

**Submission to the Senate Inquiry into the
National Health and Hospitals Network Bill 2010**

Department of Health and Ageing

Introduction

The National Health and Hospitals Network Bill 2010 (the Bill) establishes the Australian Commission on Safety and Quality in Health Care (the Commission) as a permanent, independent body under the *Commonwealth Authorities and Companies Act 1997* (CAC Act), and provides a framework for an expanded role for the Commission from 1 July 2011.

The establishment of the Commission as a permanent, independent body with an expanded role was recommended by the National Health and Hospitals Reform Council (NHHRC), supported by an independent review of the Commission's operations, and was agreed by the Council of Australian Governments (COAG) in April 2010.

In its June 2009 report, the NHHRC identified growing concerns about safety and quality. Data from the Australian Institute of Health and Welfare's report, Australian Hospital Statistics 2007-08, shows that 4.8 out of every 100 patients leaving an Australian hospital in 2007-08 had been exposed to an adverse event - a total of 382,000 patients. The NHHRC report recommended establishing the Commission as the permanent, independent national safety and quality body.

The independent review of the Commission (September 2009), undertaken for the Australian Health Ministers' Advisory Council, supported the recommendations of the NHHRC report. The review recognised that the Commission had made good progress in enhancing safety and quality. It noted that a new governance model for the Commission is warranted as the current arrangements, in which the Commission is hosted by the Department of Health and Ageing do not provide the independence and flexibility it requires to work within the jurisdictions and with private and non government sectors, the review also noted an imperative to ensure that many of the Commission's current and future projects will be conducted over multiple years and assurance of business continuity through ongoing funding is essential.

Establishing the Commission as a permanent independent body will ensure that it has the appropriate governance and financial framework to progress its expanded work program, and provide independent advice on safety and quality matters. The governance arrangements for the Commission reflect the shared funding and policy interests of the Commonwealth and states and territories.

Passage of the Bill will enable the Commonwealth, states and territories to establish the Commission as a permanent, independent body allowing it to continue its work program and undertake expanded functions including the development, implementation and monitoring of national clinical safety and quality standards. These activities will support continuous improvement in quality and safety aspects of health service provision.

In performing its functions, the Commission will work collaboratively with the Commonwealth, the states and the territories. Details of administrative arrangements for the

Commission will be outlined in an agreement with the states and territories. All governments will agree to the funding and work plan for the Commission.

Background

Hosting Arrangements

The Commission has been operating as part of the Department of Health and Ageing since it was established by Health Ministers in 2006. However, these arrangements are due to expire on 30 June 2011.

Achievements of the Commission

The work of the Commission is to reduce harm caused by preventable errors, reduce health care costs resulting from unnecessary or ineffective treatment and have a positive impact on community trust. The Bill provides a framework which sets out the scope of the work that the Commission can carry out and governance arrangements for the independent Commission.

The Commission has a number of priority programs which are aimed at improving safety and quality and has achieved concrete improvements in those areas. For example:

- National Hand Hygiene guide which is being used in 280 Australian hospitals,
- Finalising the OSSIE Guide to Clinical Handover Improvement which it plans to implement nationally.
- Prevention of Falls Guidelines to reduce the incidence and severity of falls experienced by older people receiving care through a nationally consistent approach to falls reduction and harm minimisation.
- NHMRC have developed Australian Infection Control Guidelines in collaboration with the Commission, to standardise practice in every Australian health care facility.
- Developing a guide on antibiotic stewardship and developing a Medication Safety Self-Assessment tool.
- National standard patient identification wrist band to be adopted in all public and private hospitals in Australia.
- Australian Charter of Healthcare Rights to allow patients, consumers, families, carers and service providers to have a common understanding of the rights of people receiving healthcare.
- The Australian National Inpatient Medication Chart which showed a significant absolute reduction in errors of 4.2% in error per patient in a study of almost 10,000 prescribing orders before and after the chart's implementation.
- The Paediatric National Inpatient Medication Chart to standardise elements of the medicines management process. This is critical with paediatric patients who are particularly vulnerable to harm from medication error because of their smaller size.

