
# The Australian Council on Healthcare Standards (ACHS)

## Submission to Productivity Commission

## Review of Australian Government's Relationship with Standards Australia Limited and the National Association of Testing Authorities, Australia

**April 2006**

**Executive Summary**

The Australian Council of Healthcare Standards' impression from reading the Productivity Commission Issues Paper is that the nature of the 'research study' appears to have more to do with a national approach to standards development and assessment than just the relationships between the Government and Standards Australia and National Association of Testing Authorities (NATA).The ACHS submission proposes an inclusive model with specific suggestions in respect of the health industry.

The ACHS supports a credible industry self-regulatory model for standards and accreditation in which the public benefit and national interest are preserved. External validation of performance to relevant standards for the standards development organisations and accreditation agencies will ensure credibility.

National coordination of the development of standards by contract with expert Standards Development Organisations is essential to ensure standards are developed using best practice principles, to eliminate duplication and for the health industry, to promote the adoption of a core set of standards for safety and quality. For the public benefit, standards should be freely available to users and to the community they serve.

A model where there is a limited number of performance assessment agencies as sole providers recognised on the basis of best serving the public interest within the competition policy legislative framework will ensure consistency of assessment, reduce fragmentation, be less onerous for providers and require a lower resource base for compliance.

## 1. The Australian Council on Healthcare Standards (ACHS)

The ACHS is an independent, not-for-profit organisation, dedicated to improving the quality of health care in Australia through continual review of performance, assessment and accreditation. Established in 1974, the ACHS has maintained its position as the leading independent authority on the measurement and implementation of quality improvement systems for Australian health care organisations. It is recognised internationally and was the third health care accreditation agency to be established worldwide after the Joint Commission on Accreditation for Healthcare Organizations, USA and the Canadian Council on Health Services Accreditation. Similar to the ACHS, the Joint Commission and the Canadian Council are independent of government and other stakeholders. The ACHS develops standards and provides accreditation services to those standards. This is the predominant pattern internationally across developed nations although the delivery models do vary.

## 2. A General Observation

The ACHS impression from reading the Productivity Commission Issues Paper is that the nature of the 'research study' appears to have more to do with a national approach to standards development and assessment than just the relationships between the Government and Standards Australia and NATA.

The ACHS submission will address the broad issues of standards and accreditation that were raised in the Productivity Commission Issues Paper *Standards and Accreditation March 2006* from a health industry perspective. In developing this submission, the ACHS reviewed a number of documents relating to standards for standards development (ISQua 2004a, BS 0-1 2005, BS 0-2 2005), standards for accreditation services (ISQua 2004b), industry self-regulation (Taskforce on Industry Self-Regulation 2000, National Consumer Council 2000) and corporate governance of statutory authorities (Uhrig 2003).

## 3. The Health Care Safety and Quality Environment

The agenda for the pursuit of quality in the Australian health care industry over recent years has been focused on ensuring safety. The Australian Health Ministers have adopted a National Health Performance Framework which includes nine dimensions of "health system performance". The ACHS Evaluation and Quality Improvement Program (EQuIP) is structured to complement this framework. The Australian Health Ministers Council in 2005 determined to continue and strengthen its commitment to the national patient safety agenda by announcing the establishment of the Australian Commission for Safety and Quality in Health Care; this organisation, now established, has succeeded the Australian Council on Safety and Quality in Health Care.

Keys issues for the ACHS that are addressed in the ACHS 2005 – 2008 Corporate Plan are also considered relevant to the Productivity Commission's study :

- Standards are developed on the basis of available evidence as to best practice and to embrace, as far as practicable, the expectations of many

stakeholders. The frameworks that embody these standards need to reflect both those expectations and the national patient safety agenda. Accordingly, it should be expected that standards will continue to evolve and be more demanding of providers. They must be written in 'plain English' as well as being achievable and measurable.

