

One State, One Health System, Better Outcomes

DELIVERING SAFE AND
SUSTAINABLE CLINICAL SERVICES

Supplement No.1

SUSTAINABILITY
and the
Tasmanian Health System

REBUILDING TASMANIA'S HEALTH SYSTEM

Sustainability and the Tasmanian Health System

The *One State, One Health System, Better Outcomes* reform program features the development of a White Paper outlining the Government's plan for the delivery of safe and sustainable clinical services. The White Paper will clearly define what clinical services can be delivered safely and where, and how care can be linked across the primary, secondary and tertiary health care sectors.

To inform the development of the White Paper a Green Paper has been released for public consultation detailing options for a comprehensive, evidence-based proposal for an efficient state-wide and regional service profile.

A series of supplementary documents have been developed to support the Green Paper. These documents will provide a deeper insight into particular areas of the health system, assisting the Tasmanian community to contribute to the public consultation process.

There are five supplementary documents. The first three are focussed on system wide issues that are key factors in the development of the clinical services profile. The latter two are focussed on key areas of ongoing stress and poor performance in our public hospitals;

1. Sustainability and the Tasmanian Health System
2. Tasmania's Health Workforce
3. Building a Stronger Community Care System
4. Emergency Care
5. Elective Surgery

This document focuses on the sustainability of health services in Tasmania. Critically, this includes the ongoing affordability of the health system; however there are a number of other important elements in designing a system for sustainability.



A sustainable health system is flexible and responsive to changing health needs.

What is a sustainable health system?

A sustainable health system is one that:

- Is designed to meet the health and health care needs of individuals and the population (from health promotion and disease prevention to restoring health and supporting end of life)
- Leads to optimal health and health care outcomes
- Responds and adapts to cultural, social, and economic conditions and demands, and
- Does not compromise the outcomes and ability of future generations to meet their own health and health care needs.¹

¹ *Sustainability: What Does This Mean for Canada's Health Care Systems*, Dr: Gabriela Prada, Director, Health Innovation, Policy and Evaluation April 16, 2012

Is Tasmania's Health System Sustainable?

There are a number of indicators that strongly support the notion that the health system is not currently sustainable and that a business as usual approach will embed an inefficient system that is not providing good outcomes for the community.

The cost of trying to maintain an unsustainable system is high - the high personal cost of poorer health outcomes, the high financial cost of maintaining an inefficient system meaning less investment for other vital services like housing, child protection and education, and the high human resources cost in terms of the morale of the excellent staff within the system.

Health outcomes in Tasmania are poor

It is not acceptable that the Tasmanian community has poorer health outcomes than people in other states and territories.

Tasmania continues to have one of the lowest life expectancies of all states and territories with the life expectancy for males being 78.3 years and for females 82.5 years.²

Many patients on the waiting list today have already waited for significant periods of time. Of all patients on the elective surgery waiting list, 43 per cent, have waited longer than the clinically recommended time for their surgery.

Tasmanians have higher rates of most chronic diseases than other Australians. For example, 32 per cent of Tasmanians have cardiovascular disease compared to 17 per cent of Australia as a whole, and arthritis and musculoskeletal conditions affect 32 per cent of the population compared to 27 per cent of Australians.³

Tasmania's age standardised mortality rates are higher than the Australian average for cancer, diabetes, ischaemic heart disease, strokes and self-harm.

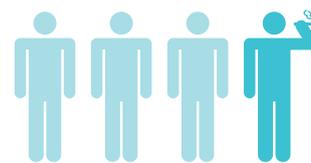
Our health system performance could be improved

At the system performance level, Tasmania does not perform well on a number of markers.

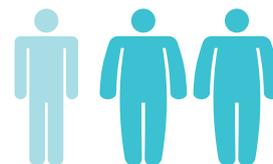
Tasmania has the longest elective surgery waiting time at the 90th percentile and the highest percentage of patients waiting longer than 365 days for elective surgery.

Tasmania has the highest rates of adverse events within its hospitals, the highest rate of readmissions for hip replacements, hysterectomies, and prostatectomy and higher than the national average rates for other surgical procedures.

These indicate that the system is not optimally designed to meet the health and health care needs of the population.



