



City of Darebin Submission

Inquiry into Health Funding

Darebin City Council has a strong record of understanding its community in terms the complexity of the local health needs and their relationship to the Australian Health system as a whole. Such work has included the development and publication of two documents; *The Bulk Billing Crisis: A Victorian Perspective* and *Complex Needs in a Complex System*. These reports were developed as a response to the changing landscape of the Australian health system and its impact at the local level. *The Bulk Billing Crisis*, particularly targeted at community groups throughout Victoria, aims to provide a picture of bulk billing rates across the state as well as provide a basic introduction to the recent changes to Medicare. The *Complex Needs in a Complex System* report focuses on the health system at a municipal level. The report highlights the many layers of health funding that coexist in Darebin and is an example of the challenges consumers face when trying to navigate their way through their individual treatment. Both documents form the basis of this submission and provide a strong platform for any potential discussions with the Standing Committee on Health and Ageing regarding the current Inquiry into Health Funding.

The Committee shall give particular consideration to:

a) Examining the roles and responsibilities of the different levels of government (including local government) for health and related services;

The three levels of Government all have an important role to play in our health system. At the local level, Councils have a range of roles that include service provision, population health planning, research, leadership and advocacy. The National Public Health Partnership (NPHP) provides an overview of the role of local government in terms of its role in planning and regulation throughout Australia. The NPHP describes the role of local government as being a key factor in influencing the health of their local community:

Local Government exerts a significant influence on the nature and development of Australia's towns, cities and regions through a range of planning instruments. Good planning both at the state and local level, can enhance the physical, social and economic environment, improving the living conditions that determine a community's health.

(NPHP: The Role of Local Government in Health Regulation 2002)

Darebin City Council provides a significant range of direct services with an annual Aged and Disability Services budget of close to \$11 million per annum servicing approximately 5000 residents. These services range from home care programs, community transport and support to senior citizens clubs to name a few. In terms of Family and Health Services Council's annual budget is approximately \$5 million. Programs in this area include maternal and child health, where 98% of all babies born are seen by Council services. We also provide an extensive immunisation program, support to child care centres and family day care programs. It is such a significant commitment of resources annually that provides Darebin Council with the dual role of major service provider as well as planner within our local community.

Darebin City Council, through the *DAREBINhealth Stories Project*, has been actively involved in understanding the health needs throughout the municipality. It is through such work that we have built a clear understanding, in partnership with local service providers, of the complexities which underscore our local health system. A recent survey of General Practitioners throughout Darebin found that only 13 of the 45 surveyed provided bulk billing services for all people. Additional research through our *Complex Needs in a Complex System* report indicates that some Darebin residents are among the highest in Victorian for hospital usage for Chronic Respiratory and Cardiovascular disease. These health issues take place in a community where a great proportion of people are from non English speaking backgrounds and are on low incomes.

It is against the backdrop of declining bulk billing rates, an overburdened hospital system and a fragmented primary and tertiary care sector that we believe a more integrated planning approach is required. The City of Darebin believes that local government has a vital role to play in building a more integrated planning model for our health system. Such a model can be developed and implemented in partnership with other levels of government to understand and enhance the health outcomes of the Australian community.

b) Simplifying funding arrangements, and better defining roles and responsibilities, between the different levels of government, with a particular emphasis on hospitals;

The following section draws on the City of Darebin *Complex Needs in a Complex System Report*. It highlights some of the challenges faced by the local health system and consumers in Darebin. The themes mirror many of those experienced in many communities across Australia. The report provides a local example of those issues discussed in *The Old Parliament House Blueprint for Health Reform* Communiqué developed at the Australian Health Care Summit in 2003. The Communiqué emphasises the administrative inefficiencies in our current health system as well as calling for a 'new era of collaboration and partnership between all levels of government, health care providers and consumers'. In line with the Australian Health Care Summit Darebin City Council's own research states that the current system has resulted in:

A sense of confusion that is exacerbated by a complex health system with multiple services using different assessment processes and operating under their own organisational boundaries. Despite high attendance at hospitals, needs have often not been adequately addressed, thus creating ongoing difficulties in the ability to manage day-to-day life independently and with dignity.

