The Australian Health Care Agreements – a teaching hospital perspective

JULIA DAVISON

Julia Davison is CEO of Flinders Medical Centre, South Australia. She is also a Professorial Fellow at Flinders University.

Abstract

The Australian Health Care Agreements (AHCAs) are important for patients, health care professionals and hospital CEOs alike. The current agreements have not been fully effective in promoting necessary reforms, and this paper suggests priority areas for attention in the next round. Five areas for targeted reform are suggested. These are pharmaceuticals, workforce planning, continuum of care across settings, education and research, and safety and quality. It is time to give some radical thought to the role and scope of the AHCAs. Healthcare policy reform needs to be across the continuum of care.

Do the AHCAs really matter to those of us at the front line?

When invited to write this article I realized how little, as a hospital CEO, I thought about the Australian Health Care Agreements (AHCAs) on a day to day or even an annual basis. This caused me to ask myself the obvious question; "Do the ACHAs really matter to those of us at the frontline delivering hospital services on the ground?". After some brief reflection I am clear that the answer is yes.

In this article I explain "Why the AHCAs are important to patients, healthcare professionals and hospital CEO's", give my opinion on "How effective the current AHCAs have been" and consider "How the new AHCAs might be more effective?"

Why are the AHCAs important to patients, health care professionals and hospital CEO's?

The most important role of the AHCAs is setting out the guiding principles under which our public hospital system operates. In the current agreement the Commonwealth and States jointly commit to improving the health of the Australian population. The clear statement that eligible persons must be given the right to receive public hospital services free as charge, on the basis of clinical need and within a clinically appropriate period, reinforces the core values relating to universal access which were laid down in the first Medicare agreement in 1984.

A secondary, but equally important, function of the AHCAs is their role in determining the level of hospital funding. Previous commentators (Baume 1998) have suggested that the level of interest of State and Commonwealth politicians in the AHCAs is driven by the magnitude of the dollars at stake. As a teaching hospital CEO, I must also declare an interest in anything that might significantly affect the hospital's level of funding. Funding levels have a major impact on our hospitals' ability to deliver quality care in a timely manner.

More recently, however, the AHCAs have been seen as more than just funding agreements. There is an increasingly held view that it is also an important vehicle for major policy reform. Where such reform requires both Commonwealth and State commitment the AHCAs provide a formal mechanism for establishing joint commitment to change.

How effective have the current AHCAs been?

The current agreements have been effective in setting out the guiding principles that underpin the operation of the Australian public hospital system. The most significant of these being ongoing commitment to free point of access hospital care. There is however, increasing concern in some quarters about our hospitals ability to provide this access in a timely manner. This is highlighted by examples of increasing waits for both emergency and elective care.

Despite the important role of the AHCAs in determining the level of hospital funding, the relative contribution from the States and Commonwealth is still unclear and continues to be fiercely debated. At the hospital level it is not clear how much of the Commonwealth money has filtered down and how much the State has contributed. Such debates are unhelpful and detract from the real debate that needs to take place around what the appropriate overall level of funding should be.

The current agreements have attempted to drive policy reform in relation to Mental Health and Palliative Care services, Measure & Share reform, Quality Improvement & Enhancement, National Health Development fund, Information Technology and Pharmaceutical Policy. These initiatives have had varying degrees of success. Of particular concern at the hospital level is the lack of progress with Pharmaceutical Policy reform.

How might the new AHCAs be more effective?

The new AHCAs provide an opportunity the restate the guiding principles underpinning the Australian health care system, to review the level and source of funding and drive forward a number of key policy initiatives that require both State and Commonwealth support.

It is important that the new AHCAs restate the guiding principles set out in previous agreements and do not dilute the commitment to ensure that eligible persons are given the right to receive public hospital services free of charge, on the basis of clinical need and within a clinically appropriate period.

It is crucial that funding becomes more transparent and that the new AHCAs recognize the need to understand what is happening to hospital costs. Arguments about relative contributions have detracted from the real debate that needs to take place about the adequacy of the combined level of funding. Changing demographics, increasing numbers of emergency and ICU patients, longer hospital stays and new technologies are all having a significant impact on hospital costs. Contrary to early expectations, the increasing number of people with private health insurance does not seem to have significantly relieved the burden on our public hospitals. These matters all need careful consideration and must inform the agreement on financial assistance, which is a core element of the AHCAs.

