



14 July 2017

Human Services Inquiry
Productivity Commission
Locked Bag 2, Collins Street East
Melbourne Vic 8003

RE: Productivity Commission Inquiry into Introducing Competition and Informed User Choice in Human Services: Reforms to Human Services

Dear Commissioner,

Thank you for the opportunity to contribute to the final stage of the Human Services Inquiry. As the largest grouping of not-for-profit hospitals and aged care services in Australia, we hope our feedback will provide valuable insight for the Commission through the next stage of the inquiry.

Please see our submission regarding the reforms outlined in the consultation report.

If you require any further information, please contact the Catholic Health Australia Office as we welcome the opportunity to give additional evidence to assist the inquiry in its work.

Sincerely,

Suzanne Greenwood LLM LLB FAIM MAICD
Chief Executive Officer



CATHOLIC HEALTH
Australia

**Productivity Commission Inquiry into Increased
Competition, Contestability and User Choices in
Human Services**

Overview

CHA is Australia's largest non-government not-for-profit grouping of health, community, and aged care services accounting for around 10% of hospital based healthcare in Australia. Our members also provide around 30% of private hospital care, 5% of public hospital care, 12% of aged care facilities, and 20% of home care and support for the elderly. CHA values the goal of a health system that respects human dignity, is person-centred, supports vulnerable populations, and supports the appropriate stewardship of resources. Our members invest heavily in expanding services to those in need and represent one of the predominant groups for private hospital services in regional and rural areas.

Catholic Health Australia (CHA) is pleased to respond to the Report of the Productivity Commission's *Introducing Competition and Informed User Choice in Human Services: Reforms to Human Services*. CHA agrees there is room for improving the delivery of public services across all jurisdictions in the six designated areas outlined in this report.

The opportunities for competition, contestability, and choice in human services are variable across different fields and jurisdictions. CHA acknowledges that where there is a dearth of providers to offer services or the sector is underfunded, opportunities for competition, contestability, and choice in human services may be limited. This is of particular concern in regional, rural, and remote jurisdictions.

CHA recognizes that enhancements in one of the identified sectors could have positive knock-on effects to other sectors of human services that can bring about savings and efficiencies. Due to the overlapping and complex needs of those who access human services, there is a need for better coordination among providers within each area as well as across sectors that build on the existing infrastructure to promote innovation and quality improvements. Using integrated models to coordinate the delivery of services could reveal greater gains from efficiencies in the system.

Governments need to play the role of system stewards, ensuring that service provision is effective in meeting its objectives. This includes policy design, regulation, oversight of service delivery, monitoring provider performance and developing ways for the system to continuously improve. These arrangements are difficult to get right – functions need to be tailored to each service and the setting within which it is delivered.

More transparency and the provision of information are needed in order to improve accountability and assess performance of service provision. It is impossible for governments to evaluate the efficacy of systems and provider performance without real transparency.

When the decision to implement major policy reform is taken, smoother transitions would ensure that users are not disrupted and continuity of outcomes is preserved. This necessitates better planning and preparation up front for change, and at the same time better clarity of information being available for users as part of the system reform process.

Of the six areas outlined by the Commission, three have direct consequence to CHA health and aged care service providers; these are public hospital services, services in remote Indigenous communities and end-of-life care services. Since the inquiry began in 2016, CHA has liaised with members in order to fully participate in the submission process whilst the Commission prepared its draft report and recommendations.

Overall, this report highlights key topics where governments could improve service delivery. These include greater coordination between governments, agencies, and providers to eradicate duplication

and detraction of services as well as breaking down government silos so that policy does not lead to competing objectives or losing sight of the bigger picture.

Public Hospitals

In terms of policy reform, the draft recommendations in the area of public hospital service provision, if successfully implemented, could be of huge benefit to consumers in enabling informed choices regarding choosing where and how to receive care. Overall, the report recommends more reporting transparency from public hospitals and their employees and asks that both levels of government strengthen and expand their commitment to public reporting in the National Health Reform Agreement. This should also result in enhanced performance improvement by hospitals and specialists.

The report further proposes that a commitment be made by all jurisdictions to provide data and other assistance to the Australian Institute of Health and Welfare (AIHW) in order to strengthen the MyHospitals website. This would enable the website to be a tool which can inform patients as well as monitor provider self-improvement. It also suggests that a general policy be embraced to publicly release any data that a jurisdiction holds unless it can be clearly demonstrated that releasing data would harm the interests of patients. CHA supports these recommendations in the interest of transparency and accessibility of vital information that can inform consumer selection of services. However, the process of further data collection and dissemination will require additional administrative costs. CHA cautions against an immediate overhaul of the information systems that could prove excessively administratively burdensome to some hospitals and potentially impact their ability to deliver services. A gradual process of collection and analysis along with the necessary administrative supports should be considered with the implementation of these recommendations.

The Commission's report highlights the benefits of improving competitive neutrality between government and not-for-profit service providers to "encourage competition and the efficient allocation of resources. Doing so 'requires that government business activities enjoy a new competitive advantage over competitors by virtue of their public ownership'" (p. 88). When expanding choice, consideration should be given to the current infrastructure supports in place for public hospitals. Not-for-profit Catholic hospitals that are contracted by the government to deliver public services do not receive the same capital infrastructure investment as those hospitals owned and operated by states and territories. In competing for patients through improvements in efficiency, for example, improved hospital amenities, the competitive advantage that government operated hospitals have in funding for capital infrastructure should also be taken into consideration.

