

TRIM: D09/1545-3

Mr P McLeay MP
Chair
Public Accounts Committee
Legislative Assembly
Parliament of NSW
Macquarie St
Sydney NSW 2000

Sir

Dear Mr McLeay

**Re: Auditor General's Report on
Delivering Health Care out of Hospitals**

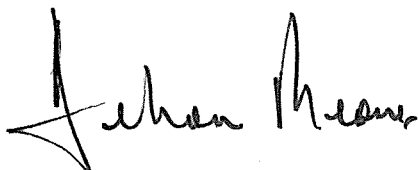
Thank you for your letter of 23 September 2009. Please find attached our submission outlining NSW Health's response to the recommendations made by the Auditor General in the audit *Delivering Health Care out of Hospitals*.

Completion of all of the recommended actions has been affected by the late delivery of an economic evaluation of out of hospital services which was commissioned by NSW Health in December 2008. This economic evaluation will assist in progressing and finalising all of the Auditor General's recommendations.

Thank you for the opportunity to comment on the audit process. We found the audit team to be very professional. The audit has raised the profile of out of hospital services and has assisted in informing decision making on the development and growth of out of hospital services.

Please contact Joanna Burdajewicz, Principal Project Officer, Health Services Performance Improvement Branch on 9424 5903 if you have any questions or require clarification on any of the responses.

Yours sincerely




Professor Debora Picone AM
Director-General

29/10/09

NSW Health's response to the recommendations of the
Auditor General's Report on Delivering Health Care out of
Hospitals

October 2009

NSW  **HEALTH**

Recommendation of the Auditor General	Accepted / rejected	Response from NSW Department of Health	Status (completed, on track, delayed)	Responsibility
<p>1. NSW Health should establish an interim team to plan the expansion of out of hospital programs, coordinate it with existing Area Health Service responsibilities, and monitor progress of implementation</p>	<p>Accepted</p>	<p>NSW Health is committed to expanding and monitoring the expansion of out of hospital programs and acknowledges that specific resources are required to execute this recommendation.</p> <p>An interim team with carriage for out of hospital service expansion will be established within the Health Service Performance Improvement Branch. This branch is currently responsible for the central management of CAPAC, ComPacks, Rehabilitation for Chronic Disease and Healthy at Home.</p>	<p>Completed</p> <p>The Health Services Performance Improvement Branch (HSPIB) has established a team from existing staffing working within the Out of Hospital Program.</p> <p>The team continues to implement the recommendations of the audit and progress the expansion and development of out of hospital services.</p>	<p>NSW Health Health Services Performance Improvement Branch (HSPIB)</p>

Recommendation of the Auditor General	Accepted / rejected	Response from NSW Department of Health	Status (completed, on track, delayed)	Responsibility
<p>2. NSW Health should prepare the community for the change that more extensive use of out of hospital services will mean for them and their carers.</p>	<p>Accepted</p>	<p>NSW Health is committed to working with Area Health Services in developing a strategic communication framework for ongoing communication and education of all relevant stakeholders regarding the approach of out of hospital care.</p>	<p>Completed on track</p> <p>Implementation of this recommendation has been delayed.</p> <p>In late December 2008, NSW Health commissioned Ernst and Young to conduct an external economic evaluation of out of hospital services. Delivery of this evaluation was significantly delayed (<i>please refer to recommendation 3.2 for more information</i>). The economic evaluation will assist in informing the delivery of this recommendation.</p> <p>Planning has commenced on the communication framework which will be delivered in 2010 in consultation with the NSW Health Patient and Carer Experience team and Area Health Services (AHS).</p> <p>The communication strategy will identify:</p> <ul style="list-style-type: none"> • Key milestones and related timelines • Stakeholders for consultation and engagement including other branches within NSW Health, Area Health Services clinicians, community partners and community members. • Methods for consultation including focus groups and community consultations. • Methods to standardise language so that services are easily identified and names understood by the general public. 	<p>NSW Health HSPIB</p>

