

# National Health Reform

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**Secretary**  
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**Australian Government**  
**Department of Health and Ageing**  
**Health Reform Transition Office**



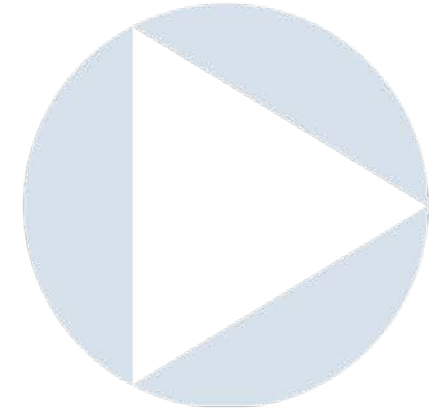
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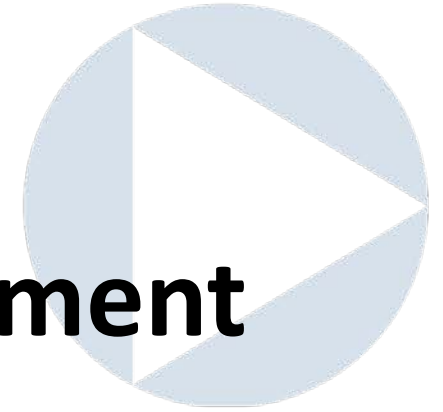


# Background

- Insurers and Government share an interest in sustainability
- Private health insurance in Australia is strong
- Government has an investment in private health insurance
- Today I will focus on the National Health Reform Agreement



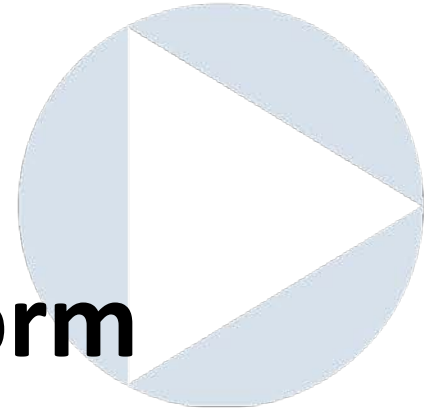
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# National Health Reform Agreement

- Builds on reforms already delivered
- Major reforms for delivery of health and aged care
- Better access to services
- Improved local accountability
- Greater responsiveness to local communities
- Stronger financial basis and increased funding





# Context of National Health Reform

- Pressures from an ageing population and high rates of chronic disease
- Service gaps and inequities in patient outcomes

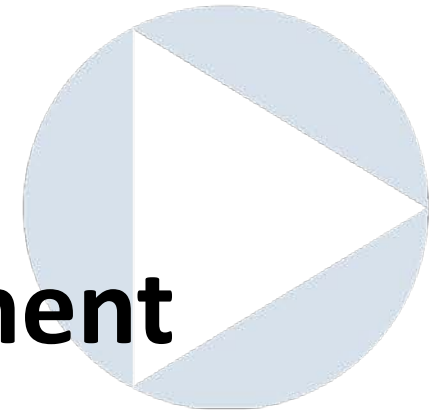




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# National Health Reform Agreement

- Commonwealth and states and territories will share equally in costs of efficient growth funding in public hospitals
- States and territories continue as public hospital system managers
- States retain GST
- The Australian Government is taking responsibility for a national aged care system



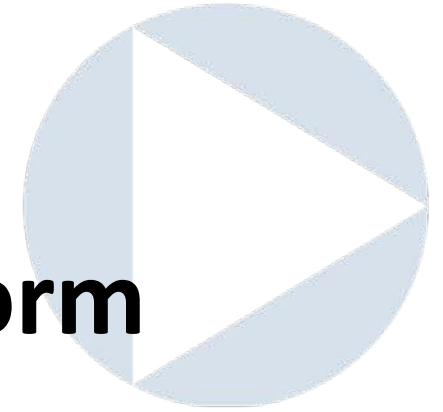
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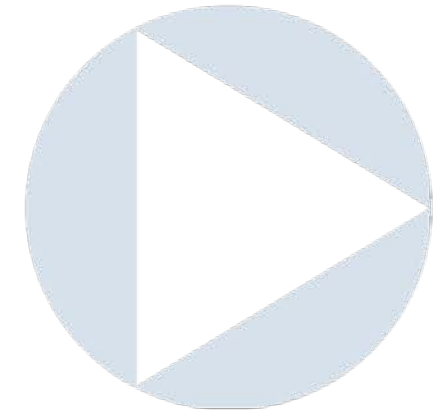


