

March 2022

# **Submission to the Productivity Commission Inquiry into Australia's Productivity Performance**

This submission is provided by the Australian Commission on Safety and Quality in Health Care in response to a call for submissions into the Inquiry into Australia's Productivity Performance.

# Introduction

Patients, consumers and the community trust clinicians and health service organisations to provide safe, high-quality health care, and most Australians have access to such care. Australians experience comparatively better health outcomes and live longer than people from most other highly developed countries. The Australian health system is considered more efficient, effective, and equitable than many other similar health systems,<sup>1</sup> and Australia's clinicians are highly regarded as skilled professionals who are committed to meeting the healthcare needs of their patients.

Although most health care in Australia leads to good outcomes, patients do not always receive the care that is most appropriate for them, and preventable adverse events occur across the Australian health system. Lapses in safety and quality, and unwarranted variation in health care provided to different populations within Australia have substantial costs, in terms of both the effect on people's lives and finances, and lost productivity.<sup>2</sup>

Examining opportunities for productivity-related reforms in health care requires consideration of approaches to ensuring safety, and quality improvement. Patient safety and quality are often summarised as the delivery of the right care, in the right place, at the right time and for the right cost. Safety and quality reforms should be founded on increasing the delivery of appropriate care, reducing the use of low value care, and fostering a value-based healthcare system.

## The Australian Commission on Safety and Quality in Health Care

In 2006, the Council of Australian Governments established the Australian Commission on Safety and Quality in Health Care (the Commission) to lead and coordinate national improvements in the safety and quality of health care. The Commission's permanent status was confirmed with the passage of the *National Health and Hospitals Network Act 2011*,<sup>3</sup> while its role was codified in the *National Health Reform Act 2011*.<sup>4</sup> The Commission commenced as an independent statutory authority on 1 July 2011, funded jointly by the Australian Government and state and territory governments.

The functions of the Commission are specified in section 9 of the *National Health Reform Act 2011*, and include:

- Formulating standards, guidelines and indicators relating to healthcare safety and quality matters
- Advising health ministers on national clinical standards
- Promoting, supporting, and encouraging the implementation of these standards, and related guidelines and indicators
- Monitoring the implementation and impact of the standards
- Promoting, supporting, and encouraging the implementation of programs and initiatives relating to healthcare safety and quality
- Formulating model national schemes that provide for the accreditation of organisations that provide healthcare services, and relate to healthcare safety and quality
- Publishing reports and papers relating to healthcare safety and quality.

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<sup>1</sup> Schneider EC et al., *Mirror, Mirror 2021 — Reflecting Poorly: Health Care in the U.S. Compared to Other High-Income Countries* (Commonwealth Fund, Aug. 2021).

<sup>2</sup> Australian Commission on Safety and Quality in Health Care. The state of patient safety and quality in Australian hospitals 2019. Sydney; ACSQHC, 2019

<sup>3</sup> [http://classic.austlii.edu.au/au/legis/cth/num\\_act/nhahna2011372/](http://classic.austlii.edu.au/au/legis/cth/num_act/nhahna2011372/)

<sup>4</sup> <https://www.legislation.gov.au/Details/C2016C01050>

The Commission works in partnership with patients, carers, clinicians, the Australian, state and territory health systems, the private sector, managers, and healthcare organisations to develop national initiatives that promote an Australian healthcare system that is informed, supported, and organised to deliver safe and high-quality health care that contributes to better health outcomes for patients, consumers, and communities.

The Commission's four priority areas include:

1. **Safe delivery of health care:** Clinical governance, systems, processes, and standards ensure patients, consumers and all staff are safe from harm in all places where health care is delivered.
2. **Partnering with consumers:** Patients, consumers, carers and the community are engaged in understanding and improving health care for all.
3. **Partnering with healthcare professionals:** Healthcare professionals, organisations and providers are engaged and supported to deliver safe and high-quality care.
4. **Quality, value and outcomes:** Evidence-based tools, guidance and technology are used to inform delivery of safe and high-quality care that is integrated, coordinated and person-centred.

## Areas of focus for improving productivity in the health system

The Commission recommends the following key areas be considered when examining opportunities to improve healthcare safety, quality and productivity:

- Harmonising standards and accreditation for health care
- Improving safety and quality of telehealth
- Improving appropriateness of care and reducing unwarranted variation
- Integrating and improving care at transitions.

