

Choice, competition and performance: challenges for the health care system

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Outline

- Brief overview of reform proposals
- Choice and competition
- Rewarding performance

Reform documents

- National Hospital and Health Reform Commission
 - 123 recommendations
 - Additional costs of up \$5.7bn (+\$3.6bn for Denticare + capital investment of up to \$7.3bn over 5 years)
 - Reduce spending by \$4bn a year by 2032.
- National Primary Care Strategy
 - Draft strategy published
- National Preventive Health Taskforce

Choice and competition

- In principle, a good thing
- Requires good information and knowledge
- Source of market failure in health care markets

Choice and competition

- Enrolment/registration with GPs
 - Voluntary for patients with chronic disease
 - Reduce choice?
 - Improve health outcomes?

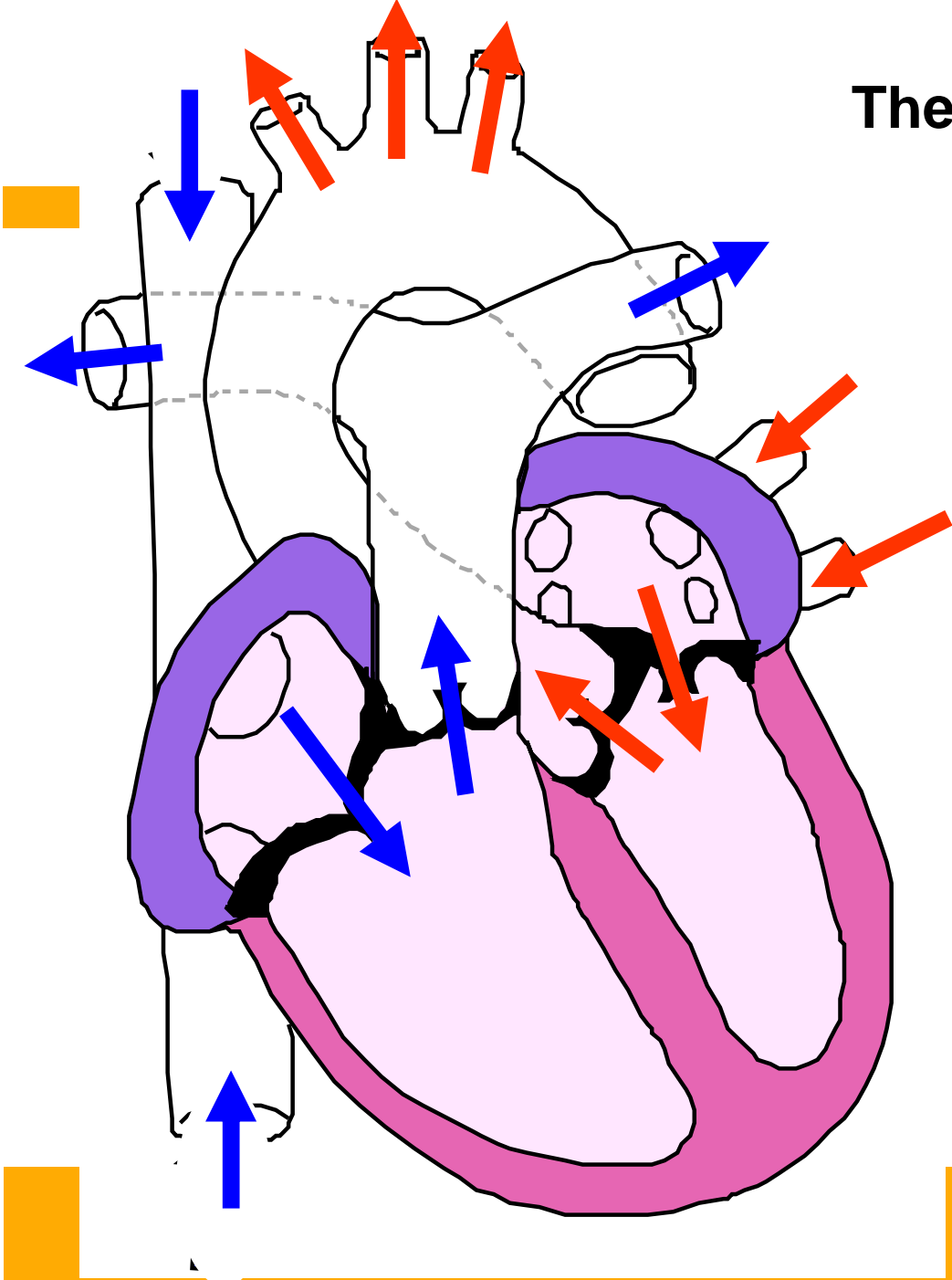
Choice and competition

- Health literacy and self-management
 - Capacity of individuals
 - Increase inequalities?
- Publication of provider performance data?
 - Accountability or informing choice??
 - Evidence?