*Almost 1 in 4
Tasmanian adults
smoke*



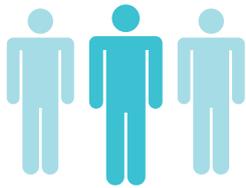
*Almost two-thirds of
Tasmanian adults are
overweight*



*Tasmania has the
highest rates of
adverse events
within its hospitals,
the highest rate of
readmissions for
hip replacements,
hysterectomies, and
prostatectomy and
higher than the
national average
rates for other
surgical procedures.*

2 Tasmanian Department of Health and Human Services, Health Indicators, 2013

3 Tasmanian Medicare Local, Health Priorities, 2014



Patients treated in small hospitals for complex problems are less likely to survive. In short, failure to reconfigure some services will mean more people will die.

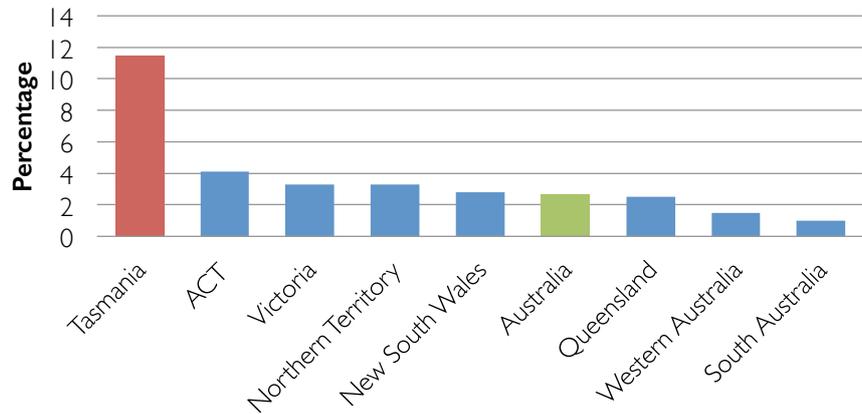


Figure 4: Percentage of total removals waiting longer than 365 days by jurisdiction

The financial sustainability of the health system

There are two elements of financial sustainability that will affect the delivery of health services in the future:

- Rates of growth higher than consumer price index (CPI) rises
- High reliance on Australian Government funding sources

In common with all other developed countries, health expenditure across Australia has displayed two clear long term trends over many decades. First, as Gross Domestic Product (GDP) has risen, total health expenditure has consistently risen in absolute terms. Second, the growth in total health expenditure has consistently risen faster than the rate of growth in GDP. In other words, as Australia – along with all developed nations – has grown richer, it has consistently spent an ever larger share of its national income on health care.

At the State level, health funding as a proportion of the total budget expenditure has risen and is consuming an ever increasing slice of the total funding pie.

This trend in increasing expenditure has been able to be managed in the past because the overall economic pie has also grown massively over the same period. Difficulties with sustainability will occur if the long term trends in growth do not continue.

The second risk to the financial sustainability of the Tasmanian health system arises due to the high reliance on Australian Government funding. As the Australian Government restricts its direct expenditure on health care (e.g. through Medicare, or through its proposed reductions to the future Australian Government share of public hospitals funding), States and Territories have little or no real ability to raise additional revenue to take up any slack. This imbalance between the taxing powers and expenditure obligations is known as vertical fiscal imbalance.

Overall Government funding for health care fell by 0.9 per cent in real terms in 2012-13 – again the first real terms decline in Government spending on health for at least a decade. This fall was driven primarily by a 2.4 per cent real terms reduction in Australian Government health spending in 2012-13.

As a consequence, real health expenditure fell in Tasmania and three other states and territories (South Australia, Australian Capital Territory and the

Northern Territory) for the first time in more than a decade. Continuing Australian Government budget constraints - both overall and specific to health – are likely continue to erode real health spending over coming years, at a faster rate than limited State funds could possibly make good.

The Tasmanian health care system – and especially that part of it funded by the Tasmanian Government (the State’s public hospitals and public health care programmes) is therefore already facing real reductions in funding, driven in large part by Federal budget decisions in previous and coming years.

Maintaining the financial sustainability of Tasmania’s health care system will mean ensuring resources are used as efficiently, effectively and sustainably as possible, to maintain and improve quality even as funding becomes tighter.

This means looking at waste, service configuration, and value for money.