There is a range of important policy initiatives that could be incorporated within the new agreement. The Australian Health Ministers Conference has recently set up a number of advisory groups to advise Commonwealth, state and territory health ministers on matters for consideration in the context of the next AHCAs. The recommendations of the groups are extensive and worthy of serious consideration. However, for the purpose of this paper, I have focused on just 5 critical areas of important policy reform that I believe require joint Commonwealth and state commitment and from my perspective are critical if we are to ensure the effective provision of patient care.

1. **Pharmaceutical Policy reform** – despite its inclusion in the current AHCAs, only one state, Victoria, has actively embraced the extension of the Pharmaceutical Benefits Scheme to admitted public and private patients on discharge and non-admitted patients. From the consumer perspective, the proposed reforms makes a lot of sense; a patient would be discharged with an appropriate course of drug treatment, have less inconvenient visits to the GP, and be less likely to inadvertently discontinue drug therapy which in some cases currently results in unnecessary relapse and readmissions to hospital. Pharmaceutical policy reform has significant potential to improve patient outcomes and reduce unnecessary visits to the GP. It is extremely important therefore that this reform continues to be driven forward through the next AHCAs.

2. **Workforce planning and reform** – One of, if not the most, mission critical issues effecting healthcare provision is the need to recruit and retain a capable workforce. Without a sustainable workforce healthcare providers will not be able to deliver safe accessible healthcare within a clinically appropriate period.

   The combination of changing demographics, a declining workforce, alternative career opportunities and increasing employee dissatisfaction, make this an increasingly challenging task. We are already seeing the effects of shortfalls in the nursing workforce on the number of available inpatient beds and experiencing the knock on effects on patient access.

   A new paradigm is required and urgent collaboration is required between Commonwealth & state bodies and the providers of healthcare to ensure that strategies are developed which will deliver a sustainable workforce. Urgent priority must be given to this work. The ACHAs should be the vehicle for ensuring both state and Commonwealth commitment to this pressing reform agenda.

3. **Continuum of care and interface between acute & aged care** – Health care is increasingly provided in more than just the hospital setting. There is a need for an increased focus on prevention, early intervention, admissions avoidance and community based sub acute and post acute care. Without this our acute hospitals will continue to struggle to cope with demand.

   The issues to do with shortfalls along the continuum of care are most marked in relation to service provision for older Australians at the interface between health and aged care. Collectively the states and Commonwealth need to increase the level and mix of rehabilitation, step down, sub-acute, post-acute and transition care services in line with a growth in the number of older Australians.

   Whist the AHCAs have historically focused on acute hospital funding, this will no longer suffice. The scope of the agreement should be extended to incorporate these services.

4. **Safety & Quality** – Improving the safety and quality of healthcare is urgent – but it also requires long term effort and constant vigilance given the complex and dynamic nature of healthcare. A multi-faceted approach is needed at the level of patient experience, workforce, healthcare organization and healthcare environment (Berwick 2002).

   The current approach with designated funding, within the AHCAs, for safety and quality improvement in public hospitals has been successful. This, combined with the leadership of the Australian Council for Safety and Quality in Health Care, has delivered a new focus on the improvement of safety and quality at the frontline. There is however still a lot of work to do in this area and a need for continuing focus.

   Safety and quality therefore needs to continue to be a core element of the new AHCAs with a commitment to ongoing designated funding.

5. **Education and Research** – Education and research are important pillars of our healthcare system and are essential if we are to deliver high quality, evidence based care.

   To date the AHCAs have not been explicit about either the funding of, or the policy framework for the delivery of education or research. It is vital that we invest in the future of our healthcare system through a commitment to ongoing education and research. At the frontline, with growing service demands it is becoming increasingly difficult to ensure that this happens. Targeted funding is needed in the ACHAs for both infrastructure and direct support if we are to secure these activities.

Need for some radical rethinking

It seems that we have reached a point at which there needs to be a decision made as to whether the ACHAs are still basically hospital funding agreements or whether they are a framework for driving health policy reform. If it is to become the latter, then it does not make sense to restrict the scope of the AHCAs and associated funding agreements to the hospital sector. Healthcare policy reform needs to be across the continuum of care and funding needs to be linked to this continuum if we are going to drive forward and deliver effective change. Some radical rethinking about the role and scope of the ACHAs is urgently required.

References

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