As well as better information provision, the report also encourages more choice for patients in being able to attend either public outpatient clinics or private specialists for their initial consultation. In return, specialists can accept any referrals irrespective of whether another person is named as the specialist in the referral. In order to facilitate this, the Government should develop with general practitioners (GPs) best-practice guidelines on how to support patient choice. The public hospital system currently faces significant challenges to meet the reasonable access expectations of the public. Offering choice of provider will certainly complicate the provision of services and could exacerbate existing access challenges in some locations. We also note that offering choice of provider may risk undermining one of the key benefits of private health insurance – which could ultimately lead to adding further demand on the public hospital system.

CHA supports better transparency in health providers and greater access to information by consumers.

Summary of Draft Recommendations	
Draft Recommendation 9.1	Support
Draft Recommendation 9.2	Support
Draft Recommendation 9.3	Support
Draft Recommendation 9.4	Support
Draft Recommendation 9.5	Support

Services to Remote Indigenous Communities

In relation to the delivery of services to remote Indigenous communities the report focuses on better integration of services and agencies so that delivery is co-ordinated before point of delivery at the community level. CHA supports the recommendation that longer contract periods would allow service providers to establish their operations and improve stability in service delivery and handover before contracts end. CHA also supports the recommendation that provider selection processes allow sufficient time for providers to prepare considered responses, that providers be notified in a timely manner of tender processes, and that enough time is allowed for transition in the case of new providers being selected.

CHA commends the Commission on its recognition of the significant barrier that traditional contractual time constraints place on the delivery of services to remote indigenous communities. Where contract lengths are extended, there is reduced flexibility for changes in contractual arrangements with changes in funding priorities that occur with changes in government and political pressures. This will have the benefit of increasing the stability and sustainability of services. Where there is the threat of wrong or inadequate providers acquiring contracts, regular oversight and monitoring of these providers should be a priority to avoid any breeches in the agreement or delivery of services.

It is also encouraging to note that the Commissions' report recommends strongly that human service providers be selected on their ability to provide culturally appropriate services, proven engagement with the community, collaboration with existing service providers, and put a high priority on training and employing local and/or Indigenous staff. It states clearly that commissioning processes in this area should have a strong focus on transferring skills and capacity to people and organisations in those communities, thereby moving away from the "seagull" type mentality that has characterised service delivery in the past to many remote Indigenous communities. With many regions undergoing the transition to community control that build on the Aboriginal peoples' right to self-determination, CHA would recommend the community controlled status be a consideration in the contracting of services and future funding arrangements.

In partnership with Apunipima Cape York Health Council, CHA has worked alongside community controlled health organizations at the behest of local communities to deliver workforce strategies in underserved areas. CHA has observed the fragmentation of services among a traditionally transient population and the lack of coordination between the various providers within and among communities. Where services are unable to be provided in an area that requires patients to travel, there can be a poor linkage of supports for individuals when they arrive in regional centres for care. These limited supports can include availability of interpreters, clothing, accommodation for patients and

carers, and additional transport following initial evacuation from community. Poor support linkages can lead to distress and future distrust of providers by vulnerable patients.

Summary of Draft Recommendations	
Draft Recommendation 8.1	Support with the necessary oversight mechanisms in place
Draft Recommendation 8.2	Support with additional consideration given for organizations that are community controlled.
Draft Recommendation 8.3	Support
Draft Recommendation 8.4	Support. When assessing collaboration and coordination, consider the additional supports that will be required among vulnerable populations and how providers have prepared for support linkages.
Draft Recommendation 8.5	Support

End of Life Care

Extensive recommendations are outlined in the report regarding providing better end-of-life care for Australians. The report recognises that people who have a preference to die at home need to be able to access support from community-based palliative care services. This will require State and Territory Governments to assess the need for additional community-based palliative care services and then design services that address those identified gaps. It also recommends that the Australian Government remove current restrictions on the duration and availability of palliative care funding in residential aged care, and provide sufficient additional funding so that people can receive end-of life care that aligns with the quality of that available to other Australians.

The report encourages Governments to promote advance care planning in primary care as a component of the '75 plus' health check Medicare item as well as introduce an item for a practice nurse to facilitate advance care planning. Again, more data is requested that would enable Governments to fulfil their stewardship functions by monitoring how well end-of-life services are meeting users' needs.

Summary of Draft Recommendations	
Draft Recommendation 4.1	Support
Draft Recommendation 4.2	Support
Draft Recommendation 4.3	Support
Draft Recommendation 4.4	Support
Draft Recommendation 4.5	Support

The Commission's report urges Governments to legislate for better data transparency in public hospitals and aged care with the dual benefit of enabling consumers to make an informed choice as well as being able to measure and compare provider performance. Providers delivering services to remote Indigenous communities are asked to work together in order to ensure continuity with a focus on transferring skills to local staff. Finally, Governments are requested to invest significantly in better end-of-life care. CHA acknowledges these principles are practical and admirable and will hopefully be realised in the not too distant future. Successful implementation (if achievable) will significantly strengthen service delivery in these important areas of human service provision in Australia.