Waste in the health system

Studies from around the world have increasingly concluded that the largest single driver of increased health expenditure has, for some time, been the introduction of new technologies and the expansion of existing technologies to ever greater numbers of patients⁴.

A significant portion of health care activity and treatments do not yield real benefit to patients, yet the system continues to fund it.

Evidence is also growing of significant levels of “overtreatment” – whereby patients receive unnecessary treatment – and “overdiagnosis” – whereby patients undergo treatment even when their condition would, in fact, never have resulted in death or serious symptoms. As well as representing pure waste of resources – incurring costs for little or no gain – overtreatment and overdiagnosis can actually harm patients by exposing them to the risks and adverse events that inevitably accompany treatment.

A sustainable health care system does not provide wasteful, ineffective or unnecessary care – and certainly does not expose its patients to risks of harm when they have nothing to gain from treatment.

Australia’s health system essentially has two levels of government funding streams and responsibilities. In this environment, there is increasing risk of duplication of services. For example, pathology and radiology tests may be undertaken in the community, funded by the Australian Government through Medicare then repeated on admission to a state managed hospital facility. This does not contribute to patient care while adding to the overall costs of the health system.

A significant and sustained effort to examine and identify low-value, cost-ineffective care in the Tasmanian health care system is required – and then to implement effective disinvestment from wasteful and harmful care, to release resources for more effective uses.

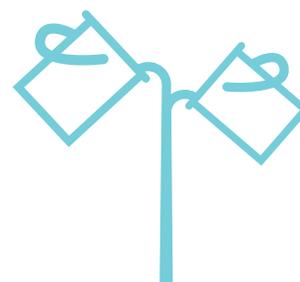
This is work that needs to engage all clinicians – but that must also engage with and rely upon high-quality evidence from around Australia and the rest of the world.



Tasmania is facing real reductions in funding



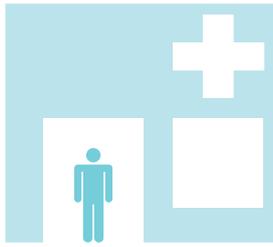
Evidence suggests significant levels of overtreatment and overdiagnosis



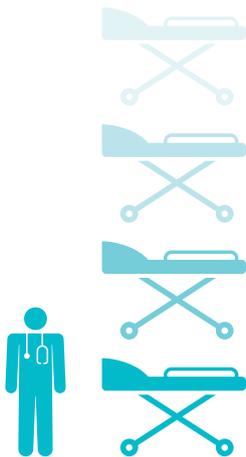
Australia’s health system essentially has two levels of government funding streams and responsibilities. In this environment, there is increasing risk of duplication of services.

4 Canadian Institute for Health Information, 2011

What is a safe, high quality health system?



Access to services closer to home should not come at the cost of patient safety



We do not have the population base to provide safe, high quality services in all locations.

The Australian Safety and Quality Framework for Health Care requires all governments, health service organisations and providers to ensure that care is always consumer centred, driven by information and organised for safety⁵.

The foundations of safe, high quality care are well designed and resourced services, with effective leadership, supported by a rigorous program of monitoring and evaluation. These foundations help to maximise quality while minimising the potential for causing avoidable harm to patients.

Tasmania's health system is not designed to provide optimal outcomes

Delivering an effective and efficient system that provides safe, high quality clinical services requires a health system that is designed and managed to deliver these outcomes.

The Report of the Commission on Delivery of Health Services in Tasmania⁶, The Richardson Report⁷ and Tasmania's Health Plan⁸ all found that the current configuration of services in the health system was not only inefficient but is contributing to a less than optimal service quality.

The unusually high level of regional "self-sufficiency" in Tasmania's health regions leads, in a number of areas, to the state's caseload being spread too thinly across too many hospitals.

This duplication of services is both wasteful – by generally leading to higher costs – and often unsafe, leading to poor outcomes, inconsistent outcomes and increased risks of harm. In a number of service areas, concentration of services into fewer, larger units can bring real improvements in safety, in patient outcomes, and in value for money.

There is a culture of services being delivered that are based around single clinician interests. This makes outputs and costs at the system level volatile and difficult to predict for funding purposes as well as contributing to safety and quality issues.