## Harmonising standards and accreditation for health care

One of the key functions of the Commission is formulating, monitoring, and supporting implementation of national standards. The Commission's flagship work in this area is through the development and management of the [National Safety and Quality Health Service Standards](#) (NSQHS Standards), and the accompanying Australian Health Service Safety and Quality Accreditation Scheme (AHSSQA Scheme).

### The National Safety and Quality Health Service Standards

The NSQHS Standards were developed by the Commission in collaboration with states and territories, the private sector, clinical experts, patients and carers. The primary aims of the NSQHS Standards are to protect the public from harm and to improve the quality of health service provision. They provide a quality-assurance mechanism that tests whether relevant systems are in place to ensure expected standards of safety and quality are met.

There are eight NSQHS Standards, which include two overarching standards describing the foundational requirements of clinical governance and a person-centred approach through partnerships with consumers. The remaining six standards cover high-prevalence adverse events, healthcare-associated infections, medication safety, errors associated with comprehensive care, clinical communication and the prevention and management of pressure injuries, the prevention of falls and responding to clinical deterioration. Importantly,

these NSQHS Standards have provided a nationally consistent statement about the standard of care consumers can expect from their health service organisations.

Application of the NSQHS Standards is mandatory in all Australian hospitals and day procedure services, but have implemented more broadly across the health sector, including in community, transport and justice health.

## **The Australian Health Service Safety and Quality Accreditation Scheme**

The AHSSQA Scheme provides for the national coordination of accreditation processes.

Under the AHSSQA Scheme, the Commission's role is to:

- Develop and maintain the NSQHS Standards
- Approve accrediting agencies to assess health service organisations against the NSQHS Standards
- Undertake ongoing liaison with state and territory health departments on opportunities to improve the NSQHS Standards and the accreditation system
- Report to health ministers annually on safety and quality.

## **Coordinating and aligning national standards and accreditation**

The NSQHS Standards are an influential means for driving the delivery of safe and high-quality health care. However, health service organisations are often required to meet a range of different types of organisational and healthcare standards, which can create burden in terms of time and cost. Productivity gains can be made through the harmonisation and alignment of similar standards, and coordination of accreditation schemes and processes.

In parallel to developing and implementing the NSQHS Standards, the Commission has been fostering a harmonisation agenda by working collaboratively with the Australian Government Department of Health and other agencies, state and territories, colleges, healthcare professions, and other organisations to better align standards for health services. This includes action such as development of aligned standards such as [National Safety and Quality Digital Mental Health Standards](#), [National Safety and Quality Primary and Community Healthcare Standards](#), and the [National Safety and Quality Mental Health Standards for Community Managed Organisations](#).

In addition, the Commission has been working to improve coordination and consistency of accreditation schemes in a range of areas including general practice, aged care in Multi-Purpose Services, diagnostic imaging, and pathology; and improving consistency of guidance for implementation of safety standards for different population groups and services types.

Finally, the Commission has been collaborating with the Australian Government Department of Health and the Aged Care Quality and Safety Commission in the development clinical standards to be included in the next edition of the Aged Care Quality Standards, with a view to creating greater harmonisation and alignment.

There is still considerable work to be undertaken, and benefit to be had, in moving towards harmonisation of national healthcare safety and quality standards. Focusing on this area has the potential to reduce administrative burden and costs on healthcare services, as well increasing the capacity, consistency and transparency of identification and mitigation of safety and quality issues within the healthcare system.

## Linkage to recommendations from *Shifting the dial* (2017)

Harmonisation of national healthcare safety and quality standards also provides opportunity to advance refocusing the healthcare system to be more person-centred. One of the core overarching standards across the Commission's work is the Partnering with Consumers Standard. This standard requires health service organisations to work in partnership with patients to improve their own care, as well as in partnership with consumers and citizens in organisational governance to improve the safety and quality of the healthcare organisation and system. These types of approaches align with recommendations from *Shifting the dial: 5 year productivity review*<sup>5</sup> including:

Recommendation 2.3 Make the patient the centre of care: All Australian governments should re-configure the health care system around the principles of patient-centred care, with this implemented within a five year timeframe.