The Future Role of the Commission

The future role of Commission in improving safety and quality in health care was agreed by the COAG and outlined in the National Health and Hospitals Network (NHHN) Agreement of 20 April 2010. The NHHN Agreement was signed by all states and territories with the exception of Western Australia.

The NHHN Agreement, specifies that the existing role, governance and funding arrangements of the Commission will continue and that the role of the Commission will expand, subject to detailed agreement on the scope and funding implications by Health Ministers, in order to develop national clinical safety and quality standards.

While Western Australia is not a party to the NHHN Agreement, its Health Minister has written to the Commonwealth Minister for Health and Ageing, expressing strong support for the Commission, and appreciation for the important leadership role it plays to improve safety and quality. Western Australia is an active participant in progressing agreement between the Commonwealth and the states and territories on the scope and financial implications for the Commission.

The Commission is one of three key governance bodies to be established under the NHHN Agreement along with the National Performance Authority (NPA) and Independent Hospital Pricing Authority (IHPA).

It is intended that the Bill will be amended at a later date to include provisions to establish the National Performance Authority (NPA) and the Independent Hospital Pricing Authority (IHPA).

The NHHN Agreement provides that the National Health and Hospitals Network will have a new Performance and Accountability Framework that includes national clinical safety and quality standards developed by the Commission.

Overview of the Bill

Functions of the Commission

The functions of the Commission are set out in Section 9 of the Bill. The functions provide a framework for the scope of work that the Commission can undertake that will enable the Commission to continue its current work and take on an expanded range of work within the areas of safety and quality in health care.

Under section 9 of the Bill, the functions of the Commission include:

- (a) to promote, support and encourage the implementation of arrangements, programs and initiatives relating to health care safety and quality matters;
- (b) to collect, analyse, interpret and disseminate information relating to health care safety and quality matters;
- (c) to advise the Minister about health care safety and quality matters;
- (d) to publish (whether on the internet or otherwise) reports and papers relating to health care safety and quality matters;
- (e) to formulate, in writing, standards relating to health care safety and quality matters;
- (f) to formulate, in writing, guidelines relating to health care safety and quality matters;
- (g) to formulate, in writing, indicators relating to health care safety and quality matters;
- (h) to promote, support and encourage the implementation of:
 - i. standards formulated under paragraph (e); and

- ii. guidelines formulated under paragraph (f);
- (i) to promote, support and encourage the use of indicators formulated under paragraph (g);
- (j) to monitor the implementation and impact of:
 - i. standards formulated under paragraph (e); and
 - ii. guidelines formulated under paragraph (f);
- (k) to advise:
 - i. the Minister; and
 - ii. each participating State/Territory Health Minister; about which standards formulated under paragraph (e) are suitable for implementation as national clinical standards;
- (l) to formulate model national schemes that:
 - i. provide for the accreditation of organisations that provide health care services; and
 - ii. relate to health care safety and quality matters;
- (m) to consult and co-operate with other persons, organisations and governments on health care safety and quality matters;
- (n) such functions (if any) as are specified in a written instrument given by the Minister to the Chair;
- (o) to promote, support, encourage, conduct and evaluate training programs for purposes in connection with the performance of any of the Commission's functions;
- (p) to promote, support, encourage, conduct and evaluate research for purposes in connection with the performance of any of the Commission's functions;
- (q) to do anything incidental to or conducive to the performance of any of the above functions.

The Commonwealth Health Minister, in consultation with participating state and territory Health Ministers, has the ability to confer additional functions on the Commission. A Minister is a participating Health Minister where there is an agreement in force between the Commonwealth and the state or territory agrees to undertake to make financial contributions to the Commission. This ensures that the Commission will be able to respond to future health care safety and quality priorities in an appropriate manner.

