

HealthCube submission to the Productivity Commission 'Caring for Older Australians' Review

"The fundamental aim of modern healthcare is to make the best match between patient need (both recognised and unrecognised) and expectations, and to deliver care in a timely, efficient manner that achieves maximum benefit for the least cost"

– Crossing the Quality Chasm, *Institute of Medicine*, 2001.

1.1 Aim

The purpose of this submission to the Productivity Commission's 'Caring for Older Australians' Review is to provide industry insight and recommendations from the perspective of HealthCube Pty/Ltd.

2.1 Background

2.2 HealthCube

HealthCube is a privately owned Australian Company that has pioneered an award winning service¹ designed to increase the proportion of aged care residents who have up-to-date *Comprehensive Medical Assessments (CMAs)* as a pathway to improve the management, health outcomes and quality of life of aged care residents.

A key innovation of HealthCube's Comprehensive Medical Assessment service is the computerisation of the documentation process; using tablet PCs to improve efficiency, completeness, and accuracy of the information. The use of Information Communication Technology (ICT) vastly increases the availability and access speed of the Comprehensive Medical Assessment information to multiple users, increasing its value in the care and management of patients.

HealthCube's service has expanded to the provision of a specific aged care General Practice based on a *proactive* model of healthcare -- the *Preventative*

¹ HealthCube National e-Health iAward 2009: The e-Health award is presented to the most innovative ICT solution that supports superior outcomes across the broad spectrum of services and activities delivered by Health Care professionals

Aged Care (PAC) clinic. HealthCube's Comprehensive Medical Assessment provides the backbone to the Preventative Aged Care service as the comprehensive medical and pharmaceutical history of the Comprehensive Medical Assessment directly informs chronic and acute medical care management plans that patients receive. These services are provided to the patient in their home or residential aged care facility (RACF) by HealthCube General Practitioners supported by a team of practice nurses, administration staff, and after hours locum service. HealthCube currently operates its Preventative Aged Care service across ten residential aged care facilities in the Sydney Sutherland Shire and is currently looking to expand the service to Hobart, Adelaide, and Brisbane.

3.1 Funding Issues in Aged Care

3.2 Deficiencies in the bulk-billing funding model

The current funding model for residential aged care facilities provides subsidies for accommodation and nursing care, but does not cover the *medical care* needs of patients. Medical care (that is, the service of doctors) is currently subsidised by Medicare – a system designed for the community generally, and not specifically for the elderly in these facilities. This funding model creates significant financial disincentives for general practitioner services in residential aged care facilities for the following reasons:

- i) The July 2010 Medical Benefits Schedule specifies that for a standard consultation with a GP at their *private practice*, Medicare pays \$21.00 per patient.
- ii) A standard consultation with a GP at a *residential aged care facility* is paid a **Derived Fee** equal to \$16.00, and an additional \$5.25 per patient (\$21.25 per patient), for up to a maximum of six patients. The additional amount drops to \$1.25 per patient for seven or more patients (\$17.25 per patient).
- iii) The above rates are the bulk-billing rates and do not reflect the reality that few GPs are bulk-billing at their private practice and charge higher fees, thus further decreasing the financial incentive to service residential aged care facilities.
- iv) There is a community expectation that elderly patients in residential aged care facilities should not be expected to pay out-of-pocket expenses for their medical care. Thus GPs are unable to charge higher fees at these facilities.
- v) In addition, the current funding schedule creates a set of financial incentives that favours shorter consultations irrespective of the patient's needs. This has become known as '6-minute' medicine to

which the Federal Government has acknowledged as an impediment to care plans for diabetes management.²

These five realities thus create significant financial disincentives for GPs to provide medical services to elderly patients at residential aged care facilities, resulting in the near-universal shortage of GPs at these facilities.

It is understood that some aged care facilities are intending to trial a system whereby the facility provides a GP with a surgery on-site, free of charge, so that the GP can carry on their private practice as well as attending to the elderly patients of the facility. This approach should be studied closely as a possible way to alleviate the difficulties with access to GP services in residential aged care facilities. However, this does not address the preventative care aspects of treatment for the elderly.

3.3 Medical Care needs for residents of aged care facilities

3.3.1 Chronic Medical Conditions and Co-Morbidity

Australians are living longer, due at least in part to advances in medical science and technology, and with this aging population comes an increase in the incidence and prevalence of chronic conditions.

Chronic medical conditions are those that have been (or are likely to be) present for six months or longer. They include (but not limited to): asthma, cancer, heart disease, diabetes, arthritis, and stroke.³ But the current health system remains overly devoted to reactive care; dealing with acute, episodic care needs.