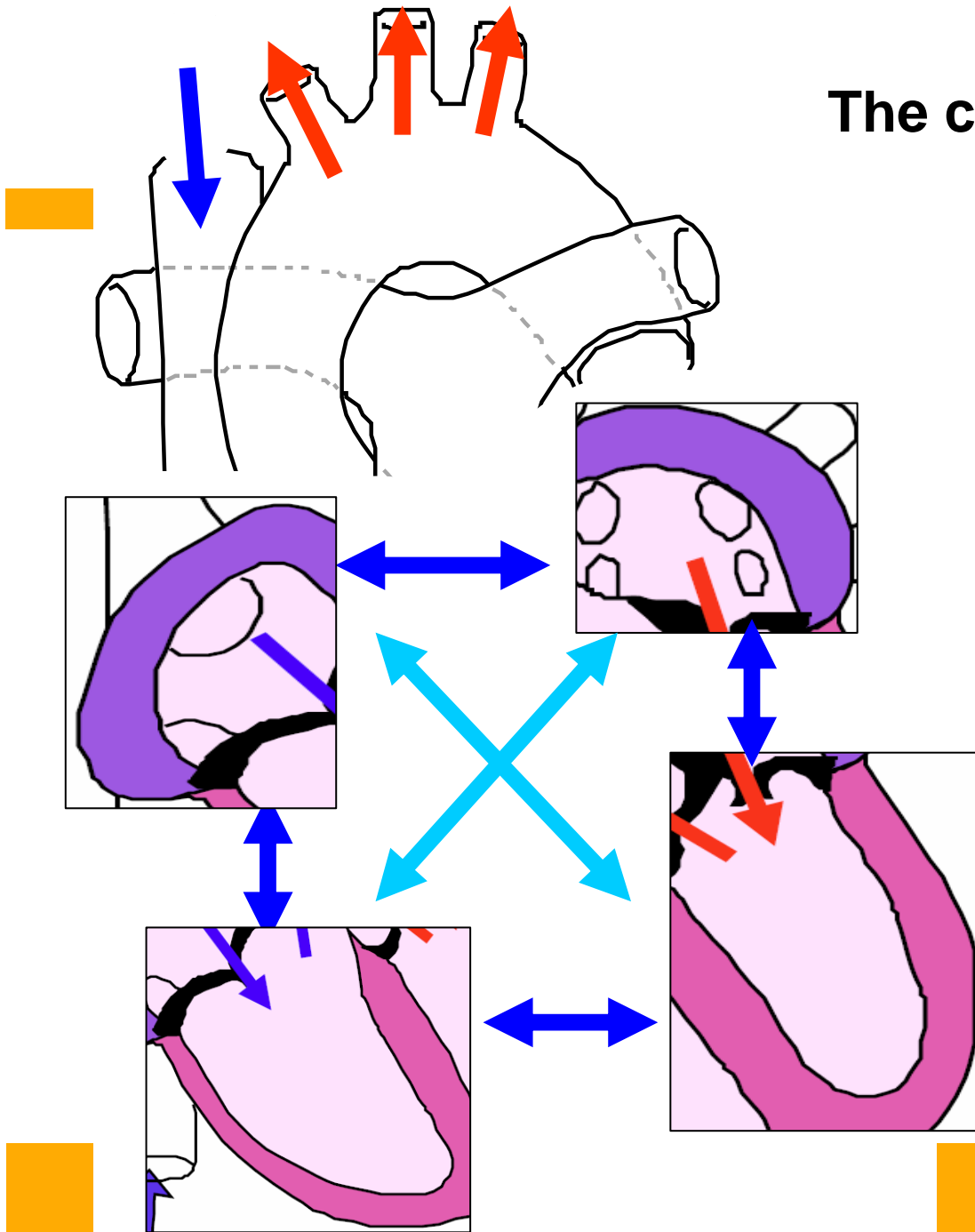
Choice and competition

- Healthy Australia Accord
- Medicare Select
- ‘Option B’ – Regional Health Organisations

