shift.</p> <p>The VHA <b>thinks</b> significant investment is vital. This may not achieve explicit immediate outcomes which grab headlines, however <b>long term benefits</b> will be achieved to the population.</p> <p>The VHA <b>believes</b> public health funding must be <b>significantly</b> increased to enable its role to be fully realised within the health system.</p> <p>The VHA is <b>concerned</b> that the relationship between public health and primary health care is <b>not fully understood at a policy level</b> in Australia. This leads to ineffective system structures and service delivery outcomes. Public health has an important primary prevention role, while primary health care services are integral in the provision of both primary and secondary prevention. As these sectors of the health system are inextricably linked, the overarching responsibility for their delivery needs to be situated within the same level of government.</p> <p>The VHA <b>thinks</b> hospitalisation rates and the current climate of waiting list interest demonstrates why prevention needs investment. Current funding approaches do not promote <b>prevention</b> or effective management of <b>chronic illness</b>. The VHA <b>believes</b> effective management of chronic illness does reduce hospitalisations as demonstrated by the Hospital Admission Risk Program (HARP). The VHA <b>thinks</b> funding the population rather than the provider will contribute further to this.</p> <p>In the context of preventable illness, the VHA is concerned that there is no funding mechanism for non pharmaceutical based treatment. Mechanisms that fund <b>non pharmaceutical approaches to health</b> must be implemented.</p>
<p><b>5) Comprehensive</b></p>	<p>The VHA <b>questions</b> why Australia is the only country in the world in which ambulance services are not free. It is <b>indefensible</b> that those unable to pay during periods of the acutest or urgent need for health care, face a system that is not entirely comprehensive. Critical access to care <b>across all levels of acuity</b> is an important component of comprehensive healthcare. This situation undermines the principles of universal healthcare.</p> <p>The VHA <b>agrees</b> a strong primary healthcare system is necessary. The system must enable and fund packages of care which <b>allow holistic client management</b>. It is ultimately within the system's interest to keep people well, which requires key performance indicators (KPI) indicators of success.</p> <p>The VHA <b>thinks</b> the <b>continuum of care</b> must be realised, in which services are linked across funding programmes. This requires a unique patient identifier and a data management system that is capable of meeting the <b>needs of the population</b> and a contemporary health system.</p> <p>The VHA <b>thinks</b> service providers must be funded to think about their population before they present with acute needs. The VHA believes the Victorian community health sector is a model which demonstrates a <b>responsible, reactive and proactive health continuum</b> of primary and secondary prevention.</p>

<p><b>6) Value for money</b></p>	<p>The VHA <b>questions</b> how the public/private mix interface will feed into value for money and also how health inflation is impacting on groups of providers.</p> <p>The VHA <b>agrees</b> the health system should deliver appropriate timely and effective care. This requires the reduction of duplication in service delivery, bureaucracy and reporting.</p> <p>The VHA <b>thinks</b> value for money is achieved through <b>prevention and an integrated, seamless health system</b>. This requires a rebalanced system of acute, sub-acute, prevention, aged care, health promotion and community development.</p> <p>The VHA <b>questions</b> the current system and has identified a number of inefficiencies in service delivery. We believe the <b>lack of cohesive and consistent policy direction</b> across all levels of government has lead to an inefficient use of resources. The reality of care is that money follows the providers, determining how and where services are delivered; rather than the patient and his/her needs.</p> <p>The VHA is <b>concerned</b> that the tertiary health system is currently focused on meeting KPI's rather than <b>outputs driven</b>. This provides a range of <b>perverse incentives</b> that reward outputs rather than outcomes. This does not ensure the most effective use of resources or service delivery for patients. As an example, the requirement to admit patients from Emergency Departments to wards within eight hours can drive unnecessary hospital admissions.</p> <p>The VHA <b>questions</b> the cost effectiveness of the current structure of the MBS particularly service delivery models that are not longer the <b>most cost effective</b> way in which to provide patient care. For instance providing funding to <b>Nurse Practitioners, Physician Assistants</b> and a range of other professionals would provide <b>more effective use of health resources</b>.</p>
<p><b>7) Providing for future generations</b></p>	<p>The VHA <b>questions</b> the disproportionate influence of processes blocking systemic change to workforce structures. Health worker roles must be redefined to be multi skilled to ensure <b>better skills for best care</b>. We believe investment now in alternative models of service delivery will provide a better system for future generations – this depends on the capacity and flexibility of the workforce. The skill-sets required for holistic care can and should be shared across professions.</p> <p>The VHA <b>thinks</b> there are many programmes within Victoria which demonstrate these innovative models for the future. These include HARP, the Rural Maternity Initiative and WorkHealth. We support ongoing investment in these programmes.</p> <p>The VHA <b>will continue</b> to campaign for planning to meet both current needs and plan for the challenges of an ageing population, the demands of obesity and the growing prevalence of chronic disease. We will press for continuing increases in spending on prevention.</p>

