

Answering hard health questions

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Since the last federal election in 2007, there has been lively debate about the shape of our future health service. Kevin Rudd came to power promising that hospitals would be different. But as Barack Obama has discovered, health is the carrier of the most complicated of all political freight, a "strife of interests masquerading as a contest of principles" to use US satirist Ambrose Bierce's definition of politics in general. Since the election, beginning with the gala days of the 2020 Summit (where health was one among 10 principal agenda items), health has been subjected to more pummelling, interrogation, diagnostic tests, and general working over than a patient with ill-defined abdominal pain. The National Health and Hospitals Reform Commission and the Preventative Health Taskforce, set up by the Prime Minister, both reported last year, providing comprehensive analyses of the hospital, community and prevention elements of the health system.

These were attended with wide consultation. We do not lack any longer for diagnostics. The question is now what do we do? Yesterday, Kevin Rudd announced the first steps, in governance and finance, of a reformed national system of publicly funded health care. He proposed that the Commonwealth increase its current contribution of one-third of the costs of public hospitals to two-thirds, giving it more say in how they are run, and proposed the formation of networks of public hospitals, linked to community services. The formation of an Australian Health and Hospital Network, which would oversee the dispersal of funds, including a third of GST clawed back from the states and territories, was the centrepiece of his proposal. His pre-election promise was to fix hospitals and it was on hospitals that he concentrated yesterday. It would be churlish to expect him to say anything much about prevention and the promotion of health yesterday: his focus was correct. However, in the next instalment of the health reform agenda, we might well ask for more details on these important topics as well. Rudd also proposed the formation of small local hospital networks. I have mixed views about these as they stand, while believing firmly that we should always devolve to the smallest effective administrative unit that can respond to the community. But from my experience in NSW, I fear Rudd's networks may be too small. In NSW, the previous (not the current) Area Health Services provided care for about 500,000 people. They included hospitals and to an extent community, though not general practice which was a great defect of the split in funding

between Commonwealth and state. Each was served by a board, some working better than others, but where the voice of the health professionals and local community could be heard. They were large enough not to become concerned with details of the parish pump. The reinstatement of single hospital boards, as advocated by some, would be serious regression in my opinion. The Rudd hospital

networks hover perilously close to those hospital boards. After all we are talking these days, loudly and clearly, about the need for integrated hospital and community care. There are large and small hospitals and many types of community services, and linking these together is no trivial logistic challenge. What might we look for from this point? First, there will be much diplomatic horse-trading to win agreement from the states and territories to the concept of the Australian Health and Hospital Network. I would sincerely hope this does not come down to a referendum: memories of the failed republic haunt me. By allowing the states and territories a continuing one third share in the financing of public hospitals, Rudd has played a clever card that may pave the way to peaceful negotiations. Second, a huge amount of work perhaps as judged from other countries that have reformed their health systems we are in for a decade of change and the discomfort that goes with it. A change of government in the middle of it may prove to be problematic, and there are serious risks that we should take into account. By committing himself to a change, in his terms, as large as Medicare, Rudd has stepped back from incremental shifts. Reflect on the history of Medibank, then of Medicare, to see how long revolutionary change in health care takes to stabilise. Of course, Rudd may be engaging in rhetoric and perhaps the noise of clashing tectonic plates is simply for effect. But in any case, an era of change has been signalled, the battle for better health care joined. Third, real efficiency gains, of which we are in desperate need in the health system will come only when we start abandoning forms of care that have no or even negative yield in life expectancy and quality. We must begin measuring the outcome of what we do and not simply measuring its quantity. Reimbursement of activity in health system makes sense if, and only if, what is being reimbursed works well and is good value. We need much more detail from Rudd on how he will achieve real efficiency gains in his reformed health system. Professor Leeder is director of **Menzies Centre for Health Policy**, a joint venture between The Australian National University and the University of Sydney.