## Improving safety and quality of telehealth

Over the past two years there has been a dramatic increase in support for, acceptance and use of, telehealth services in Australia. In response to changing access to healthcare during the COVID-19 pandemic, the Australian Government introduced temporary MBS telehealth items which ran until 31 December 2021.<sup>6</sup> Then from 1 January 2022 temporary specialist inpatient telehealth MBS items (video and phone) and initial and complex specialist telephone consultation items, and longer telephone consultations for GPs (level C) were introduced until 30 June 2022.<sup>7</sup>

Since early March 2020, more than 86.3 million COVID-19 MBS telehealth services have been delivered to 16.1 million patients, with \$4.4 billion in Medicare benefits paid. More than 89,000 providers have used telehealth services.<sup>8</sup>

In addition, to the change in use of telehealth in general practice, there have also been changes in the acute sector. For example:

- [RPA Virtual Hospital](#) - in seven months during 2020 saw its workforce grow from six nurses to a multidisciplinary service of over 50 medical, nursing and allied health teams.
- [Melbourne's Royal Children's Hospital](#) -at the height of the pandemic was delivering 70 per cent of its specialist clinic appointments by telehealth, providing 11,200 telehealth consultations in April 2020 (up from 231 in April 2019). The hospital continues to provide telehealth consultations, supported by Healthdirect Australia's Video Call program and a telehealth community of practice.

This increase in access and usage of telehealth during the COVID pandemic has been necessary and has assisted in delivery of healthcare during very challenging times. However, there is a risk that this rapid change may result in potential new safety and quality risks, and other unintended consequences that could impact productivity and effectiveness of the healthcare system.

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<sup>5</sup> Productivity Commission. *Shifting the Dial: 5 Year Productivity Review 2017*. Report No. 84. Canberra

<sup>6</sup> <https://www.health.gov.au/news/health-alerts/novel-coronavirus-2019-ncov-health-alert/coronavirus-covid-19-advice-for-the-health-and-disability-sector/providing-health-care-remotely-during-covid-19>

<sup>7</sup> <https://www.health.gov.au/ministers/the-hon-greg-hunt-mp/media/24-million-for-telehealth-to-support-gps-specialists-and-their-patients-to-stay-connected-and-over-20-million-units-of-ppe>

<sup>8</sup> <https://www.health.gov.au/ministers/the-hon-greg-hunt-mp/media/permanent-telehealth-to-strengthen-universal-medicare>

Issues related to telehealth have recently been reported,<sup>9,10</sup> and a recent inquiry into rural and regional health services in NSW highlighted safety and quality issues in telehealth related to:<sup>11</sup>

- Management of clinical and technical risks
- Informed consent
- Correct identification
- Privacy and confidentiality
- Managing clinical emergencies and deterioration
- Continuity of care.

Although there are a large number of Australian and international standards, guidelines and frameworks that support telehealth across a range of medical specialties, allied health professions and state and territory health departments, there are no nationally recognised standards in Australia to support safety and quality of health care provided via telehealth.

Developing and implementing national standards to support safety and quality of health care provided via telehealth would be of potential benefit to both the safety and quality of health care, and health system productivity and effectiveness. There is opportunity to build on the Commission's [National Safety and Quality Digital Mental Health Standards](#) and adapt them for the broader digital health and telehealth environment. This work could coordinate and align with linked reform being undertaken through agencies such as the Australian Digital Health Agency.

### **Linkage to recommendations from *Shifting the dial* (2017)**

Increasing access to telehealth provides opportunity to improve productivity and is an illustration of the use of using nimble approaches to funding alternate models or mechanisms for care delivery. Increased access and availability provides opportunity to reduce risks such as readmission, and delayed care and treatment of care. However, it can pose new risks should there not be clear and strong safety and quality foundations. These types of approaches align with recommendations from *Shifting the dial: 5 year productivity review*<sup>12</sup> including:

Recommendation 2.1 Implement nimble funding arrangements at the regional level: The Australian, State and Territory Governments should allocate (modest) funding pools to Primary Health Networks and Local Hospital Networks for improving population health, managing chronic conditions and reducing hospitalisation at the regional level.

## **Improving appropriateness of care and reducing unwarranted variation**

A focus on reducing unwarranted variation and delivering appropriate health care can help reduce the provision of low value care, and can lead to improvements in the safety, quality, efficiency and effectiveness of the healthcare system.

