

**Submission
No 12**

INQUIRY INTO THE MANAGEMENT OF HEALTH CARE DELIVERY IN NSW

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AMA (NSW)'s submission to the Inquiry into the Management of Health Care Delivery in NSW

The Public Accounts Committee

Legislative Assembly
Public Accounts Committee
Parliament of NSW
Macquarie Street
Sydney NSW 2000

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The AMA (NSW) is grateful for the opportunity to make a submission to the Inquiry into the Management of Health Care Delivery in NSW.

AMA (NSW) is a medico-political organisation that represents more than 8,000 doctors-in-training, career medical officers, staff specialists, visiting medical officers, specialists and general practitioners in private practice in NSW.

AMA (NSW) appreciates the aim of this inquiry, as our organisation also believes accountability for the efficient and effective delivery of health care services is an essential part of providing good health outcomes for patients.

Given our membership, AMA (NSW) has a very clear picture of what health professionals are experiencing in the NSW health system. While we have a lot of anecdotal evidence from medical professionals about the efficiency and effectiveness of the system, we rely on the Bureau of Health Information (BHI) to provide independent reports about the performance of public healthcare in NSW.

These regular reports give us information on the safety and quality, effectiveness, efficiency and responsiveness to the health needs of the people of NSW. They are also valuable tools in benchmarking the performance of the NSW public health system with comparable systems.

While the BHI reports are an invaluable resource, they don't tell us the whole picture of the NSW health system. The reports fail to inform us *why* we're seeing certain trends.

AMA (NSW) believes we need better instruments to measure what is happening in our health system to give policymakers and Government clear direction in planning for the health needs of patients in NSW. This information should extend beyond our hospital system to recognise and integrate primary care and other out of hospital specialty care.

In this submission, AMA (NSW) would like to highlight that demand for health services is outstripping population growth. The BHI numbers can tell us this. But why?

Despite the significant increase in demand for health, there has been steady improvement in on-time treatment of patients in both emergency departments and elective surgery. These improvements reflect both the hard work of the clinicians and the investment that NSW Government has made in the whole-of-hospital reform program.

However, we have significant concerns about whether hospitals and clinicians can maintain performance in a system that is clearly under strain?

AMA (NSW) contends that to better plan for the future we need to look at the underlying cause of these unprecedented patient loads. We need to measure where there is growth and allocate funds accordingly.

Secondly, in our submission, we would also like to bring attention to our Clinician Engagement Survey, which was the result of a landmark agreement between NSW Health, AMA (NSW) and ASMOF (NSW).

AMA (NSW) would like to take this opportunity to outline these aspects of the NSW health system.

Demand for health services is outstripping population growth

The available data demonstrates that demand for health services has been increasing at a rate significantly greater than the increase in population.

Demand for public hospital services is growing faster than ever before but hospital capacity and bed numbers as a proportion of population are not improving.

Between 2010 and 2015, the number of presentations at emergency departments increased by 32%, compared to an average population growth over the same period of 7%.¹