Difficulties in the ability of the health service system to meet the needs of complex care clients create additional costs on an already financially-strained health care system. Multiple service involvement can lead to a duplication of service elements, in particular assessments. Multiple diagnostic screening and increased pharmaceutical costs increase due to the lack of sharing of information between the hospital and the clients' GP. There are also costs to the individual with additional travelling time and the potential of out-of-pocket expenses being made for duplicate service delivery.

(City of Darebin: Complex Needs in a Complex System 2005)

The Darebin community is serviced by three metropolitan hospitals. The fragmentation of the primary care system and in particular the declining access to after hours commonwealth funded general practitioners has led to increased pressure on state funded emergency departments. A recent Victorian Parliamentary Inquiry into the impact of declining access to after hours General Practitioners found that many suburban hospitals have had an increase in emergency department presentations due the absence of after hours GPs. More specifically, the Northern Hospital, which serves much of the Darebin population, reported the following:

The situation at Northern Health resembles that of Western Health with a growing population, characterised by a diversity of ethnic background. Lack of after hours GPs has been identified as a strong determinate of an increase in emergency department presentations.

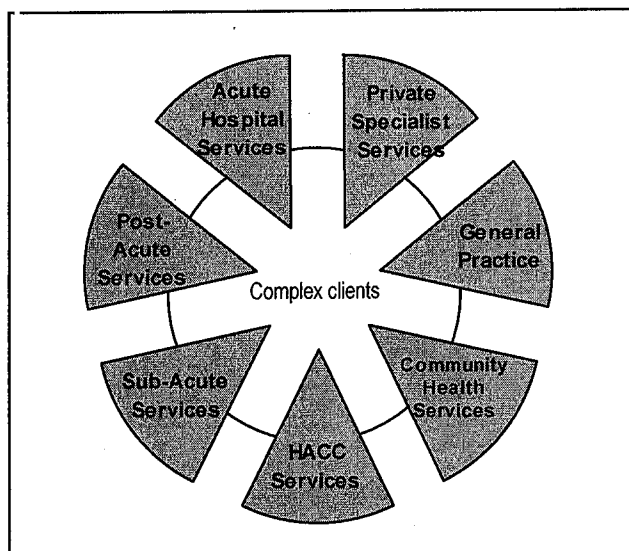
(Parliament of Victoria September 2004)

The above issues highlight the absence of planning across the three levels of government. Such issues can be addressed by increasing the level of collaboration between local, state and federal government to better plan for more integrated service delivery within local communities. The complexities within the local government area of Darebin can be viewed as a typical example of the many programs and funding streams that are delivered on a municipal basis. Again through the *Complex Needs in a Complex System* report we were able to provide in a diagrammatic example of the many service points that are used by people with complex needs. The report states:

The service system to meet the needs of complex care residents is, itself, complex, with a range of elements that respond to the needs of the target group. These services often work in isolation from each other and each carry out their own processes such as assessment

(City of Darebin: Complex Needs in a Complex System 2005)

Figure 1: The current service system for people with complex needs.



Note: Service streams in a complex system (other streams not shown include Hospital Admission Risk Program services, recreation services, Aged Care Assessment Services, and mental health-specific service streams)

(City of Darebin: Complex Needs in a Complex System 2005)

All of the services detailed in Figure 1 are funded by all three levels of government. For example:

Table 1: Funding sources of services used by people with Complex Needs in Darebin

Service	Funding Source
Acute Hospital Service	State (by agreement with Commonwealth)
Private Specialist Services	Commonwealth
General Practice	Commonwealth
Community Health Service	State (some funds from Commonwealth / Local)
HACC Services	Commonwealth / State / Local
Sub Acute Services	State
Post Acute Services	State

Based on the information presented in Figure 1 and Table 1 Darebin City Council believes that it is timely to review the current complex and fragmented funding arrangements across all three levels of government. Such a review should include:

1. Analysis of the administrative costs associated with such fragmented funding model.
2. The impact on consumers of such a fragmented system.
3. The development of a statement of principles to underpin the Australian Health System.
4. Analysis of funds currently dedicated to health promotion against those dedicated to treatment.
5. The development of a sustainable population health planning model using local government areas as the building blocks for a national understanding of health trends and resource allocation.

c) Considering how and whether accountability to the Australian community for the quality and delivery of public hospitals and medical services can be improved.