The Australian Atlas of Healthcare Variation series explores how healthcare use varies depending on where people live. It identifies possible reasons for variation including

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<sup>9</sup> <https://www.abc.net.au/news/2020-10-12/review-of-telehealth-ordered-into-gulgong-hospital-death/12758644>

<sup>10</sup> <https://www.monash.edu/medicine/news/latest/2021-articles/the-rise-of-telehealth-during-the-pandemic>

<sup>11</sup> <https://www.parliament.nsw.gov.au/committees/inquiries/Pages/inquiry-details.aspx?pk=2615>

<sup>12</sup> Productivity Commission. *Shifting the Dial: 5 Year Productivity Review 2017*. Report No. 84. Canberra

unwarranted variation, and provides recommendations to reduce variation. It aims to drive improvements in the value of health care for patients so that they get the best outcomes with the least risk of harm. Where we see substantial variation in use of a particular treatment, it is a signal to the system that there needs to be a focus on whether appropriate care is being delivered.

If clinical variation does not reflect a difference in patients' clinical needs or preferences, it is unwarranted and can present an opportunity for the system to improve. One example of a system issue that exploration of variation highlights is the growth in the range of tests, technologies and treatments that can be used to investigate and manage health problems. Although such advances can bring great benefit, they can increase the risk of diagnosing and treating people for conditions that would never have caused them harm. The Atlas series aims to provide clinically meaningful information to investigate and improve the appropriateness, effectiveness and efficiency of health care in Australia.

Findings from the Atlas series have prompted change across the health system, spanning primary care through to acute care in both the private and public sector. This has included changes to funding arrangements through the Medicare Benefits Schedule, the development of clinical care standards, and the expansion of the National Safety and Quality Health Service Standards to include a requirement for health service organisations to examine clinical variation.

Potentially preventable hospitalisations include hospitalisations that may have been prevented by appropriate management earlier in the disease. Five conditions account for around 50% of all potentially preventable hospitalisations annually in Australia.<sup>13-14</sup> These five conditions were reported in the [Australian Atlas of Healthcare Variation series](#) (Atlas series) and include: chronic obstructive pulmonary disease (COPD), heart failure, diabetes, cellulitis, and kidney and urinary tract infections.

The substantial variation in care for these five conditions and high hospitalisation rates indicate that recommended care is not always provided for people with chronic conditions. Consequently, a focus on improving the appropriateness of care that is delivered for people with these five conditions has the potential to lead to meaningful improvements in the safety and quality of the healthcare system, and a reduction in avoidable and preventable hospitalisations.

Based on the Commission's internal analysis there is a range of opportunities for improving the appropriateness of care for people with these conditions including:

- Supporting better, more evidence-based care and management in the primary and community health sector
- Improving integration and coordination of care and information between primary and acute sectors
- Empowering consumers to be partners in health care including through patient education and support for self-management
- Supporting multidisciplinary disease specific management programs that are evidence-based
- Providing medication interventions such as medication review and antimicrobial stewardship programs
- Improving access to transitional care, rehabilitation and exercise interventions

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<sup>13</sup> Australian Commission on Safety and Quality in Health Care. Fourth Australian Atlas of Healthcare Variation. Sydney: ACSQHC; 2021

<sup>14</sup> AIHW (Australian Institute of Health and Welfare) 2019. Developing a National Primary Health Care Data Asset: consultation report. Cat. no. PHC 1. Canberra: AIHW.

- Supporting appropriate referral and care pathways for patients requiring end-of-life and palliative care.

### Linkage to recommendations from *Shifting the dial* (2017)

Introducing drivers, such as pricing and funding mechanisms, to incentivise the delivery of appropriate care provides an opportunity to shape the safety, quality and productivity of health care. The Commission has been working closely with the Independent Hospital Pricing Authority, and the National Health Funding Pool Administrator to explore options for the further development of safety and quality-related reforms and ways that avoidable and preventable hospitalisations can be reduced. These options are for the consideration of Health Ministers in the context of national health reform funding processes, and this type of action aligns with a number of recommendations from *Shifting the dial: 5 year productivity review*<sup>15</sup> including:

**Recommendation 2.1** Implement nimble funding arrangements at the regional level: The Australian, State and Territory Governments should allocate (modest) funding pools to Primary Health Networks and Local Hospital Networks for improving population health, managing chronic conditions and reducing hospitalisation at the regional level.

**Recommendation 2.2** Eliminate low-value health interventions: Australian governments should revise their policies to more rapidly reduce the use of low-value health interventions.

## Integrating and improving care at transitions

The Australian healthcare system is multilayered and complex. Health care in Australia is provided by teams of clinicians working in partnership with patients, families and carers. It is delivered in a wide variety of public and private health service organisations, ranging from sole proprietorships to large statutory corporations and public companies. Health care also has close intersections with aged care services, disability services and other social support systems.