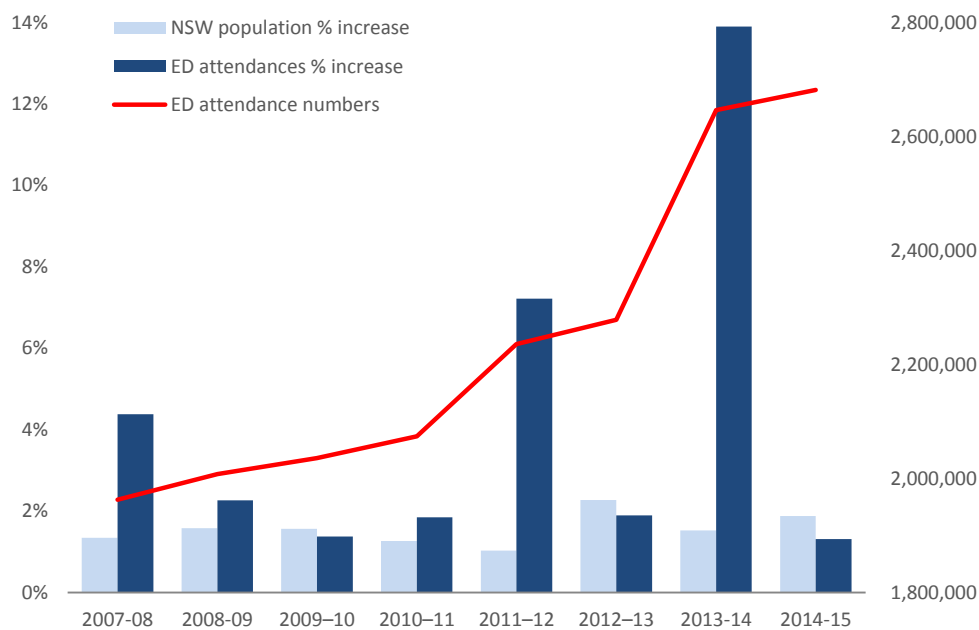


Figure 1: Growth in emergency department activity compared to population growth²

¹ ABS 2015; AIHW 2015 Australian Hospital Statistics and Emergency department care reports 2010-11 to 2014-15.

² ABS 2014; AIHW 2014 Australian Hospital Statistics and Emergency department care reports 2007-08 to 2013-14.

Public hospital capacity is not keeping pace with population growth, and is not increasing to meet the growing demand for services.

One of the best measures of hospital capacity is to compare the number of available beds with the size of the population. Figure 4 shows that the number of beds relative to the population has reduced actually incrementally since 2005.

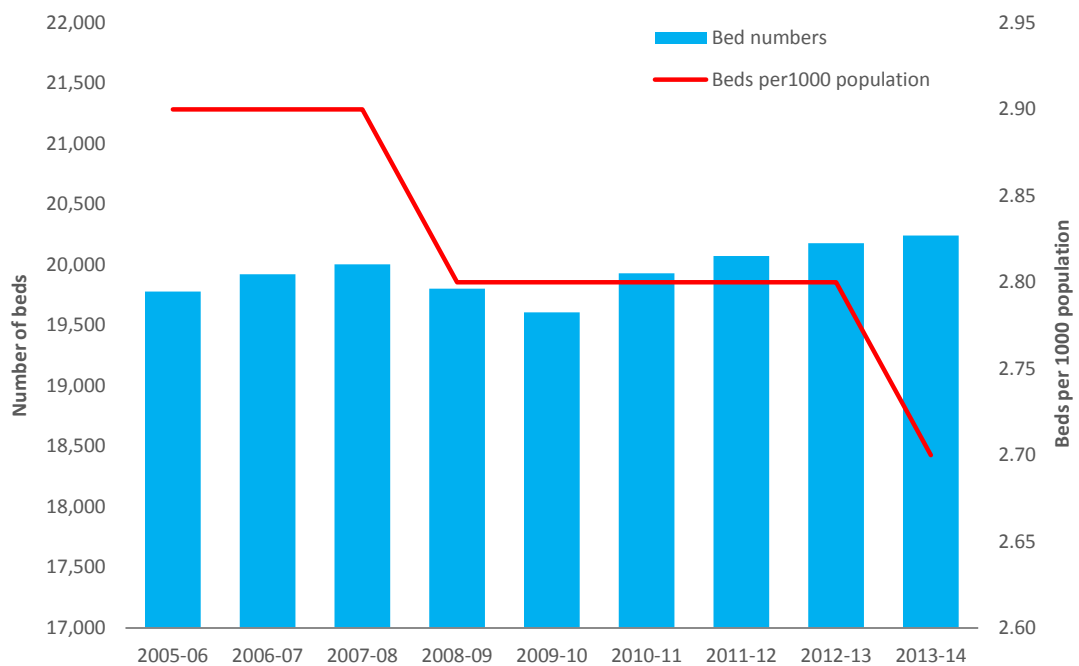


Figure 2: NSW Public hospital bed numbers³

Furthermore, the number of beds available for admission from the emergency department is actually lower than the period from 2009-2013; in 2013-14 there was the lowest number of beds available for patient admission from the emergency departments in five years [Figure 5].