Tasmania's challenge, as with all parts of regional Australia, is that we do not have the population base, resources, capacity or capability to provide the breadth of clinical care in all centres in a way which is safe, reliable and effective.

Some complex services need to be centralised in one or more locations in order to ensure safety. Other services of lower levels of complexity can be delivered safely in many settings.

5 Australian Safety and Quality Framework for Health Care: Australian Commission on Safety and Quality in Health Care 2010 <http://www.safetyandquality.gov.au/wp-content/uploads/2012/01/32296-Australian-SandQ-Framework1.pdf> accessed 3 October 2014

6 The Commission on the Delivery of Health Services in Tasmania, *Report to the Australian Government and Tasmanian Government Health Ministers*, (April 2014), p. viii

7 The Tasmanian Hospital System, Reforms for the 21st Century, *Report of the Expert Advisory Group Review into Key Issues for Public and Private Hospital Services in Tasmania*, May 2004

8 Tasmania's Health Plan, *Clinical Services Plan*, Department of Health and Human Services, May 2007.

Decisions made about where and how services are provided must effectively balance safety with efficiency, sustainability, access and equity. The aim is for better service configuration; offering the community more joined up services and access to the best quality care possible.

We have four major hospitals in Tasmania, all of which are delivering a broad range of public hospital services in a consultant specialist model.

In considering the configuration of services (clinical services profile), the appropriate workforce models also need to be considered. For example, pursuing the consultant specialty led model of service in the North West has led to workforce sustainability issues. This in turn leads to high financial costs and high levels of locum utilisation which occurs to the detriment of system safety.

Other jurisdictions have recognised these issues and have invested in a generalist model in some of their regional and rural hospitals to achieve a better balance between access to services, safety and sustainability of services.

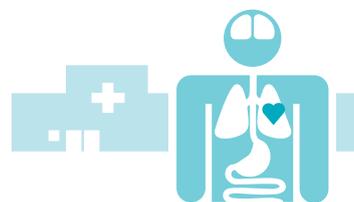
Adaptability to meet the changing demands on the health system

Tasmania's health system needs to be highly adaptable in the face of significant demographic challenge and a constantly changing health care environment.

The Tasmanian population is ageing at a rate faster than the rest of the nation – with the oldest population of all the states and territories (median age of 40.4 years as at June 2011)⁹.

Over the next 40 years the number of Tasmanians aged 65 years and over is expected to more than double while the number aged 80 years and over is expected to more than treble¹⁰.

New technologies and treatments are a constant feature of the health landscape. Some create minor changes in the way health care is delivered while others have a dramatic impact on the models of care required and workforce requirements. For example, the development of vascular stenting technology has considerably changed the requirement for vascular surgery, and vascular surgeons, and decreased admissions and length of stay.



There is strong evidence that major surgery, such as cardiac surgery, neurosurgery, liver transplantation, some cancer surgery and vascular surgery is more safely provided in larger hospitals.

10 Australian Bureau of Statistics, Population by Age and Sex, Regions of Australia (2011) <http://www.abs.gov.au/ausstats/abs@.nsf/Products/3235.0~2011~Main+Features~Tasmania>

11 Council of Australian Governments, National Partnership Agreement 2009 Sub-acute plan Tasmanian 2009-2013

How can the Tasmanian system be made more sustainable?

While the ongoing affordability of the health system is a key sustainability issue, as outlined above, it is only part of the picture.

Tackling sustainability issues is at the heart of the *One State, One Health System, Better Outcomes* reform process.

The development of the green paper and white paper process will critically provide a clinical services profile for the State.

Other parts of the reform process will build on the quality and safety of the system by putting patients at the centre of everything we do, engaging clinicians through the development of the Health Council of Tasmania and Clinical Advisory Groups and provide a governance structure that is able to provide leadership, accountability and strength to a more integrated safe, high quality system.

12 Nagree Y, Carmard VJ, Fatovich DM, Cameron PA, Dey I, Gosbell AD, McCarthy S & Mountain D. (2013) Quantifying the proportion of general practice and low acuity patients in the emergency department, *Medical Journal of Australia*, 198(11), 612-615.

For more information on the *One State, One Health System, Better Outcomes* reform package please visit: www.dhhs.tas.gov.au/onehealthsystem or alternatively send an email to: onehealthsystem@dhhs.tas.gov.au