# Benefits of National Health Reform

- An integrated and high performing health system
- Easier for patients to move around the health system and receive the care they need, when and where they need it
- A focus on prevention and primary health care will keep people well and out of hospital
- Increased transparency on the performance of health services at a local level



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# A sustainable funding model

## **National Health Funding Pool**

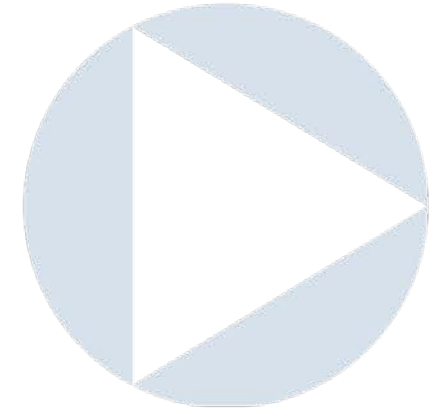
- Hospital funding through a single National Health Funding Pool.

## **Activity Based Funding**

- To ensure that hospitals are paid according to the number and type of services they deliver.

## **Independent Hospital Pricing Authority**

- To determine the efficient price of hospital services. Block funding will remain for smaller hospitals.



# National Health Funding Pool

- Hospitals across Australia funded through a single National Health Funding Pool, under an independent Administrator.
- Individual accounts for states and territories.
- Payments made under Activity Based Funding mechanism.
- Funding paid directly to Local Hospital Networks.
- Funding based on agreements between state/territory governments and their Local Hospital Networks.
- To commence from 1 July 2012.







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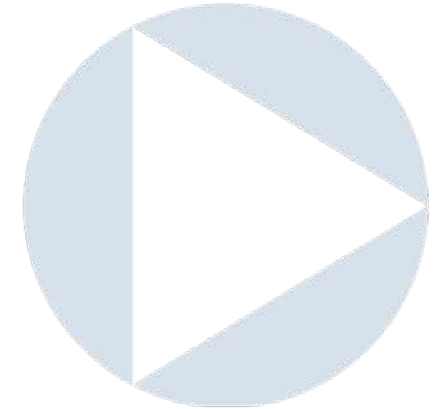


# National Health Funding Administrator

- Ensures the consistent and transparent funding of hospitals across Australia.
- Oversees Commonwealth, and state and territory funding of the public hospital system.
- Monitors payments into and out of the National Health Funding Pool.
- Delivers public reports on hospital funding.

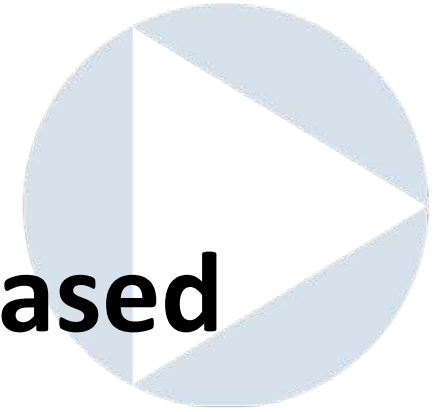


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# Activity Based Funding

- Ensures that hospitals are paid according to the number and type of services they deliver.
- Provides a uniform way to drive efficiency of service delivery across public hospitals
- Achieved through:
  - the application of national classifications
  - cost weights
  - independently-assessed nationally efficient prices



# Phased Approach to Activity Based Funding

From 1 July 2012, a nationally consistent Activity Based Funding System for:

- Acute admitted services
- Emergency Department services
- Non-admitted patient services

From 2013, a nationally consistent Activity Based Funding System for:

- Any remaining non-admitted services
- Mental Health services
- Sub-acute services





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# Independent Hospital Pricing Authority

- Determines the efficient price for public hospital services
- Develops block funding criteria and eligibility in consultation with states and territories for COAG agreement
- Develops and publishes criteria for assessing services eligible for Commonwealth growth funding, including state and territory recommendations
- Interim IHPA commenced 1 September 2011
- IHPA to be permanently established by end 2011



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# Less Waiting

## More Timely Hospital Services for Australians

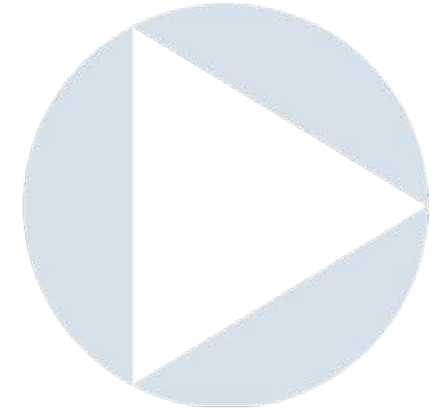
### National Emergency Access Target

- 90% of all emergency department patients across all triage categories will be admitted, referred or discharged from emergency departments within four hours

### National Elective Surgery Target

- Patients to be treated within clinically recommended times will be raised from 95% to 100% by 2015.
- Implementation timeframe will be extended in smaller states by one year to 2016.





# eHealth

## National e-Health Transition Authority

- Develops critical standards, infrastructure, software and systems.

## Personally Controlled Electronic Health Records

- Funded with \$466.7 million over two years.
- Is an opt-in model.
- Will improve the coordination of care and improve patient outcomes

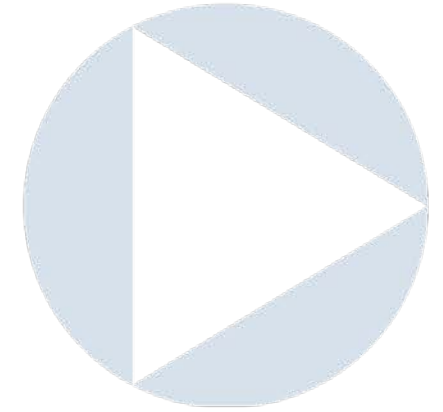




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# Preventative Health and Chronic Disease Management

- The Government's investment in prevention includes initiatives to tackle the rising burden of obesity, tobacco and alcohol consumption.
- The Government established the Australian National Preventive Health Agency in January 2011.
- In June 2011, 24 out of 35 insurers reported paying benefits for preventive health measures, most commonly targeting cardiovascular diseases and diabetes.
- While some insurers have developed in-house programs, most have formed a relationship, or multiple relationships, with external service providers to deliver these programs.



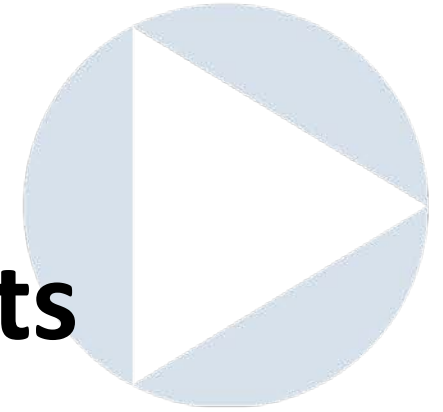
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# Prostheses Listing Arrangements

- Keep the costs reasonable and ensure access in a transparent and consistent way.
- The relevant HTA Review recommendations are being implemented:
  - the overseeing committee has been restructured,
  - the committee's terms of reference refer to comparative safety and inherent safety concerns will be formally referred to the TGA,
  - continuous applications are being accepted, and
  - the grouping of prostheses with similar clinical effectiveness is being undertaken in a phased approach.



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