Recommendation of the Auditor General	Accepted / rejected	Response from NSW Department of Health	Status (completed, on track, delayed)	Responsibility
<p>3. To demonstrate that increasing out of hospital care capacity is a realistic way of responding to growing demand NSW Health should:</p>				
<p>3.1 Ensure that it has systems to monitor the number of patients being treated in out of hospital programs and the cost of providing this care.</p>	<p>Accepted</p>	<p>NSW health is currently in the process of building robust systems to monitor out of hospital programs. Standardised frameworks for reporting of CAPAC, ComPacks and Rehabilitation for Chronic Disease are being implemented across Area Health Services with monthly reportable data now available.</p> <p>These data collection methods are being reviewed and refined as required to improve consistency in the data collected. With the standardisation of reporting a consistent picture of patient utilisation of out of hospital programs and related costings will become increasingly available.</p>	<p>On track</p> <p>Data NSW Health continues to refine and improve processes for collection of out of hospital program data. In 2008 NSW Health established the Primary, Community and Outpatient Care (PCOC) Information Program. The purpose of this program is to build the infrastructure and solutions that will support the information needs of the primary, community and outpatient care sectors, which are the primary setting of out of hospital services.</p> <p>Monthly data is available for all programs. However this continues to be reliant on manual data collection by clinicians until the PCOC strategy is fully implemented.</p> <p>CAPAC Revision of the data collection methods for CAPAC is ongoing. An agreed and defined classification system for CAPAC patients is still being developed in consultation with Inter-government and Funding and Strategies Branch.</p>	<p>NSW Health HSPIB Inter-government and Funding Strategies Branch</p>

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3.1 continued		<p>However, without a community IT system in place, this reporting framework relies heavily on manual data collection by clinicians.</p>	<p>ComPacks Program The data reporting process for ComPacks is currently under review. A new template was trialled at 4 sites. The new template is currently in the process of being implemented across the State. All service providers will be reporting on the new template from January 2010.</p> <p>The data collection method for chronic disease rehabilitation has been reviewed. The previously selected ICD codes (International Classification of Disease) which inform the data collection process have been revised based on current evidence.</p> <p>Costing The cost of providing ComPacks, CAPAC, Rehabilitation for Chronic Disease and Healthy at Home across NSW has been undertaken by Ernst and Young (please see more detail below in 3.2). The final report was received on the 23rd October 2009 and is being reviewed by HSPiB.</p>	

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<p>3.2 Confirm that increased out of hospital capacity is a realistic economic alternative to treating all patients in hospital</p>	<p>Accepted</p>	<p>NSW Health has commissioned a financial evaluation of out of hospital programs. This evaluation will specifically evaluate:</p> <ol style="list-style-type: none"> 1. Cost of the program 2. Potential impact on capacity and access (i.e. no of bed days saved) 3. Potential scale of the program required to meet demand, including geographical access issues. 	<p>Delayed This economic evaluation was commissioned by NSW Health and the final report was anticipated in early June 2009. The final report was significantly delayed and is currently being reviewed by HSPIB. A primary cause for this delay has been the insufficient or unavailable data for analysis.</p>	<p>NSW Health HSPIB</p>
<p>3.3 Determine the number and location of potential patients that can be treated in out of hospital programs</p>	<p>Accepted</p>	<p>NSW Health will continue to explore opportunities to identify the number and location of the patient population suitable for out of hospital care. As stated in item 3.2, NSW Health has commissioned an evaluation of demand for these programs.</p>	<p>Delayed As part of the economic evaluation - Ernst and Young have developed a projective demand tool to inform allocation of resources and monitor ongoing effectiveness. The key objectives of the demand tool are to:</p> <ul style="list-style-type: none"> • Identify the number and location of patients who can potentially be treated out of hospital in order to plan the resources it will require to meet the projected demand; and • Monitor the actual number of patients being treated under the OOH programs against the potential demand. <p>At time of writing the Projective Demand Tool is being reviewed by HSPIB.</p>	<p>NSW Health HSPIB</p>

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3.3 continued			<p>The NSW Acute Care Taskforce has commenced a review of Diagnostic Related Conditions (DRGs) which are considered to be suitable for treatment in an out of hospital setting.</p> <p>This analysis will assist to better define the number of patients who can be seen through services supporting hospital avoidance.</p>	
3.4 Demonstrate the impact that the change will have on emergency department attendances and inpatient beds	Accepted	As stated in item 3.2 a financial evaluation will assist in demonstrating the impact of out of hospital services on emergency department attendances and inpatient beds.	<p>Delayed</p> <p>In addition to an economic evaluation – Ernst and Young were commissioned to complete a data analysis to assess the impact of out of hospital services on hospital length of stay and inpatient re-admissions.</p> <p>At time of writing this supplementary work has just been received and is being reviewed by HSPIB. Availability of data has impacted on the evaluator's ability to fully complete this analysis.</p> <p>Focussed evaluation will need to occur to establish the impact on out of hospital services on emergency department activity. The analysis of hospital length of stay and inpatient readmission will inform this piece of work.</p>	NSW Health HSPIB

