

**Putting Patients First:
Working in partnership to deliver a
better Australian health system**

This paper provides a summary of the Victorian Government's response to the first wave of proposals brought forward by the Commonwealth government in its 3 March 2010 paper, *A National Health and Hospitals Network for Australia's Future*.

The Victorian response, *Putting Patients First: Working in partnership to deliver a better Australian health system*,¹ was released on 8 April and used as the basis for the Premier's National Press Club speech on 14 April. The proposals in the document are largely consistent with, or build upon, the Commonwealth's reform proposals. However, the Victorian Government stands in strong opposition to the proposed shift in funding for public hospitals, and opposes the reorganisation of primary care to include social care and community services. The Victorian response also criticises the lack of focus to date on integration between acute services and primary and community health. Below are some of the Victorian Government's responses that are likely to be most relevant to divisions.

Overarching Principles

The executive summary of *Putting Patients First* identifies the four key themes of Victoria's health reform plan:

- Accountability
- Straightforward financing, including a 50/50 State/Commonwealth funding arrangement for public hospitals
- Investment in prevention, primary and aged care
- A more effective system through investments in workforce, technology and innovation

Expectations from COAG

The Premier will argue at the 19 April COAG meeting for:

- A 50/50 split in financing of public hospitals, which will involve an increased annual Commonwealth investment of \$1.2 billion in Victoria
- New national standards for health care expressed through and Australian Health pact (to take the place of the current Australian Health Care Agreement)
- Local Hospital Networks to be accountable to the State Government, to ensure the simplicity of a single point of investment
- Transparent mechanisms to track funding (and its source) at any point in the Australian health system
- Local governance arrangements for Local Hospital Networks (LHNs)
- A shift to activity-based funding across all Australian jurisdictions

The Victorian Government is seeking agreement on the 'principles' of reform at the April meeting, but does not expect agreement on implementation of reforms until the June 2010 meeting of COAG.

Public Hospital Funding

While in support of the adoption of a more devolved governance model for public hospitals across Australia, as already exists in Victoria, the Victorian government remains fundamentally opposed to the current Commonwealth proposal to take over 60% of the 'real' cost of running public hospitals, and to pay for this increased investment by taking 30% of GST revenue from the states. Page 15 of *Putting People First* presents a costing model of State and Commonwealth investment in public hospitals over the next decade, illustrating that once the straight transfer of GST revenue is accounted for, the Commonwealth's current plan only amounts to a 1% increase in funding contributions to Victorian hospitals. Instead, Victoria proposes a pooled funding model, which it argues would

¹ The full document can be downloaded from: http://www.premier.vic.gov.au/images/stories/media/Putting_Patients_First.pdf

ensure that Commonwealth funding is not diverted to other areas and, importantly, that where the Commonwealth provides additional health funding, the states cannot reduce their contribution.

The document also argues (page 10) that lines of accountability will become even more unclear with increased Commonwealth responsibility, and that direct funding of LHNs by the Commonwealth would reduce flexibility and make it more difficult to adjust financing for services. The proposal for direct payments to LHNs from the Commonwealth also fails to recognise that in Victoria, many services including trauma, cancer and maternity services, are organised on a state-wide basis.

Prevention, CDM and primary health care

The Victorian Government advocates for an expansion of the current VicHealth 'Work Health' workplace health checks across Australia, and also recommends the creation of a national 'fighting fund' for preventive health activities to combat diabetes, cancer, heart disease, respiratory disease and mental illness (page 20). The document acknowledges the recently announced funding for diabetes care in general practice but notes that this 'does not go far enough' to reduce the burden of chronic disease and calls for concurrent changes to workforce and improved access to local support services.

The document also supports 'comprehensive reform' of primary health care and the creation of Primary Health Care Organisations, focussed on coordinating general practice, nurse practitioners and aboriginal health workers and helping to better manage rising rates of chronic and complex illness. These organisations would also 'liaise' with the acute health and community based health sectors. The document notes that:

PCOs would need robust governance structures to ensure that they are accountable to the communities they serve. To this end, they should be established as new organisations, rather than being tied to reform of existing structures. Each organisation should be governed by an independent board with an appropriate mix of competencies. Intermediate-level coordination of PCOs will be essential at a jurisdictional level, in collaboration with State Governments.

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While supportive of reform to primary health care and the creation of PHCOs, the Victorian Government does not support the incorporation of broader social care and community care services into 'primary health care' under these new arrangements. The document also highlights the fact that in Victoria, the State Government delivers maternal and child health service and HACC in partnership with local government.

Integration

Putting People First advocates for the success of the HARP program in Victoria, and recommends the creation of a national initiative to reduce the impact of increasing rates of chronic disease on hospitals, and provide tailored care for people with complex and chronic conditions. The lynchpin to this initiative is integration between services, which the document argues has not been adequately addressed in the national health reform process:

Properly integrated local hospital services with local primary care services will provide the best opportunity to tailor services to patient needs. The reform proposals to date do not address how to better integrate these systems.

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Workforce and technology (eHealth)

While acknowledging the Commonwealth's commitment to workforce expansion and the National EHealth Strategy, *Putting People First* calls for greater investment in the 'critical system enablers' of workforce, technology (including eHealth) and innovation.

The document calls for a nationally agreed approach to workforce development, including not only a commitment to the training of 200,000 new health workers over the next decade, but agreement on new and emerging professions in the Australian health system, including nurse practitioners and diabetes educators. This would involve a thorough investigation into the 'merits and implications' of expanding the scope of clinical responsibilities for certain professions (page 28).

The Victorian Government recommends the expansion of the Medical Bonded Scholarships scheme, and advocates for expanding eligibility for Commonwealth Bonded Scholarships to regional health services, to improve access to care in geographically disadvantaged areas.