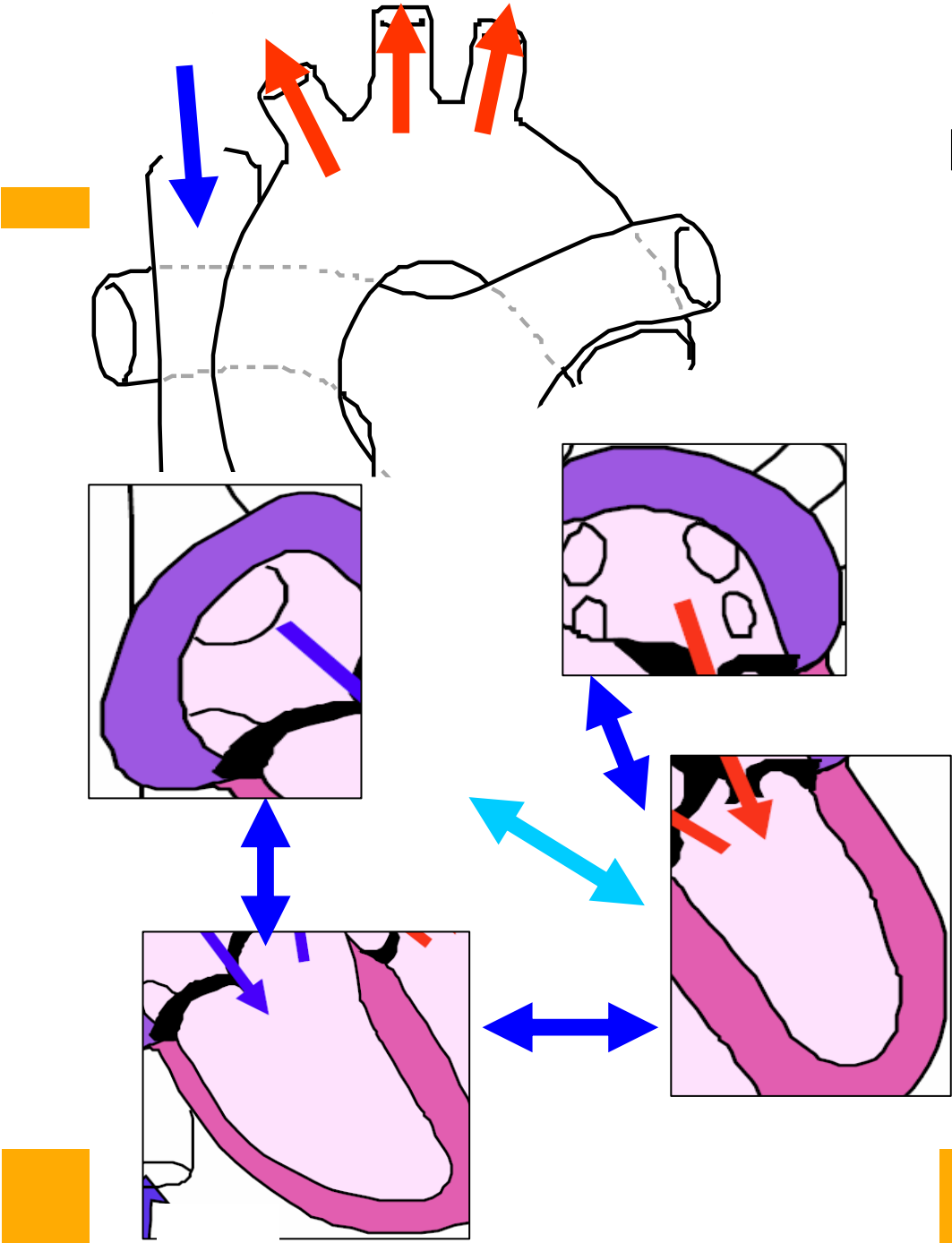
The 'ideal' Australian health care system