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<p>3.5 Identify the resources - people, systems and funding - required to achieve the increased out of hospital care capacity</p>	<p>Accepted</p>	<p>NSW Health continues to be informed by growing body of evidence about effective community management, especially around patients with chronic diseases. Evidence on best practice models and a better availability of data will assist in the planning and growth of resources required to support an increased out of hospital care capacity.</p>	<p>On track</p> <p>NSW Health is committed to increasing capacity in out of hospital services.</p> <p>NSW Treasury has committed \$21.5 million annually for the Severe Chronic Disease Strategy which includes the roll out of new and innovative programs including out of hospital services such as care co-ordination and health coaching.</p> <p>As part of the National Partnership Agreement on Hospital and Health Workforce Reform “<i>Taking the pressure off public hospitals</i>” NSW Health is increasing CAPAC Services capacity with \$11.9 being distributed across all AHS and the Children’s Hospital Westmead over the next 4 years.</p> <p>This will increase CAPAC capacity by creating an extra 7900 places for patients, across NSW.</p> <p>In addition, a state CAPAC survey, completed in April 2009 has given a comprehensive analysis of the resources, models and business practices of CAPAC services.</p>	<p>NSW Health HSP/IB Chronic Disease Management Branch</p>

Recommendation of the Auditor General	Accepted / rejected	Response from NSW Department of Health	Status (completed, on track, delayed)	Responsibility
3.6 Ensure that health professionals are informed of how out of hospital care will affect them and their patients	Accepted	As outlined in item 2, NSW Health will develop a strategic communication framework to involve and engage all relevant stakeholders.	<p>Delayed As detailed in recommendation 2, following the completion of the economic evaluation a communication strategy will commence in 2010. This will include engagement with Area Health Services, clinicians and patients.</p> <p>ComPacks program: A project was undertaken in the later half of 2008 with the aim of strengthening the ComPacks program. Over 100 stakeholders were consulted and key issues were identified. Solutions were developed and are currently in different stages of implementation.</p>	NSW Health HSPiB
3.7 Establish quality indicators to ensure that out of hospital care is safe, appropriate and reliable	Accepted	NSW Health through its Quality and Safety Branch will establish measurable quality indicators to ensure that out of hospital care is safe, appropriate and reliable.	<p>Delayed HSPiB is in the early stages of working with the Clinical Safety, Quality & Governance Branch in relation to the establishment of quality indicators. Action on this recommendation has been delayed as this work will be informed by the economic evaluation which included a section on the psychosocial impacts of out of hospital services.</p> <p>The CAPAC survey has identified that there are a number of quality indicators already in use across the state. Some examples of potential indicators are patient experience and satisfaction, infection rates.</p>	NSW Health HSPiB Clinical Safety, Quality & Governance Branch

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<p>3.8 Set targets for out of hospital performance and ensure appropriate monitoring, evaluation and public reporting</p>	<p>Accepted</p>	<p>NSW Health will continue to monitor performance against current targets for ComPacks, CAPAC and Rehabilitation for Chronic Disease.</p> <p>Further targets will be developed with the growth of the out of hospital program. Data will be made available to the public via reporting on the NSW State Plan website.</p>	<p>On track</p> <p>Performance against current targets is monitored monthly and provided to Area Health Services.</p> <p>Key Performance Indicators used by NSW Health relating to out of hospital care are:</p> <ul style="list-style-type: none"> • Ambulatory Care Sensitive Conditions (per 100,000 population) • Avoidable Hospital Admissions (definition currently under review) • Bed-days for people over 75 and Aboriginal people over 45 (%) • Out of Hospital Treatment CAPAC (number) • Aboriginal people with chronic disease (%) <ul style="list-style-type: none"> ➢ Commencing Rehabilitation programs ➢ Commencing ComPacks ➢ Commencing CAPAC programs <p>The development of further targets will be informed once the full economic evaluation, supplementary reports and the demand management tools are received.</p>	<p>NSW Health HSPiB</p>

Recommendation of the Auditor General	Accepted / rejected	Response from NSW Department of Health	Status (completed, on track, delayed)	Responsibility
<p>3.9 Report progress against the State Plan, ensuring that data reported on the State Plan website accurately reflect progress</p>	<p>Accepted</p>	<p>NSW Health will provide regular data updates for the State Plan website.</p>	<p>On track Updates for the state plan website are provided on a quarterly basis by the Department of Premier and Cabinet.</p>	<p>NSW Health HSPIB</p>
<p>4. The Healthy at Home pilots should be continued until they more clearly demonstrate that the program is achieving its objectives.</p>	<p>Accepted</p>	<p>NSW Health will continue to support Healthy at Home at the designated pilot sites and continue to develop strategies to support robust patient referral mechanisms. Further evaluation will occur to inform NSW Health regarding its ongoing expansion.</p>	<p>On track Planning has commenced for the integration of the Healthy at Home model of care into the CAPAC services. There is significant synergy between these services and incorporation of Healthy at Home principles will enhance CAPAC services availability to respond to patients who are beginning to fail in the community. A full consultation process with all stakeholders is required before this integration will commence.</p>	<p>NSW Health HSPIB</p>