Consultation

Section 10 of the Bill establishes a process for consultation with a broad range of stakeholders, including the public, in developing guidelines, standards and indicators.

Reporting

One of the functions of the Commission under section 9 of the Bill is to publish, whether on the internet or otherwise, reports and papers relating to health care safety and quality concerns. In addition to this, section 52 of the Bill provides that Commonwealth Health Minister may require the Commission to prepare reports or give information about the performance of one or more of the Commission's functions, and give copies of the report to the Commonwealth Health Minister within a specified time frame. Reports or documents prepared by the Commission are not legislative instruments and the Bill provides that Commonwealth Health Minister may publish (on the internet or otherwise) a report or document prepared by the Commission.

The Commission must prepare an Annual Report under section 9 of the CAC Act. In addition to reporting requirements under the CAC Act, section 53 of the Bill requires that the report must include:

- an assessment of the performance and impact of the performance of each of the Commission's functions over the year; and
- an assessment of the safety and quality of health care services provided during that year.

Under section 54 of the Bill the Commission must prepare a draft rolling three year work plan to the Commonwealth Health Minister by 31 October each year. The work plan must set out the Commission's work programs for the next three financial years.

Pursuant to section 54 of the Bill, the Commonwealth Health Minister is required to provide the draft work plan to each participating state and territory Health Minister and invite them to make a written submission to the Commission about the work plan. The Commission must have regard to submissions made by participating Health Ministers in preparing their final work plan. The final work plan will be provided to the Commonwealth Health Minister and each participating state and territory Health Minister each year.

In addition to the requirements in the legislation regarding the work plan there will be an administrative agreement under which all governments will need to agree to the funding and work plan for the Commission.

Governance

Pursuant to section 18 of the Bill, the Board of the Commission will be responsible for ensuring the proper and efficient performance of the Commission's functions. The Board of the Commission is responsible for ensuring it meets all of its financial and reporting obligations under the CAC Act.

Under section 19 of the Bill, the Board of Directors will comprise a Chair and between seven and nine other members. Members will collectively have substantial experience or knowledge and significant standing in public administration in relation to health care, provision of professional health care services, management of companies or other organisations that are involved in the provision of health care services outside of the hospital system, general management of either public or private hospitals, financial management, corporate governance, representation of the interests of consumers, improvement of safety and quality or law.

The Chair and other members will be appointed by the Commonwealth Health Minister by written instrument following consultation with participating state and territory Health Ministers.

Members will hold office on a part-time basis for a maximum period of three years and may be eligible for re-appointment for a further three year period. Section 21 provides that a member's cumulative appointment must not exceed five years.

The Bill sets out a number of procedures for the Board of the Commission including that they must meet at least three times per year, and that a quorum is established at a Board meeting if a majority of Board members are present (i.e. if the total number of Board members is eight

or nine then five members must be present, if the total number of Board members is ten then six must be present). Decisions at meetings must be made by a majority of Board members attending a meeting with the Chair casting the deciding vote in the event of a tie. Decisions cannot be made at meetings unless there is a quorum of Board members present.

The Chief Executive Officer (CEO) is not a member of the Board. The CEO will be responsible for the day-to-day administration of the Commission and will act in accordance with the policies determined by the Board. In the case of the first appointment, the CEO is to be appointed by the Commonwealth Health Minister. Subsequent appointments will be made by the Board. The appointment of the CEO will be on a full time basis and the Board must consult with the Commonwealth Health Minister. The Commonwealth Health Minister must consult with participating Health Ministers before an appointment is made. The CEO holds office for a period specified in the instrument of appointment with the period not exceeding five years.

The staff of the Commission will be engaged as public servants under the *Public Service Act 1999*. This is intended to ensure a smooth transition for the Commission and its staff to its new arrangements as an independent body. The Commission may also engage consultants to assist in the performance of its functions.

The Commission may establish committees to advise it in relation to the performance of its functions. For example, the current Commission has established a primary care committee, a private hospitals committee and a number of other committees.