Co-morbidity is the presence and effect of one or more diseases (or disorders) in addition to the primary disease (or disorder).

The trial of HealthCube's Preventative Aged Care service offered to 145 patients demonstrate the high levels of chronic medical conditions and co-morbidities affecting elderly people in residential aged care facilities:

- 88% of patients have 6 or more chronic medical conditions (55% having more than 10).
- 25% of patients, upon admission to a residential aged care facility, required 6-8 GP consultations to restore them to a stable condition.

² For an overview of funding promises relating to diabetes management services offered by GPs, see: <www.health.gov.au/internet/ministers/publishing.nsf/content/mr-yr10-nr-nr057.htm>

³ GP Chronic Disease Management Fact Sheet:

<<http://www.health.gov.au/internet/main/publishing.nsf/Content/mbsprimarycare-chronicdisease-pdf-brochure>>

These statistics show that the medical needs of the elderly residents in aged care facilities have a level of complexity that clearly requires on-going health management plans based on comprehensive medical assessments.

3.3.2 Use of multiple medications (Polypharmacy)

Polypharmacy is the concurrent use of multiple medications and is often associated with the prescription and use of too many (often unnecessary) medicines at dosages (or frequency) higher than essential.⁴

Older people have much higher rates of chronic medical conditions and are more likely to be taking multiple medications to manage these conditions. Polypharmacy increases the risk of adverse drug events such as falls, and functional decline. Adverse reactions to medications can mimic problems associated with older age (such as forgetfulness, weakness, or tremor), and hence go undetected. Adverse reactions may be misinterpreted as another medical condition and lead to prescription of additional drugs, this is known as 'prescribing cascade'.⁵

The HealthCube Preventative Aged Care service trial statistics support the case that elderly patients have an increased risk of polypharmacy.

On admission to a residential aged care facility:

- 46% of patients have 6-10 medication prescriptions.
- 34% of patients have 11-15 medication prescriptions.
- 10% of patients have over 16 medication prescriptions.

Not only are unnecessary multiple medications injurious to the patient's health, they are costly to the community. For instance, Lipitor, a common anti-cholesterol drug, has a market value of \$79.05 per monthly prescription. It is understood that people over 80 years of age derive little benefit from anti-cholesterol medication. And yet, many residents in aged care facilities are still prescribed this medication, at estimated annual cost of around \$948.00 per person. This becomes a significant potential saving since there are over 120,000 elderly Australians in residential aged care facilities, most of whom have not yet undergone a Comprehensive Medical Assessment.

3.4 Discriminatory Funding for Chronic Disease Management in Residential Aged Care Facilities

The current funding system *does* recognise the need for chronic care management. A patient is able to create a Medicare funded GP Management Plan (GPMP) or a Team Care Arrangement (TCA) for the management of chronic or terminal conditions. *However*, the eligibility requirements discriminate against

⁴ <http://www.nps.org.au/_data/assets/pdf_file/0003/15780/news13.pdf>

⁵ <<http://www.australianprescriber.com/magazine/31/1/2/3/>>

elderly patients in residential aged care facilities, arguably the very people who have the most need for chronic disease management plans.

Patients are only eligible to receive a GP Management Plan if they are:

- i) Patients in the community or
- ii) In-patients being discharged from a private hospital.

Patients are *not* eligible if they are:

- i) In-patients being discharged from a public hospital or
- ii) Care recipients in a *residential aged care facility*.

The current funding arrangements not only appear to be highly regressive, they also deny funding for chronic disease management to the section of the community who are most at risk of chronic diseases – namely, the residents in aged care facilities.

4.1 Productivity Gains

Productivity gains can take place (but not exclusively) in the following ways:

- i) Achieve existing outcomes at reduced costs.
- ii) Achieve better outcomes at no increase in costs.
- iii) Achieve significantly better outcomes at relatively small increase in costs.

The HealthCube Comprehensive Medical Assessment technology and its Preventative Aged Care program represent productivity gains under ii) and iii) above.

4.2 Benefits of Computerised Comprehensive Medical Assessments

An independent study of the HealthCube Comprehensive Medical Assessment by Sydney University Health Informatics Research Evaluation Unit concluded:

“HealthCube’s service is a good example of the ways in which information and communication technologies may support improved care services in the aged-care sector.”⁶

Below are the four key areas that can provide *substantial* benefits to the quality of care for elderly Australians in aged care facilities as well as *significant* cost savings.