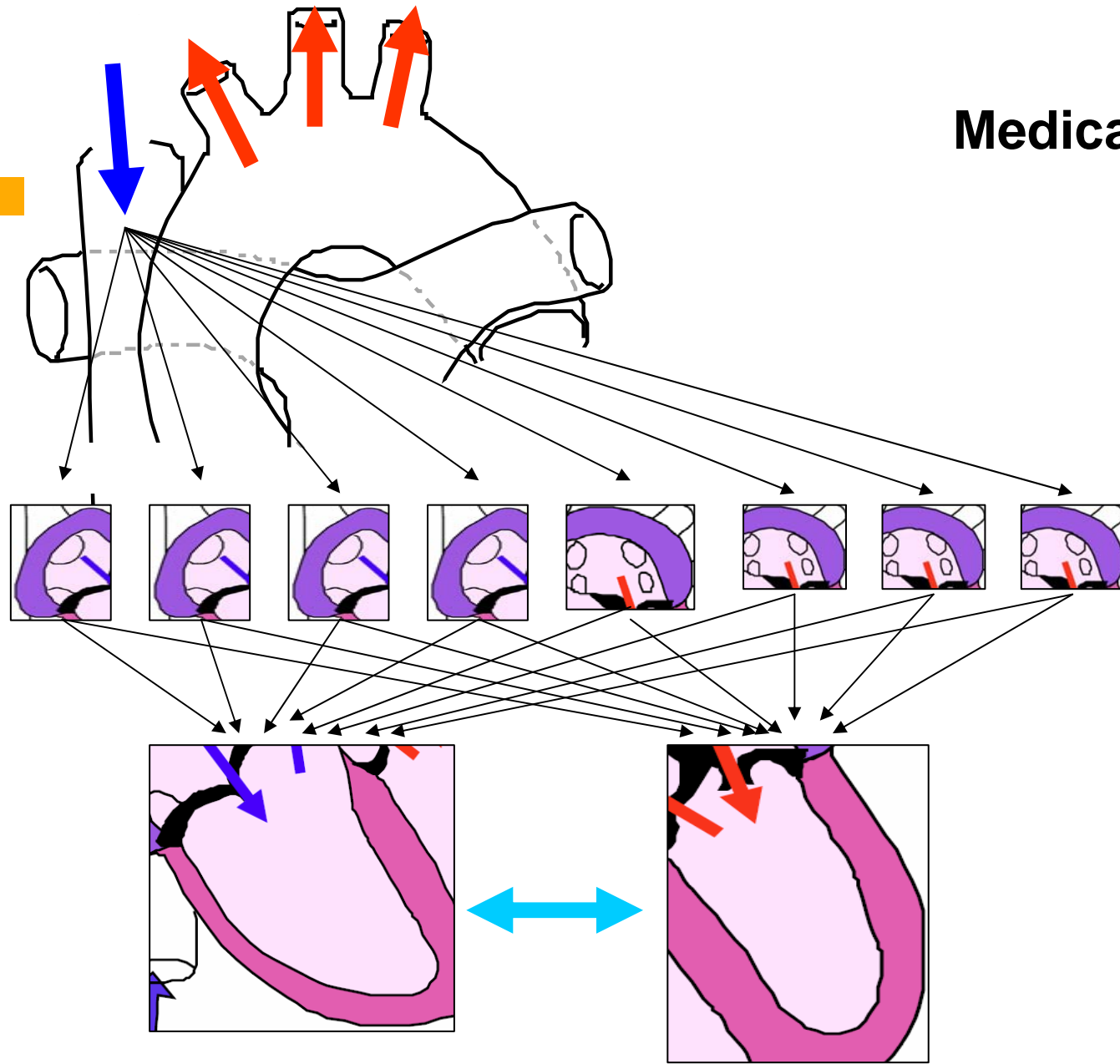
The current Australian health care system



