



CATHOLIC HEALTH

Australia

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Senate Standing Committee on Community Affairs
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Canberra ACT 2600
Australia

Mr Hansford

RE: National Health and Hospitals Network Bill 2010

Catholic Health Australia welcomes the opportunity to comment on the National Health and Hospitals Network Bill 2010 – reintroduced into the House of Representatives on 29 September 2010.

Catholic Health Australia (CHA) strongly supports the establishment of the Australian Commission for Safety and Quality in Health Care (ACSQHC). CHA's hospital CEOs report that the work of the Commission to date has been useful, particularly in the areas of clinical handover and communication, infection prevention in healthcare and medication safety. The CHA membership support the expanded role for the Commission in setting national clinical standards.

In responding to this Bill, CHA ask the Senate Committee to make note of the following:

- CHA members operate 21 public hospitals, and this Act needs to allow for that to continue, with no impingement on Catholic philosophy.
- CHA agrees there needs to be greater transparency and accountability in the operation of health services including hospitals. We also support greater national consistency in reporting on performance- providing the process adopted actually leads to an improvement of system performance, provided there is no duplication of already existing reporting processes.
- CHA notes that the Act will be amended to include provisions for establishing the National Performance Authority, the Independent Hospital Pricing Authority and amending the Federal Financial relations Act 2009. CHA recommend that the establishment of these authorities are also part of this proposed Bill.

- CHA also notes that the proposed National Performance Authority will provide confidential advice to the Commonwealth and State governments in relation to poorly performing LHNs (National Health and Hospitals Network Agreement A14(c)). CHA is concerned that patients and consumers will potentially not be informed about poor performance; we consider that transparency and appropriate risk-adjusted benchmarking is the best way to mitigate against the likelihood of underperformance as well as the relevance of performance indicators, i.e. a level playing field applies when assessing performance.
- There are a number of restrictions in place across jurisdictions that mean IT systems; industrial instruments and existing state services, such as pathology must be used by Local Hospital networks (LHNs). Some of these extrinsic factors may contribute to poor performance and should be considered when developing the measures of performance by the National Performance Authority.

There are components contained within the Bill that CHA would seek clarification on, and most pertain to the relationship of the Commission to the not for profit private sector.

- Firstly whilst the Bill provides a framework for the establishment of the Commission, including the expanded role for the Commission of setting national clinical standards and strengthened clinical governance, the arrangements under this expanded role are not clear and are not articulated in the Bill -although CHA note that compliance with any standards and guidelines developed by the Commission is voluntary. CHA understand that the arrangements will be further developed in consultation with the states and territories, subject to finalising financial commitments. Catholic hospitals will clearly be directly affected by this, and therefore seek assurances from government that their views are sought in development of these arrangements. CHA members seek to be involved and to have a material influence on the structure and application of the standards and clinical governance arrangements.
- The relationship of Local Hospital Networks (LHNs) with regard to the ACSQHC and National Performance Authority also raises questions for CHA members. Local Hospital Networks will be responsible for implementing relevant national clinical standards once the relevant standards are agreed between the Commonwealth and States and Territories. CHA is interested in fully understanding what policy framework and obligations will be in place to engage the private not for profit sector. A number of CHA members are seeking to be LHN's in their own right and have been in negotiations with some success in Victoria and New South Wales. Other CHA member will aim to be 'public service' contractors to LHN's, where the autonomy of Catholic public contract hospitals within Local Hospital Networks (LHNs) will need to be ensured. CHA asks that the legislation will allow for both options.
- In addition CHA ask that LHNs be provided with the statutory power to outsource services to private hospitals. For example in the ACT approximately 200 public patients are expected to

undergo elective surgery in private facilities at the ACT Government's expense this financial year to help reduce surgical backlogs. Another example is the successful Surgery Connect program based in Brisbane. This program represents an innovative approach by the government to reduce the backlog of 'long wait' patients on elective surgery waiting lists through the appointment of an external broker to assist Queensland Health manage the referral and treatment of patients by private health care providers.

- Announcements made so far in relation to National Health and Hospital reform do not make clear the future role for private hospitals. The CHA network of private hospitals operates one in four of all private hospital beds in Australia, and so take an interest in their future. Ideally, the Commonwealth will move to announce a clear role for private hospitals in Local Hospital Networks, whereby their ability to deliver hospital services to private patients at no direct cost to government is better recognised. Their ability to deliver public services at less than the cost of government owned public hospitals should also be recognised.
- In addition it is noted that more detailed administrative arrangements for the ACQSHC will be underpinned through an agreement with the states and territories, and all governments will agree to the funding and work plan for the Commission. Catholic hospitals will be directly affected by this and seek input into the development of these arrangements.
- Finally CHA notes the recognition given to “the vital role played by non-government providers in providing health and public hospital services, including Catholic hospitals” at A17 in the National Health and Hospitals to Network Agreement. Accordingly, it is important that Catholic hospitals and other non-government providers with expertise in providing services across both public and private sectors are given the opportunity to contribute to the governance of the ACSQHC, and in the establishment of any other subsequent authorities, such as the National Performance Authority.
- In relation to the design and establishment of the ACSQHC and the National Performance Authority CHA has described in previous submissions to government that we would like to ensure that the development of performance standards and monitoring frameworks have:
 - Clearly articulated goals and objectives;
 - Strong clinician and expert input into design, implementation and ongoing evaluation based on Australian and overseas evidence – with pilot testing before rollout to minimise unintended consequences;
 - A mix of process and outcome measures (which have been appropriately risk adjusted);
 - Incentives to improve performance that will motivate existing best and poorest performers (as well as those in the middle);
 - To be designed in a way that avoids unintended consequences ;
 - Strategies to minimise the incentives for inappropriate competition, cherry picking and gaming between LHNs from the introduction of an ABF funding model.

Performance is heavily influenced by resource allocation and CHA would not like to see health services that are chronically underfunded being simply seen as poor performers. This relationship between funding and performance needs to be taken into account when the metrics for performance are designed.

- CHA note, as stated above, that compliance with any standards and guidelines developed by the Commission is voluntary. Compliance with indicators created for the National Performance Authority presumably will be mandatory. CHA are interested in what policy mechanisms will be put in place to compel the not for profit private sector to comply with these indicators. CHA call for transparent collaboration between government and the not for profit private sectors in the development of any compliance policy.

In conclusion CHA believe the Bill provides the opportunity to streamline quality and safety functions and believe service providers and consumers would want to be assured that the role of the National Performance Authority does not duplicate the role of ACSQHC and vice versa. CHAs view, therefore is that all relevant pieces of legislation should be considered at the same time, and call for the Senate Committee to make this recommendation.

Thank you for the opportunity to provide comment on this Bill and I would be happy to support this submission at a public hearing should that be required.

Yours sincerely

Martin Laverty LLM

Chief Executive Officer