- Quality and safety are key issues for the delivery of health care. The link between accreditation and these two issues requires more rigorous analysis and the results publicised. In fact, there is a paucity of academically rigorous research into the processes and systems supporting quality in health care. ACHS in collaboration with the Centre for Clinical Governance Research, UNSW, and other industry partners with the support of an Australian Research Council Linkage Grant is working to redress this situation, but more research is needed.
- The proliferation of accreditation standards and systems continues to impact negatively on the continuous improvement agenda. Standards for performance across the various industry sectors require coordination. Competition among standard setting bodies and accrediting organisations awaits evaluation in terms of benefits to both the community and the industry.
- Public disclosure of performance information is a recurring theme in both the industry and the broader community. It is a complex and sensitive topic. ACHS is making an increasing contribution to the provision of information at operational, strategic and community levels.
- Consumers are demanding not only a stronger role in determining the course of their own care but more information about the very nature of the health system and its performance.
- The validity, reliability and transparency of accreditation processes are constant avenues for challenging the value of standards based performance assessment and accreditation.

**4. Industry Self-regulation**

The ACHS supports a credible self regulation model for the development of standards and accreditation to such standards in the health industry. The Taskforce on Industry Self- Regulation (2000:1) determined that:

> Self regulatory schemes tend to promote good practice and target specific problems within industries, impose lower compliance costs on business, and offer quick, low cost dispute resolution procedures. Effective self-regulation can also avoid the often overly prescriptive nature of regulation and allow industry flexibility to provide greater choice for consumers and to be more responsive to changing consumer expectations.

However, there are some essential requirements for a credible self-regulatory scheme if the public benefit and national interest are to be upheld. The National Consumer Council, UK (2000:51-52) has published a useful checklist list:

1. The scheme must be able to command public confidence.
2. There must be strong external consultation and involvement with all relevant stakeholders in the design and operation of the scheme.
3. As far as practicable, the operation and control of the scheme should be separate from the institutions of the industry.
4. Consumer, public interest and other independent representatives must be fully represented (if possible, up to 75 per cent or more) on the governing bodies of self-regulatory schemes.
5. The scheme must be based on clear and intelligible statements of principle and measurable standards – usually in a Code – which address real consumer concerns. The objectives must be rooted in the reasons for intervention (outlined in chapter 1.)
6. The rules should identify the intended outcomes.
7. There must be clear, accessible and well-publicised complaints procedures where breach of the code is alleged.
8. There must be adequate, meaningful and commercially significant sanctions for non-observance.
9. Compliance must be monitored (for example through complaints, research and compliance letters from chief executives).
10. Performance indicators must be developed, implemented and published to measure the scheme's effectiveness.
11. There must be a degree of public accountability, such as an Annual Report.
12. The scheme must be well publicised, with maximum education and information directed at consumers and traders.
13. The scheme must have adequate resources and be funded in such a way that the objectives are not compromised.
14. Independence is vital in any redress scheme which includes the resolution of disputes between traders and consumers.
15. The scheme must be regularly reviewed and updated in the light of changing circumstances and expectations.

## 5. Structures for Standards Development and Accreditation Services

If principles for self-regulation are embodied in all organisational structures and external validation of performance to relevant standards is demonstrated then the ACHS proposes that standards development and accreditation services can exist within the same organisation. The real issue is not who develops the standards but how they are developed.

Standards development and the delivery of accreditation services requires a constant two way flow of information if improvements are to be made and effectiveness increased in both functions. The essential learning from such information exchange is considerable and is arguably more efficient and effective when both functions exist within the same organisation. The prevailing international pattern in health is to have a single independent agency responsible for standards development and accreditation; whilst this may be seen as monopolistic, the public benefits. Administrative efficiencies and the potential to collate valuable data which can support the compilation of comparative performance information and the identification of major trends are able to be achieved and these are compelling factors.

## 6. External Validation of Standards Development and Accreditation Processes

The ACHS considers that all standards development and accreditation processes should meet standards and performance to these standards should be externally assessed to demonstrate accountability. For health care accreditation and evaluation agencies, the International Society for Quality in Health Care (ISQua) have developed principles for healthcare standards (ISQua 2000a) and standards for healthcare external evaluation bodies (ISQua 2000b) and provides an accreditation program for these standards.