<p><b>8) Recognised broader environmental influences which shape our health</b></p>	<p>The VHA <b>thinks</b> that rather than seeking to make 'sensible decisions' the health system should be making 'health promoting' or 'health beneficial' decisions. There needs to be adequate infrastructure and support in place to facilitate these decisions.</p> <p>The VHA <b>agrees</b> the socio-environmental influences on health are significant. A whole-of-government approach will be needed to holistically address poor health. We support the <b>assessment of public policies</b> for their impact on health and health inequalities.</p> <p>The VHA <b>questions</b> approaches of 'servicing' a problem rather than 'solving' a problem. We believe solving the underlying issues currently affecting the population will assist in reducing inefficiencies to the system.</p>
<p><b>9) Taking the long term view</b></p>	<p>The VHA <b>thinks</b> governance KPI's must increasingly focus on long term population health accountabilities and an outcome focus. We believe this focus adds long term cost-effectiveness to the system.</p> <p>The VHA <b>questions</b> the way services are being integrated on the ground. There are a range of positive primary healthcare strategies being implemented across Australia. However, these are <b>not optimally connected</b> through governance structures, funding and peer learning.</p> <p>The VHA <b>agrees</b> no health policy can overtly overcome the causes of disadvantage in isolation. Sector frustration exists that policy, reality and resources often do not coincide or complement each other.</p>
<p><b>10) Safety and quality</b></p>	<p>The VHA <b>agrees</b> that the <b>quality and safety</b> in any health service must be paramount.</p> <p>The VHA <b>thinks</b> the reform process must identify what it wants to achieve, then build infrastructure and policy which supports this aim. Clinical governance should be a component of corporate governance.</p> <p>The VHA <b>questions</b> the level of quality and safety in the non-acute sector, as this sector has not received the same level of attention as the acute sector. The VHA is currently developing resources and tools for clinical governance in primary health care settings.</p>
<p><b>11) Transparency and accountability</b></p>	<p>The VHA <b>thinks</b> there are three primary stakeholders in health system accountability.</p> <ol style="list-style-type: none"> <li>1. Funders – government</li> <li>2. Providers – looking for benchmarks</li> <li>3. Community – expectations</li> </ol> <p>The VHA <b>thinks</b> the reporting process must be simplified in order to demonstrate efficiency and effectiveness.</p> <p>The VHA <b>agrees</b> that significant investment is required to measure the success and outcomes of initiatives to support systemic change to primary health care. These <b>clear and measurable delivery outcomes</b> are required to ensure PHC services are addressing population health needs. This stems from increasing pressure to demonstrate efficiency and effectiveness as components of reporting.</p> <p>The VHA <b>questions</b> current disparate approaches in Australian health monitoring. The Victorian <i>Your Hospitals</i> document has demonstrated some proven success in terms of elective surgery, emergency departments and patients treated. VHA believe this model could be expanded to include <b>population health data</b>.</p>

<p><b>12) Public voice</b></p>	<p>The VHA <b>questions</b> the current healthcare system's ability to involve the community in the system. It is important to bring communities and the media on a journey through the reform process, <b>demonstrating required policy shifts</b> in policy and resulting developments in investment and expenditure.</p> <p>The VHA <b>thinks</b> the Victorian model with boards of <b>governance at its centre</b> provides opportunities for planning systematically and debating issues at a representative level for the community.</p> <p>The VHA <b>agrees</b> a public voice is necessary. The NHHRC should set a framework for long term strategic leadership, enabling community understanding and involvement. Services provided to the community (voters) will ultimately influence political cycles. In order to <b>reduce 'short-termism'</b> as stated in Point 9, the needs of the community must be met by the health system, both logistically and conceptually. Primary Health Care must be conceptualised to the community as a beneficial strategy for society.</p>
<p><b>13) A respectful and ethical system</b></p>	<p>The VHA <b>thinks</b> the Victorian Charter of Human Rights is a promising starting point for establishing a respectful and ethical system. Australia has an international responsibility to ensure that developing nations have access to health services. Some VHA members have voiced concerns that Australia is continuing to draw on the workforce of developing nations.</p> <p>The VHA <b>agrees</b> the health system should be more respectful of peoples needs and desires regarding <b>end-of-life</b>. This includes a balance of decisions from the health practitioner, individual and family. The VHA believes that the legislative framework surrounding end-of-life care must be strengthened to ensure practitioners provide care in line with the wishes of their patients.</p> <p>The VHA <b>think</b> the decision making process as a health professional is often part of a complex and dynamic social environment resulting in moral deliberation. There are <b>rarely absolute answers in ethical decision-making</b>; however the VHA believes an ethical system is one that respects the needs of the individual and takes a holistic approach that encompasses quality and evidence.</p>
<p><b>14) Responsible spending on health</b></p>	<p>The VHA <b>agrees</b> funding for the health system is finite. However, there are currently no incentives for health services to lead with population health approaches with current acute funding models discouraging non-bed based solutions.</p> <p>The VHA <b>questions</b> the disjointed and complex funding arrangements that focus on throughput rather than outcomes of individuals. The current uncapped MBS system does not promote responsible spending of health dollars or <b>direct spending equitably across the whole Australian community</b>. The MBS must be reviewed, with mechanisms such as <b>funds pooling and population based funding</b> investigated to determine how this can be addressed.</p> <p>The VHA <b>calls for</b> a better delineation of responsibility across the health system. Services to communities should be provided by the agency most appropriately placed. This must be supported by community wide structures that ensure inter service communication across all levels of the health system.</p> <p>A <b>national audit</b> to identify best practice in service integration and delivery within the all sectors of the Australian health system is required. This should be based on cost effectiveness and cost benefit.</p>

<b>15) A culture of reflective improvement and innovation</b>	<p>The VHA <b>questions</b> the links between the community sector and universities. Currently, the acute sector has many links with universities, enabling much literature to be published. This sharing of information has not been reflected in the community sector – as an example, HARP evaluations have not yet been put through academic journals.</p> <p>The VHA <b>calls for more innovative funding models</b> in the primary health sector based on the monitoring of overall outcomes for communities.</p> <p>The VHA <b>agrees</b> in the need for information driving policy. More research will inadvertently lead to more program funding, outcome funding and innovation to the health system. We acknowledge government is more likely to fund innovation if there is a <b>strong evidence base</b>, and thus support ongoing research in public health.</p>
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