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## HEALTH PREFACE

Performance indicators for public acute care hospitals are presented in this Report. These hospitals, although a significant component of health care in Australia, are only one group of health services providers. Other providers include private hospitals, psychiatric hospitals, community health centres, and a range of other health care professionals.

Some services, such as those provided to persons with a disability and the aged, may have a substantial health component but are not normally considered part of the health sector because their primary objective is to provide an integrated care package — of which health services are one part. These services are reported in the community services section in this Report.

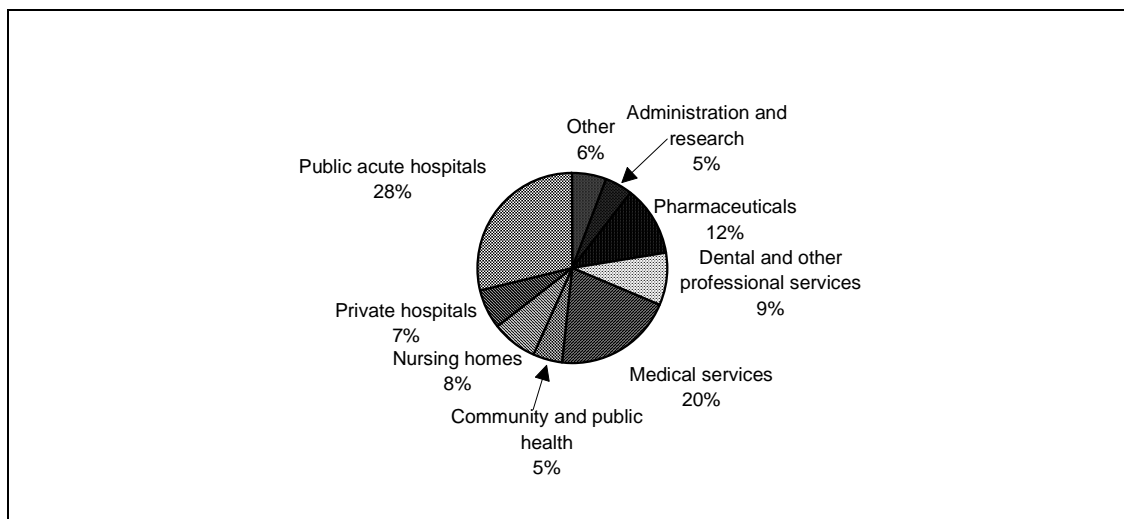
### *Features of the sector*

The health sector is one of the largest sectors in most developed economies. In Australia, recurrent health expenditure totalled more than \$36 billion in 1993–94 — representing almost 9 per cent of gross domestic product — of which governments funded over two thirds. A number of services are largely privately funded — for example, over 80 per cent of dental, nursing and allied health services, over 90 per cent of private hospitals and roughly half of pharmaceuticals (AIHW 1996).

Public acute care hospitals constitute the largest expenditure item in health services, making up 28 per cent of total health expenditure (AIHW 1996).

Employment in the health industry represents 7.1 per cent of total employment in Australia. Female employees were 76 per cent of the health work force. Nursing is the largest profession, accounting for 69.3 per cent of all health workers. Medical practitioners make up 14.2 per cent of the work force, and the bulk of the remainder consists of other health diagnosis and treatment practitioners (AIHW 1996).

## Components of recurrent health expenditure, 1993–94 (per cent)



Source: AIHW 1996

Public provision of health care involves all three levels of government, with State and Territory Governments having major responsibility. The Commonwealth Government provides funds for nursing homes, pharmaceuticals and medical services and roughly half of the expenditure on public acute hospitals. State and Territory Governments also fund public acute hospitals, as well as psychiatric hospitals and most community and public health services. The health responsibilities of Local Governments vary among states and territories, but are mainly for environmental control, monitoring of standards and a range of personal preventive and home care services.

### *Interactions within the sector*

The health of the nation depends not only on its health services, but also on levels of nutrition, education, employment, income and housing, general standards of hygiene, environmental safety and the availability of cultural and recreational facilities (AIHW 1996).

In addition, the effectiveness of one segment of the health care sector affects the effectiveness of and demand for other segments. For example, an important component of the health care sector is the promotion of good health. Its effectiveness in terms of increasing public awareness of health issues will influence the need for treatment of ill health. In addition, various components of the health system are substitutable — for example, a major aim of the Home and Community Care program is to avoid inappropriate admission to institutions, and the effectiveness of the support services provided in this program affects hospitals and nursing homes.

Given the extensive interactions, it is difficult to individually measure the efficiency and effectiveness of particular services. The actions and outcomes of one area of health care (whether a preventative, treatment or support service), such as public health campaigns on drug and alcohol abuse, affect both the need for other services, such as drug rehabilitation services, and the value they deliver.

It is also important that performance framework consider the effect of changes on the system as a whole rather than focusing only on their impact in particular areas. For example, although the cost per acute inpatient may be falling, it is important that this cost is not simply being passed on to other parts of the health care system (such as community health or non-admitted patient services) or to the community. These boundary indicators may need to be incorporated in the reporting framework.

### *Recent developments*

Improved technology, government policy and the changing needs of patients have altered the way in which health services are provided in the community. In particular, there has been an increased use of treatment in peoples' homes, long-term care facilities and outpatient services. These have increased interactions within the sector and, thus, the need for broader outcome measures.

In 1994, the Council of Australian Governments endorsed the need to reform health and community services so as to better meet the nation's care needs and to provide better value for taxpayers' money.

### *Future directions*

There have been moves to develop more system-wide and client focused indicators of health care. These include:

- the measurement of specific aspects of health after treatment;
- outcomes of different treatments for the same condition;
- outcomes from health promotion and prevention programs; and
- trends in the health of the entire population.

It is also important that the coverage of the Report be expanded to account for the intra-sectoral interactions. As a first step, public and community health indicators will be considered for inclusion in the next Report.

