



Committee Secretary
House of Representatives Standing Committee on Health and Ageing
Parliament House
Canberra ACT 2600
Australia

11 March 2011

Dear Committee Secretary

RE: National Health Reform Amendment (National Health Performance Authority) Bill 2011

Catholic Health Australia welcomes the opportunity to comment on the National Health Reform Amendment (National Health Performance Authority) Bill 2011.

Catholic Health Australia (CHA) supports the establishment of the National Health Performance Authority - especially if it is able to bring together within the one body the reporting on a range of performance, safety and quality and output measures.

CHA members operate 20 public and 50 private hospitals in all states and territories except the Northern Territory and its members operate one in every ten hospital beds in Australia.

In responding to this Bill, CHA asks the Committee to note the following:

Establishment of Authority Supported

CHA strongly supports the need for greater transparency and accountability in the operation of all 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.

CHA welcomes the intention to publish on the internet Hospital Performance Reports and Healthy Community Reports. It will be important that these reports are able to communicate to the public meaningful and timely data on the performance of the health services.

CHA considers that the public reporting of data can be a very powerful tool in improving the performance of individual agencies as well as the performance of the health system as a whole. It does this by *inter alia*

- empowering consumers to allow them to make choices about the health services they may wish to use (where choice is possible);
- enabling consumers to ask questions of decision-makers about performance;
- enabling decision-makers and policymakers to make more informed decisions about the funding, provision and regulation of health services;
- motivating managers and clinicians within health services to increase performance where their peers are shown to be doing better;
- enabling researchers to study and analyse the reasons for variation in performance which can lead to system improvement.

Areas for concern

Care will need to be taken in the design of the performance and accountability framework to ensure that unintended consequences are minimised and that the work of the Authority does not result in health services unduly focusing on particular performance indicators to the detriment of their overall performance.

We need, for example, to learn from the recent experience of the Mid-Staffordshire NHS Trust in the United Kingdom, where it has been reported that between 400 and 1200 excess deaths together with appalling lapses of patient care and hygiene occurred between 2005 and 2009 as a result of the local board and hospital management focusing more on meeting performance and cost cutting targets than on actual patient care¹.

In reporting on performance, it will also be important to clarify those areas where health services have little control over factors which will impact on their performance. For example, in most jurisdictions health services have little control over resources such as IT systems; industrial instruments and mandated use of existing state services, such as pathology. 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.

¹ Mid Staffordshire NHS trust left patients humiliated and in pain, Guardian Newspaper, accessed at <http://www.guardian.co.uk/society/2010/feb/24/mid-staffordshire-hospital-inquiry> on 11 March 2011.

See also Investigation into Mid Staffordshire NHS Foundation Trust March 2009, Summary Report, Healthcare Commission, accessed at <http://www.nhshistory.net/midstaffs.pdf> on 11 March 2011.

Performance also is heavily influenced by resource allocation and CHA be concerned if health services that are chronically underfunded are simply seen as poor performers. The relationship between funding and performance needs to be taken into account when the metrics for performance are designed.

Need for rationalisation of existing reporting requirements

CHA members are very concerned to ensure that the introduction of a new Authority does not result in a further duplication of reporting requirements for hospitals and health services. It will therefore be very important to ensure there is absolute clarity in setting out the role of this Authority in relation to data collection and reporting vis-a-vis the roles to be played by agencies such as the Australian Commission for Safety and Quality in Health Care, the Australian Institute of Health and Welfare; and the Australian Bureau of Statistics.

One of the aims of the Authority should be to rationalise the collection of data from health services in both the public and private sectors to ensure that consistent data is collected once rather than multiple times in slightly different formats that are required to be sent to agencies at State and Commonwealth levels (as well as to private health funders in the case of private hospitals).

Governance arrangements

In relation to the proposed governance arrangements, we note that the Deputy Chair and five other members are required to be appointed with agreement of the States and Territories and at least one Board member will be required to have substantial experience, knowledge and standing in rural health (Section 72 of the Bill).

CHA argues the legislation should be drafted so as to ensure that the governance arrangement reflects the composition of the health system that the Authority will be established to monitor and report on.

Applying this principle, governance positions to be established by the legislation would ideally see members with experience, knowledge and standing in the running of public hospitals, private hospitals and primary health care. The benefit of requiring, by legislative instrument, the construction of a board of governance that is reflective of the composition of those organisations required to report to the new body is that the Authority will be better placed to develop policies and practices that are informed by the realities of diverse setting in which health services are delivered. To ensure independence, specific governance oversight to sufficiently informed consumers should also be assured.

CHA contends that, given the Authority will be reporting on private hospitals, as well as Medicare Locals and health care providers in the community (ie privately operated GP and allied health practices), it is

important that at least one of the Authority members should also have substantial standing and knowledge of private or non-government health care provision.

- CHA reiterates its view that the performance standards and monitoring framework to be established by the Authority will need:
 - Clearly articulated goals and objectives;
 - To be designed in a way that avoids unintended consequences;
 - Strong clinician, expert and stakeholder 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);
 - Strategies to identify and report on inappropriate competition, cherry picking and gaming between LHNs and with other health care providers from the introduction of an ABF funding model.

Conclusion

In conclusion, we support the establishment of an independent statutory authority to develop and administer national standards for hospital performance – and would seek to be represented in their development and subsequent governance.

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
Chief Executive Officer