While the care a person receives from the Australian health system is generally of high quality, it can be fragmented. Sometimes clinicians are only aware of the part of the person's care that they are responsible for. They do not always have the tools to consider the person's broader health context and how care and treatment from different providers may interact. Where this is often evident is when risks of harm emerge during transitions of care, where care is provided to people as they move between settings, sectors or care providers, such as across aged, primary healthcare and acute care.

Health system data, literature and recent findings from various Royal Commissions all indicate people are at higher risk of harm during transitions of care, and that failures at transitions of care are an indicator of poor integration and coordination between different parts of the healthcare system.

In 2017, the Commission engaged Deakin University to conduct a rapid literature review on improving the documentation at transitions of care for patients with complex healthcare needs.<sup>16</sup> The review found strong evidence that poor documentation at transitions of care is

<sup>15</sup> Productivity Commission. *Shifting the Dial: 5 Year Productivity Review 2017*. Report No. 84. Canberra

<sup>16</sup> Manias E, Bucknall T, Hutchinson A, Botti M, Allen J. *Improving documentation at transitions of care for complex patients*. Sydney: ACSQHC; 2017.



a key safety and quality issue for patients with complex healthcare needs and can lead to adverse events, including:

- Higher rates of readmission to hospital
- Failure to follow up after hospital discharge
- Increased costs related to inadequate or reduced care coordination
- Lack of availability of important diagnostic results
- Medication errors, including missed medicines, dose errors, and emergency medicines being missed or stopped accidentally.<sup>16</sup>

The issue of transitions of care has been a focus in the Royal Commission into Aged Care Quality and Safety, where it was identified that transition to residential care is associated with a significant rise in antipsychotics initiation, building on the increased use of antipsychotics before entry.<sup>17</sup>

The Royal Commission into Violence, Neglect and Exploitation of People with Disability has also focused on the interface between the disability sector and the health care sector, highlighting issues faced by people with disabilities at transitions of care.<sup>18</sup> People with intellectual disability can more frequently present to emergency departments, be readmitted, and there are specific issues related to paediatric care provided in paediatric facilities transitioning to adult services.

As a patient's health care needs increase in complexity, there is often increased interaction with different parts of the healthcare system resulting in more transitions of care. Due to this increased exposure, it is also often the most vulnerable (older people, people with disability and chronic and complex conditions) who are at greater risk of harm at transitions of care.

A focus on improving integration of care, commencing with improved communication and transfer of care between settings, sectors and care providers would pose opportunity to improve safety, quality and productivity through a reduction in errors, and increased delivery of appropriate care.

Ongoing efforts to achieve fully optimised, functional, and interoperable digital health records is an important pillar of patient safety. This can be achieved through development and implementation of national standards, shared terminologies, and linked datasets. Transmission of health information across care settings, enabled by interoperable systems, underpin patients' safe transitions of care.

The Commission is undertaking a number of activities focusing on improving transitions of care, with a focus on transfer of care and information for older people between acute, primary and aged care services. This includes examining opportunities to improve digital communication, discharge and admission transition, and integration with National Digital Health Infrastructure, such as the My Health Record system.

### **Linkage to recommendations from *Shifting the dial* (2017)**

Introducing improvements to integration and transition of care provides opportunity to reduce unnecessary, inappropriate, inefficient and ineffective health care. The Commission is undertaking a number of activities focusing on improving transitions of care, with a focus on transfer of care and information for older people between acute, primary and aged care services. This includes examining opportunities to improve digital communication, discharge

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<sup>17</sup> Royal Commission into Aged Care Quality and Safety. Final report: Care, dignity and respect. Canberra: RCACQS; 2021.

<sup>18</sup> Royal Commission into Violence, Abuse, Neglect and Exploitation of People with Disability. Overview of responses to the Health Issues Paper. Brisbane: Disability Royal Commission; 2020.

and admission transition, and integration with National Digital Health Infrastructure, such as the My Health Record system. This type of action aligns with a number of recommendations from *Shifting the dial: 5 year productivity review*<sup>19</sup> including:

**Recommendation 2.2** Eliminate low-value health interventions: Australian governments should revise their policies to more rapidly reduce the use of low-value health interventions.

**Recommendation 2.3** Make the patient the centre of care: All Australian governments should re-configure the health care system around the principles of patient-centred care, with this implemented within a five year timeframe.

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<sup>19</sup> Productivity Commission. *Shifting the Dial: 5 Year Productivity Review 2017*. Report No. 84. Canberra