Darebin City Council believes that there should be ongoing discussions between all three levels of government with a particular focus on funds duplication and wastage. These discussions could be formalised by establishing a body that is separate to government, such as a health funding reform commission, to carry forward and resource these discussions.

- d) How best to ensure that a strong private health sector can be sustained into the future, based on positive relationships between private health funds, private and public hospitals, medical practitioners, other health professionals and agencies in the various levels of government.**

The relationship between the public and private sector is complex. Whilst Darebin City Council advocates for a mixed economy in service delivery areas such as child care the same principle is extended with caution to health care. We acknowledge the reality that the private health sector is a significant element of the Australian health care system, Darebin City Council would advocate for a future shift by government to compel private providers to be more engaged in local level planning. The notion of a mixed economy is supported by Darebin Council; however we have found it a challenge to engage with the private health sector to plan for the future health service needs of our community. If the model advocated in this submission is to be considered further, that is local government health planning is to be strengthened, then we cannot continue to ignore working in partnership with local private providers. There is therefore a clear role for other levels of government to encourage private providers to broaden their understanding of their constituency to include local community members as well as private shareholders.

- e) While accepting the continuation of the Commonwealth commitment to the 30 per cent and Senior's Private Health Insurance Rebates, and Lifetime Health Cover, identify innovative ways to make private health insurance a still more attractive option to Australians who can afford to take some responsibility for their own health cover.**

The City of Darebin believes that it is clearly the role of the federal government to identify innovative ways to make private health insurance attractive to those it deems should have such cover. There is now a growing body of evidence which demonstrates the inefficiency of the private health insurance rebate. An article published in *Dissent Magazine* argues that the original intention to spread the burden of the health system across the private and public system through encouraging people to take out private cover through incentives such as Lifetime Cover and the 30% rebate are inherently flawed. The authors argue in *Dissent* that 'the 30% rebate has failed to take pressure off public hospitals'. The authors go on to outline the following reasons for such failure:

Private hospitals are substantially the sites of relatively less complex elective procedures. There is little substitutability between the two sectors (although there is some) and those who argue that increasing activity levels in the private sector will decrease pressure on demand in the public sector is simply wrong

(Dissent Magazine: Livingstone and Ford Autumn/Winter 2004)

Darebin Council supports the above argument and believes that the cost to the Australian public of the private health insurance rebate is an inappropriate use of taxpayer funds. Darebin Council have always maintained that a universal system is one that we value. We believe that the Australian public vests its support in the Commonwealth through the continued endorsement and payment of the Medicare levy. At the same time we acknowledge that there are those in our community that can afford their own additional cover. However such a section of the community does not require government support to obtain such cover. We believe the \$2.5 Billion that is annually spent on this subsidy would be better off spent on reinvigorating Medicare and the national health system as a whole. The savings from the subsidy could be used to sustain a more robust health system where duplication across the three levels of government is removed and administrative efficiencies are addressed.

References

Complex Needs in a Complex System

City of Darebin 2005

DAREBINhealth Stories: Profile Report

City of Darebin 2004

Medicare: Equity and Access at Risk

C. Livingstone and G. Ford Dissent Winter 2004

The Bulk Billing Crisis: A Victorian Perspective 2004

City of Darebin, VCOSS, Women's Health Victoria, Health Issues Centre, Doctor's Reform Society, Victorian Local Governance Association 2004

The Role of Local Government in Public Health Regulation

National Public Health Partnership 2002

The Old Parliament House Blueprint for Health Reform Communiqué

Australian Health Care Summit 2003

Inquiry into the Impact on the Victorian Community and Public Hospitals of the Diminishing Access to After Hours and Bulk Billing General Practitioners

Parliament of Victoria September 2004