The ACHS is committed to and participates in this program. (See Appendix for a description of the process). The Department of Health and Ageing has previously recognised the necessity and acceptability of the ISQua or other recognised programs (recognition of assessment programs for the payment of 2nd tier benefits).

## 7. Standards for Public Benefit and National Interest

The interests of consumers and of the nation are well served by the adherence to standards with external validation of that adherence. Standards should therefore be freely available to users and to the community they serve. Standards that are developed as part of industry self-regulation are able to be more flexible and responsive than legislated standards because of the nature of self-regulation. If standards are to be freely available, funding cannot come from the sale of standards. Grants and perhaps fees from accreditation services may be possible sources of funding. The four yearly reviews of the ACHS standards are funded by income from the membership fees for belonging to the accreditation program.

The commercial relationship between Standards Australia and SAI Global is a relatively recent development, the value of which is not yet proven. However, it appears to have had an inflationary effect on the cost of accessing standards and could serve to limit the willingness of some organisations to both access and implement these standards. The cost may also be restricting access by the public.

## 8. National Coordination of Standards Development

The ACHS supports the national coordination of standards development and accreditation so that the public benefit and national interest are served with efficient and transparent processes. A National Coordination Body would coordinate the development of standards by contracts with Standards Development Organisations. The coordination body should reflect industry bodies, community, government and other relevant stakeholder interests.

In the health industry, an entity to coordinate the development of health care and related standards nationally will unburden the providers of health care of frustration and compliance costs. Under such a model, standards:

- are developed with the appropriate expertise and according to best practice principles in a way that gives the industry a stronger sense of involvement;
- include common core components for safety and quality;

- can reflect national priorities; and
- can be structured across different sets of standards for specific subject areas to be complementary rather than duplicate the same intended outcomes incorporated into different sets of standards that currently exist for different sectors of the industry. They may also use language and definitions differently (there is evidence to suggest this already occurs).

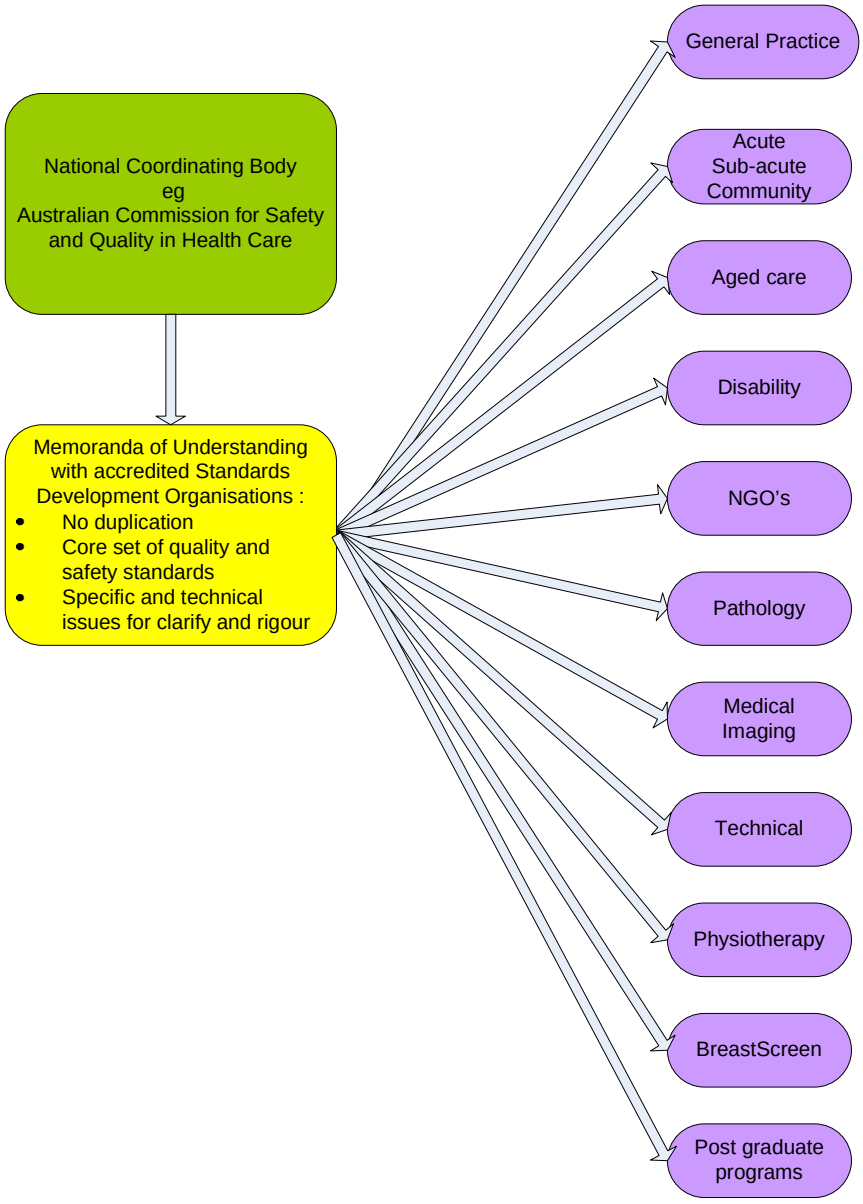
The Australian Commission for Safety and Quality in Health Care would be the appropriate body to assume a coordinating role for the development of all health care and related eg disability standards. The Commission could auspice a panel with appropriate skills to oversee and coordinate standards development for all health industry sectors by developing Memoranda of Understanding with organisations with the appropriate expertise and external accreditation. The standards would be owned by the organisation that develops them. Ownership of the standards ensures ongoing interest, responsibility and accountability for the standards. The Memoranda would specify:

- which sector standards the organisation would be responsible for
- the requirements for the processes for standards development
- the frequency of standards review.

In addition it would include the necessity to meet the appropriate standards for standards development and an external validation of performance to these standards. Such Memoranda will ensure consistency and equity among standards development organisations and eliminate duplication.

Administrative efficiencies could be derived from standards development by eliminating duplication, by using a core set of standards for safety and quality to which only specific and /or technical details need to be added for clarity and rigour, and by ensuring that standards are developed by experts using recognised contemporary processes for development. Currently the Australian Government funds the development and review of some standards but not others. A national approach could ensure Australian Government contributions (via the Commission) to standards development are used in a cost-effective manner. Other income for standards development could come from fees from accreditation agencies that assess to the standards.

## National Coordination of Standards Development in the Health Industry



## 9. Designated Accreditation Agencies

The public benefit resulting from the use of standards by health care organisations and the consistent and transparent external validation of performance to such standards is an essential component of credible self-regulation. It is proposed that accreditation agencies should be recognised as sole providers on the basis of best serving the public interest within the competition policy legislative framework. A model where there is a limited number of accreditation agencies that are able to assess using a range of standards:

- reduces fragmentation and the risk that the interfaces between standards for different health care delivery provision are overlooked;
- is less onerous for providers in dealing with one agency and participating in one assessment visit rather than multiple;
- requires a lower resource base (people and dollars) for compliance with one rather than multiple agencies and programs;
- allows great consistency in the assessment of the performance to the standards; and
- facilitates the exchange of performance related information of common interest.

