

# Improving the Productivity of the Health Workforce

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# Background

- Health expenditure grew by 6% above the rate of inflation in 2004/5
- Now almost 10% of GDP
- The health workforce accounts for close to 70% of health expenditure
- 7% of the Australian workforce

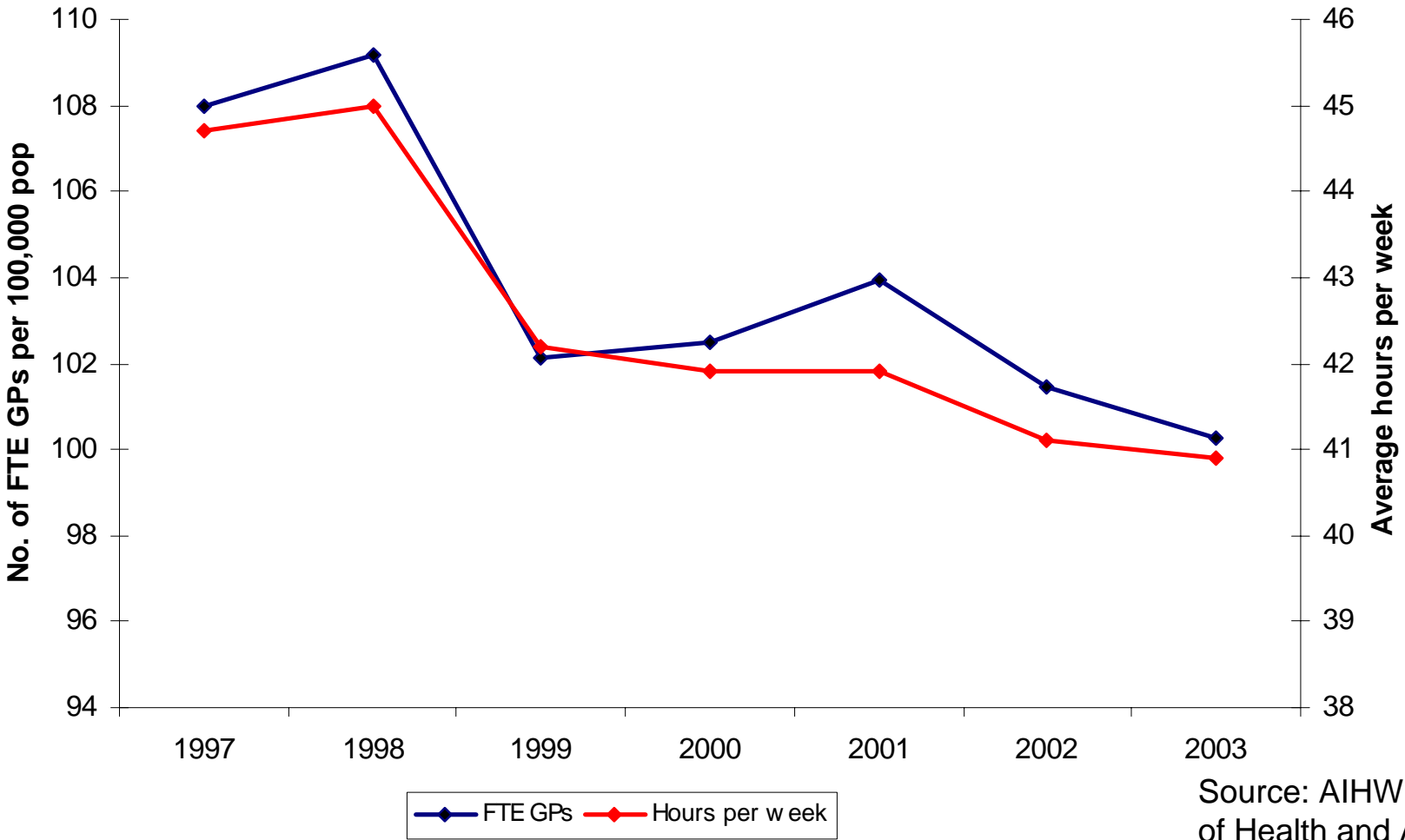
# Key points

- Doctors are the key to improving efficiency and equity in the health care system
- Doctors are responsible for key decisions that influence the allocation of resources:
  - Specialty choice
  - Location of work
  - Clinical decisions
- Overall level of supply *versus* the productivity of the existing supply