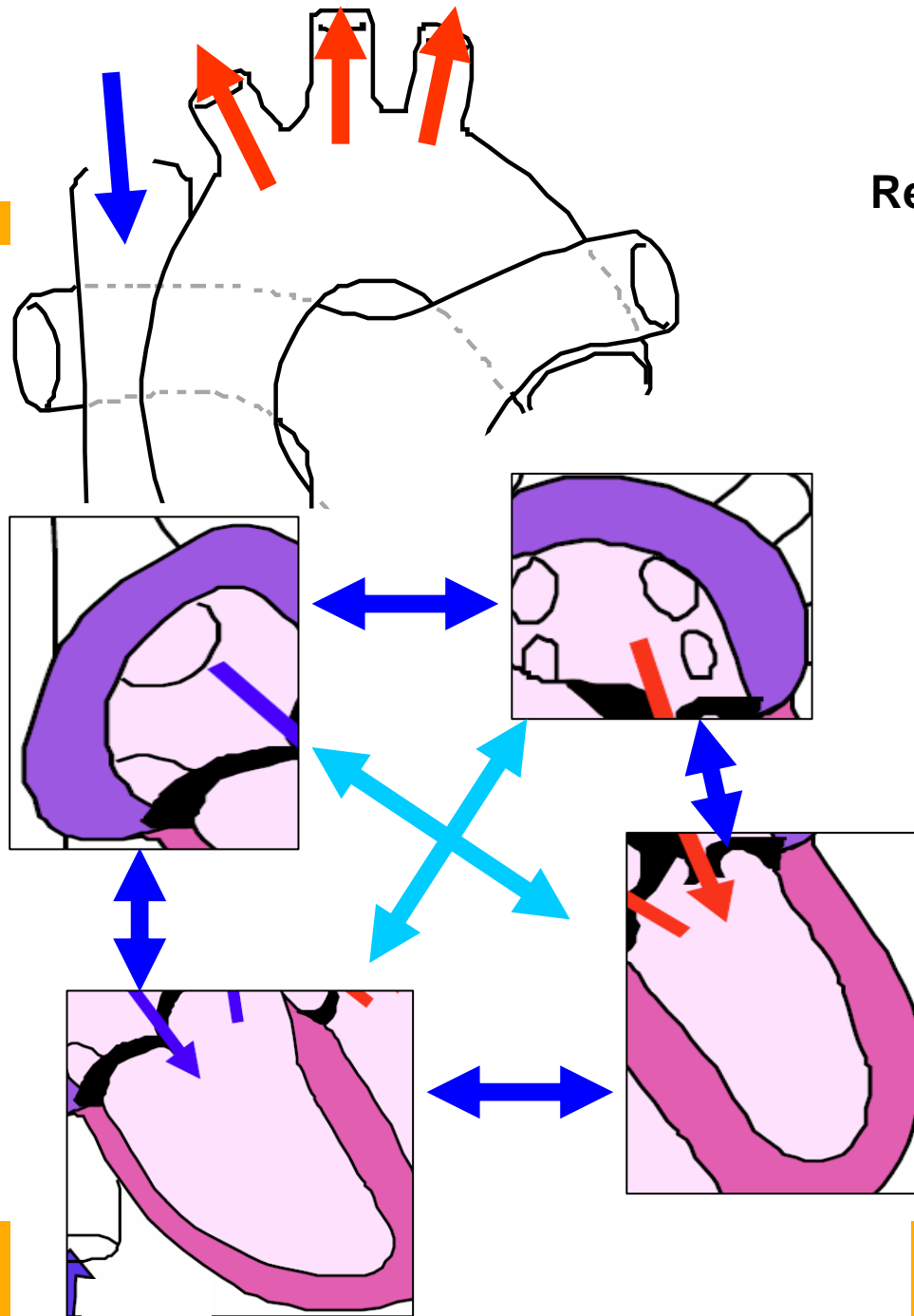
Healthy Australia Accord



Medicare Select



'Option B'
Regional Health Organisations



Rewarding performance

- What is performance?
 - Health outcomes, processes of care, access, lower costs
- Performance management schemes
 - State level
 - Every level, down to health professional

Pay for performance

- Part of proposed blended payment scheme for primary care providers (GPs)
- Lessons from literature
 - Have potential, but need careful design
 - Build on what you have already
 - Reward for improvements in performance, not attainment of levels
 - Rewards need to be ‘enough’ to make a difference
 - Single funder and enrolled populations
 - Beware of unintended consequences

Conclusions

- Major opportunities for health care reform
- What will be introduced?
- Choice and competition
- Rewarding performance
- Need for evaluation of effects of additional expenditure is very important