



## **Australia cannot afford to lag in e-health:**

### Submission to the Senate Community Affairs Committee inquiry into the Healthcare Identifiers Bill 2010, addressing the importance of the Healthcare Identifier to the national e-health agenda

Australia's services sectors contribute about 80 per cent of industry value add and 85 per cent of employment. The health sector is therefore not just an important services sector in its own right, but makes an important contribution to the health and therefore participation and productivity of all of Australia's services industries.

Twenty years ago most of Australia's services sectors were outside the normal operations of the market economy, being either operated, managed or closely regulated by government; for example, public works, telecommunications, banking and education. The movement of most of services into the market economy unleashed massive productivity growth, particularly as in response to competition services companies made full use of Information and Communication Technologies (ICT).

Relative to other services sectors, the Health sector remains a low user of ICT, and despite the presence of many private businesses, its operations remain largely outside the market economy and isolated from the forces of competition.

As has been the case in other services sectors measures to increase the transparency, responsiveness and flexibility of the health system are a step towards increasing competition and the influence of the market into the health system. The Government's National Health Reform Plan reforms aim for increased transparency including on pricing, as well as providing for increased flexibility and input at local and regional level by health professionals and patients.

ASR recognises that, as the example of the finance system illustrates, the movement of the services sectors into the market economy is not straight-forward. There are important matters of consumer protection, privacy and prudential/safety standards to be developed and enforced, and underlying systems such as electronic information exchange to be provided. The regulatory standards need to be supported by expert regulatory bodies. These are expensive and time consuming to develop; but demonstrably achievable, and the net benefits are enormous.

Imagine if we still had to use cheques to transfer funds anywhere outside our own branch of the bank. Australia was the first country in the world to enable EFTPOS, over twenty years ago now. This innovation was a direct result of the competitive pressure applied to the banks by the

threat of foreign competition and required agreement on a system of electronic payment exchange.

Healthcare identifiers are as important to healthcare productivity as an electronic payments system is to financial services productivity.

Health has lagged other services sectors in the adoption of ICT, because it requires a higher level of ICT capability for the major productivity benefits to be realised. This in turn has meant that until recently Governments could not realise the benefits from establishing the expensive regulatory and electronic systems needed to realise national implementation of e-health systems.

Australia has been a leader in e-health. It is more than a decade since we achieved 90 per cent uptake of computers by GPs, and many of the myriad e-health trials undertaken in Australia were innovative and world class.

The benefits to Australia from e-health are valued at about \$28 billion in the first eight years through better access to information, better health delivery, reducing duplication, saving time and lives, and reduction in adverse events.

The Health Minister has said that about 30 to 50 per cent of patients with chronic disease are hospitalised because of inadequate care. Also around 18 per cent of medical errors are because of poor patient information, and up to 17 per cent of pathology and diagnostic tests are unnecessary.

As e-health implementation progresses, there will be more opportunities for skilled people to reach broader markets and for competition to stimulate innovation. Similar transformations occurred in Australia in finance, logistics and engineering in the 1990s.

Given Australia's high quality of health services, the global development of e-health could help establish a new, high growth, services export industry. Rapid growth in services exports is not new, over the last fifteen years: business services have doubled from five per cent to ten per cent of world trade, and earnings from education services for visitors have accelerated from 5 per cent of Australia's earnings through visitors to 50 per cent.

The Healthcare Identifiers Bill is an important step toward realising the benefits of e-health. The Bill allows for a unique 16 digit number to be created for every Australian and all health care providers. Like tax file numbers, share registration numbers and common system of bank account numbers, health identifiers are needed for the efficient electronic transfer of information.

The Healthcare Identifiers Bill would help but does not establish a national individual electronic health record. ASR recognises that further complex regulatory and institutional building work is required before Australia can develop a national individual health record system, but the need for this should not delay getting started on national healthcare identifiers.

Bringing market forces and competition to bear on Australia's financial, engineering/public works, and legal systems were all contentious, but ultimately very beneficial. Australia's financial system is open to foreign competition and market forces, but is strong, well regulated, with real prospects of developing as a significant global financial centre over the next decade. The market opening that enabled foreign lawyers to practice in Australia created fears that Australian jobs would be lost, but the result was that Sydney and Melbourne developed as major

regional centres for international law. Twenty years ago ex-public works engineers formed many of Australia's leading engineering firms, with now around half a dozen Australian firms on the global 100 list of international engineering firms.

Australia can no longer afford to deny its health workforce the tools to improve their productivity and the quality of their working life.<sup>1</sup> When faced with the real pressures to deliver quality services to patients, Australia's nurses and doctors should not have to waste their time doing avoidable work that has disappeared from most other sectors of the economy.

ASR supports rapid passage of the Healthcare Identifiers Bills. Failure to do so will hold in abeyance significant investments in e-health, devalue Australia's international attractiveness for e-health business, and as a result slow the realisation of the major benefits and further reforms that are dependent on these investments in e-health.

Yours sincerely

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The Australian Services Roundtable is the peak business body for the services industries in Australia. Sectors represented include financial services (banking, insurance, securities, fund management), professional services (accounting, legal, engineering, architecture), health services, education services, environmental services, energy services, logistics, tourism, information technology, telecommunications, transport, distribution, standards and conformance, audio-visual, media, entertainment, cultural and other business services.

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<sup>1</sup> E-prescription implementations in Sweden, Boston and Denmark reduce provider costs and save time to improve productivity per prescription by over 50%; E-referrals in Denmark reduced the average time spent on referrals by 97% by providing more effective access to patient information for both clinicians and test ordering and results management systems reduce time spent by physicians chasing up test results by over 70% in implementation in America and France. From Department of Health and Ageing HEALTHCARE IDENTIFIERS SERVICE, [FREQUENTLY ASKED QUESTIONS](#)