The Allen Consulting Group

Against Unmanaged Care

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Presentation to Sustaining Prosperity:
New Reform Directions for Australia

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Targeting the right problem

- We are constantly told of the high and increasing expenditure on health care
  - but the fact is too many health resources are used to provide services to people with diseases and conditions that are known to be preventable.
- Reform is needed, but usually the debate focuses more on waiting lists for elective surgery than preventing the need for admissions.

Learning from the bogeyman

- Faced with similar problems, the British Government is looking at what can be learned from US managed care organisations
  - the best of them emphasise prevention and health education and have a strong focus on the good management of people with chronic disease.

What can we learn

‘Kaiser has achieved real integration through partnerships between physicians and administration and can exercise control and accountability across all components of the healthcare system.

This allows it to manage patients in the most appropriate setting, implement disease management programmes for chronic conditions, and make trade-offs in expenditures based on appropriateness and cost effectiveness rather than artificial budget categories.’

Feachem et al, British Medical Journal, vol 324, 2002, p. 140

Integrating care

- Integration of funding with the provision of service
  - all doctors from primary, secondary and tertiary care share the budget and responsibility for care.
- Integration of inpatient care with outpatient care
  - patients move more easily between hospitals, intermediate care such as rehabilitation, and community and home care.
- Integration of prevention, diagnosis, treatment and care
  - patients are diagnosed and treated in multidisciplinary health centres
  - a shared IT system tracks patient care.

In comparison…

Australia's health care system is:

> 'a tangled web of inter-government arrangements marked by incomprehensible complexity'
>
> John Paterson

There are consequences for patients

- Care is fragmented and people need to navigate a range of programs with different objectives, eligibility criteria, availability, and funding arrangements.
- The funding arrangements do not encourage:
  - continuity of care;
  - provision of multidisciplinary care; or
  - provision of care in the most clinically appropriate setting.

Integrating care: how does Australia fare?

- Integration of funding with the provision of service
  - do doctors share the responsibility for the budget?
- Integration of inpatient care with outpatient care
  - is it easy for patients to move between hospitals, residential aged care, and community and home care?
- Integration of prevention, diagnosis, treatment and care
  - are patients diagnosed and treated by multidisciplinary primary care teams, working together with specialists?
  - is there a shared IT system to track patient care?

Credit where credit is due

- Richard Scotton's seminal work on managed competition
- Work by the Centre for Health Economics, Monash University, on integrated fundholding
  - Segal, Donato, Richardson and Peacock
- John Menadue's proposal for a Joint Commonwealth-State Health Commission
- Hal Swerissen, the Australian Institute for Primary Care — work on reforming primary care

Model for an integrated health care system

- The Commonwealth and State Governments would pool funds for acute care, primary and community care, pharmaceuticals and aged care.
- The funds would be allocated to regional health purchasing agencies within the State.
- The regional agencies would have control over the budget of pooled funds, with a mandate to purchase health services for the defined population.
- They would negotiate performance-based contracts with health providers — public and private organisations providing a variety of health services.

Advantages

- The long term, continuing responsibility of one authority for the health of all residents within a region, putting the emphasis on improving the health status of individuals and populations.
- Increased capacity and incentives for continuity of care, service integration, coordination and innovation.
- Services planning can be undertaken across all health problems, disease stages and target populations, across all modalities of care, and all lifetime health care needs.
- Incentives for appropriate cost containment, including through possibilities for substitution between more and less cost-effective interventions.

Chances of it happening

‘The Government is unlikely to accept any proposal for greater use of ‘pooled funds’ where federal and state funding is spent according to planners’ assessment of regional priorities. The Australian Health Care Agreements already constitute a series of pooled funds.

Why inflict the public hospital blame game on other parts of the system such as Medicare benefits and pharmaceutical benefits schemes *which work well** and have considerable public trust?’

Tony Abbott, Minister for Health and Ageing, 2005

* Emphasis added

Do they work well?

‘The current fragmentation of the health system has been identified by all Groups to be the most significant barrier to realising optimal health outcomes for Australians. The system is considered to impose artificial and arbitrary boundaries on consumers and health professionals who need to manage episodes of care in a flexible and coordinated manner.

The overwhelming message from the Groups is that this lack of integration is unsustainable, expensive and detrimental to health outcomes.’

Report of the Expert Reference Groups to Commonwealth and State Health Ministers, 2002

Degree of difficulty

What would it take?

- Good will
- Resources
- The highest level of collaboration
- Time

- In short:
  - the leadership and resolve of all the Commonwealth and State Governments.

Can we make progress?

- John Menadue: proposal for a Joint Commonwealth–State Health Commission in each State.
- The Commission would receive funds from the Commonwealth and relevant State Government covering acute, primary and community health care services.
- The Commission would manage the funding and planning of all health services in that State, purchase various services from providers, and monitor performance against agreed targets.
- Advantage: not dependent on the agreement of all jurisdictions.

Begin with primary care

- First point of contact with the health system and the gateway to other services.
- Improved primary health and community support has the potential to prevent hospital admissions and inappropriate use of residential care services.
- As the Commonwealth is the principal funder of general practice, the Commonwealth–State issues could be more easily addressed than in a fully integrated health care system.

Focus on people with continuing care needs

- The foundation for better-integrated care for people with continuing care needs is enrolment with a GP practice or primary care organisation
  - giving overall responsibility for care coordination to a GP
- Under this proposal, people with chronic diseases and all older people would enrol
  - existing patient rights to choice of GP would be protected; and
  - while people would be encouraged to enrol, it would be voluntary.
- Once this foundation is laid, there is potential to develop systems which are directed at improving the quality of care for the elderly and chronically ill.

Moving the debate on

- In Australia, the debate about health care reform is overly concerned with how to get more people into hospital more quickly.
- At the Federal election last year, the centrepieces of both the Coalition and Labor's health policies targeted access to hospitals.
- It is perhaps understandable that reform to encourage prevention and better disease management does not get much of a look in in the hurly-burly of an election campaign
  - but it is just the right topic for a government at the beginning of a three-year term to tackle.