# Some key problems

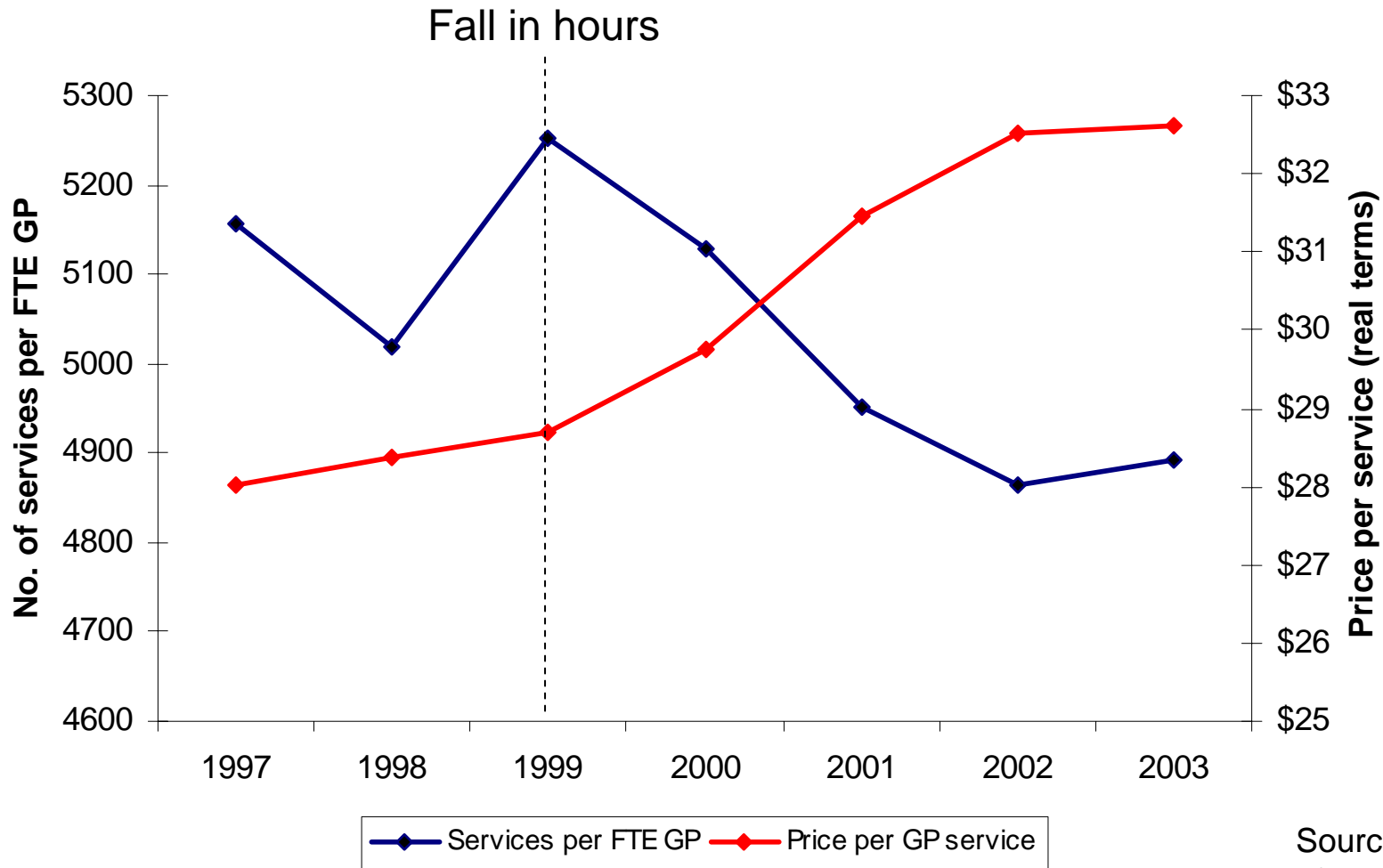
- The funding and organisational environment stops doctors from doing a good job
- Fee-for-service discourages:
  - team working and multidisciplinary care
  - knowledge translation and implementation of best practice evidence
  - rural practice
  - universal access for equal need
  - appropriate specialty choice
- Commonwealth-State funding divide discourages integration

# Falling hours of work for GPs



Source: AIHW and Dept of Health and Ageing

# Price and quantity of GP services



Source: AIHW and Dept of Health and Ageing

# Skill mix and team working

- Current system encourages individual rather than group practice or multidisciplinary working
- Evidence on nurse-doctor substitution
- Substitutes or complements?
- Effects on efficiency depend on what doctors do with their 'freed' time

# Knowledge translation

- Large variations in medical practice
- Keeping pace with, and implementation of, 'best practice' evidence
- \$1.5bn spent on health research (2004/5)
- Few incentives for doctors to use this evidence
  
- Getting evidence into practice
  - Provision of information is not enough
  - Mixed evidence on the effect educational strategies
  - Financial incentives?



# Some potential solutions....

- Linking quality of care to financial incentives
  - Blended payment schemes to move away from FFS
  - Expansion of the Practice Incentives Program for GPs
  - Introduction of a similar scheme for specialists
- Integration between doctors and rest of system
  - Pooling of State and Commonwealth funding

# Conclusions

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- Doctors are the key to improving efficiency and equity in the health care system
- Gross inefficiencies in working practices are allowed to persist
- Need evidence on how best to alter incentives and organisational structures