⁶ An evaluation of the trial of the HealthCube Comprehensive Medical Assessment service in a residential aged-care facility / Andrew Georgiou, Antonia Horden, Johanna I Westbrook Health Informatics Research and Evaluation Unit, The University of Sydney, Lidcombe, N.S.W.

4.2.1 To Assist in the Creation of Chronic Disease Management Plans/Team Care Arrangements for Elderly Patients of Residential Aged Care Facilities

An independent study of the HealthCube Comprehensive Medical Assessment by Sydney University Health Informatics Research Evaluation Unit found that:

“The CMA process reveals clinical issues that may not otherwise be detected or resolved. It is estimated that 5-10% of residents taking part in this trial had previously unidentified or unresolved problems requiring action.”⁷

As the basis of HealthCube’s Preventative Aged Care service, the Comprehensive Medical Assessment has been integral in the creation of Chronic Disease Management Plans for elderly patients at residential aged care facilities. However, as described earlier in section 3.4, the discriminatory funding of Chronic Management Plans for residents of aged care facilities requires HealthCube to bear the costs. This has reduced the capacity for HealthCube to expand its Preventative Aged Care service to further assist elderly Australians.

4.2.2 To Reduce Cases of Polypharmacy Amongst Elderly Patients of Residential Aged Care Facilities

As HealthCube statistics showed in section 3.3.2 above, the prevalence of polypharmacy amongst elderly patients in aged care facilities is high. Reduction of polypharmacy can increase the wellbeing of the patient as well as reduce the costs to the Australian taxpayer of unnecessary medications. This represents an improvement in outcome with a reduction in costs – a definite “win-win” in productivity improvement.

4.2.3 To Enhance the Quality of Residential Care and Reduce the Unnecessary Burden on Hospitals

Improving the quality of medical care available to elderly patients at residential aged care facilities can significantly relieve pressure on hospitals and significantly improve the quality of life for the patient. Adequate Chronic Management Plans or Team Care Arrangements facilitated by comprehensive and accessible computerised medical assessments play a major role in reducing unnecessary hospital admissions of elderly patients. A paper from the *Medical Journal of Australia* estimated that appropriate review by GPs of residents in aged care facilities could prevent up to 63% of inappropriate presentations to hospital.⁸

⁷ *ibid.*

⁸ Finn et al. (2006). Interface between residential aged care facilities and a teaching hospital emergency department in Western Australia. *Medical Journal of Australia* 184(9): 432-5.

4.2.4 To create a clinically auditable and standardised Comprehensive Medical Assessment

The computerised Comprehensive Medical Assessment implementation provides a standardised format for the provision of health data on which chronic disease management plans could be based. This standardised format enables easier record-keeping and retrieval of patient health data, and makes for ready comparisons in future health assessments, rather than the current system of non-standardised medical assessments. The HealthCube standardised Comprehensive Medical Assessment also makes for easy and transparent audit of the level of service being provided and paid for by the Government under Medicare.

5.1 Recommendations

It is therefore clear that there are significant productivity gains and cost savings to be made in the aged care sector, but the Medicare funding model that does not take specific account of the medical needs of older Australians is currently impeding these.

The following recommendations would help address the care needs for elderly Australians in residential aged care facilities:

5.2 The “derived fee” under the current Medicare Schedule should be reviewed and revised to remove financial disincentives to provide care to elderly patients in residential aged care facilities.

As outlined in section 3.2, HealthCube has identified the discrepancy between bulk-billing rates for GP consultations at aged care facilities and GP consulting rooms. Specifically, items 92, 93, 95, 96 of Group A2 of the Medical Benefits Scheme funding schedule.

5.3 The funding system for Chronic Disease Management be reviewed and revised to reflect the true costs of providing these services to elderly patients in residential aged care facilities.

Sections 3.3 and 3.4 argued that elderly patients require higher levels of ongoing and preventative care. Current Medicare funding discriminates against elderly patients in residential aged care facilities eligibility for services such as GP Management Plans (GPMPs) and Team Care Arrangements (TCAs). This needs to be addressed.

Additional funding is required to recognise the medical health needs of elderly Australians in residential aged care facilities. From HealthCube’s experience in providing such services, with its Preventative Aged Care (PAC) clinic, an estimated \$700 per patient annually to provide this level of medical care. Section

4.1 outlined the cost savings for hospitals and reduced polypharmacy that could be realised with this proposed level of care.

5.4 A research grant for further study and analysis of the HealthCube Preventative Aged Care Program (PAC).

Funding for an independent research grant to study and analyse the potential cost savings that could be realised from HealthCube's Preventative Aged Care (PAC) service. This would greatly assist the process of assessment with regards to recommendations 5.2 and 5.3.