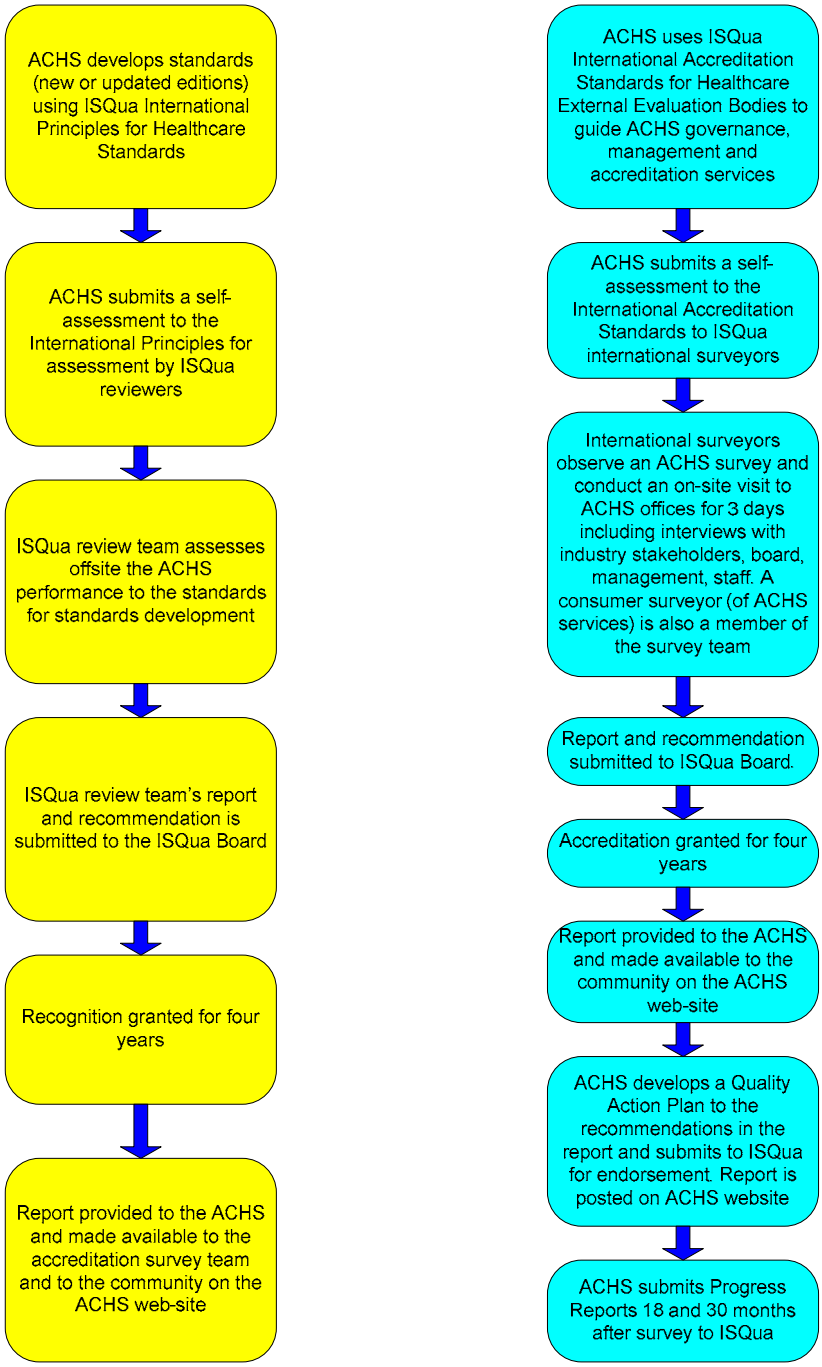
If accreditation agencies are able to assess to a range of standards that their customers use, then efficiencies would be gained by reducing the number of visits (as well as fees and other resources) of multiple accreditation agencies. Frustrations of management and staff would also be reduced with a “one stop” approach. Practical issues of process and the responsibility for the accreditation decision would need to be worked through with the cooperation of the accreditation agencies.

In the report on the Review of the Corporate Governance of Statutory Authorities and Office Holders one of the principles for good governance is described :

> *To be successful, power must be: in existence; delegated; limited; and exercised.*
> -Power frameworks will influence the efficiency and effectiveness of decision-making and the capacity of decision-makers to produce quality outcomes.
> (Uhrig 2003:10),

This could apply to accreditation agencies in a self-regulated environment. Accreditation agencies carry the risk, are of no cost to the government and assure providers and consumers of an independent assessment process.

## Appendix
## The ACHS ISQua accreditation process



## References

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***BS 0-2: 2005,*** A Standard for Standards. Part 2: Structure and Drafting - Requirements and Guidance.

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***Taskforce on Industry Self-Regulation. (2000)***. Industry Self-Regulation in Consumer Markets, Commonwealth of Australia. www.consumersonline.gov.au/downloads/ selfreg/**taskforce**/FinalReport/1prelims.pdf 20 April 2006

***Uhrig, J. (2003)***. Review of the Corporate Governance of Statutory Authorities and Office Holders, Commonwealth of Australia. http://www.finance.gov.au/governancestructures/