³ AIHW 2014. Australian Hospital Statistics Reports 2005-06 to 2012-13.

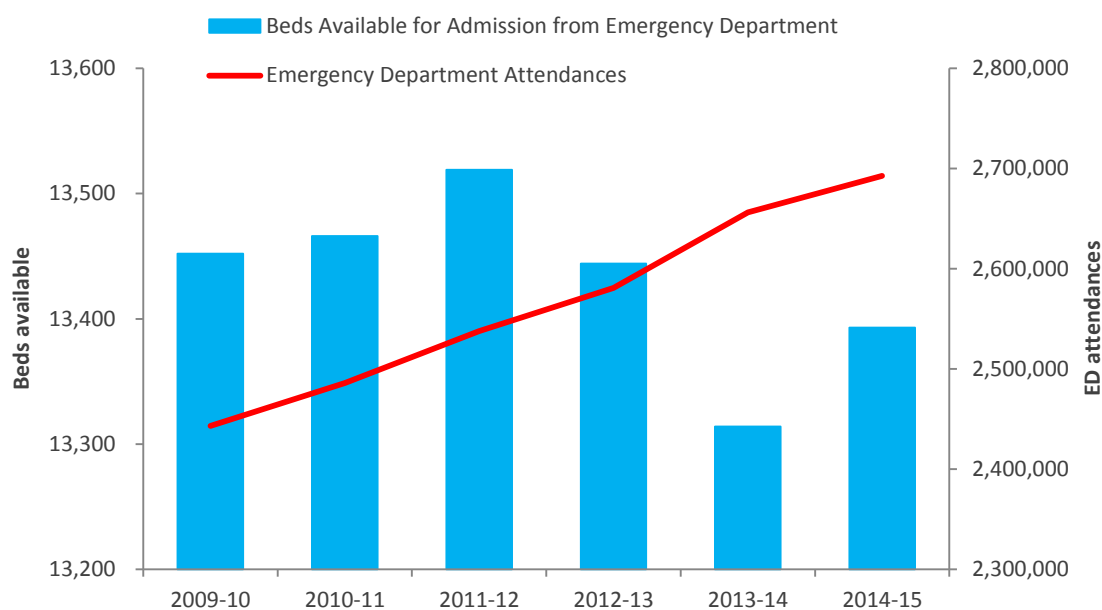


Figure 3: Number of beds available for admission from the emergency department compared to rising attendances⁴

In 2016, all-time records were broken at the beginning of the year and then again at the end of the year for emergency department presentations.

The proportion of patients in the more urgent triage categories is increasing and 2016 also saw all-time records broken for the number of sicker patients who need to be admitted to hospital from the emergency department.

Despite this increase, NSW public hospitals have continued to achieve increases in services to patients. In the October to December 2016 quarter, 684,740 patients visited an emergency department and presentations were at the highest level of the past five years.

The report shows that, compared to the same quarter the previous year, in NSW emergency departments:

- 92.0% of patients who arrived by ambulance had their care transferred to hospital staff within 30 minutes, an increase of 1.5 percentage points
- 74.3% of patients were able to leave within four hours, an increase of 0.2 percentage points.

In the October to December quarter, 92 percent of patients had their care transferred from ambulance to hospital staff within 30 minutes, and this is the highest result ever reported by the Bureau of Health Information.

The report shows that, overall, 75.6% of patients' treatment started within clinically-recommended timeframes in NSW emergency departments, an increase of 0.7 percentage points.

⁴ NSW Health Department Annual Report, Health Statistics, 2011-12 and 2013-14.

However, among more urgent categories, fewer patients had their treatment start on time:

- 66.4% of triage category 2 (emergency) patients had their treatment start within the recommended 10-minute timeframe
- 70.3% of triage category 3 (urgent) patients within the recommended 30 minutes
- 78.8% of triage category 4 (semi-urgent) patients within the recommended one hour
- 93.1% of triage category 5 (non-urgent) patients within the recommended two hours.

In NSW, 54,812 elective surgical procedures were performed this quarter, almost 1,500 more than the same quarter the previous year.

Overall, 97.6% of patients who received elective surgery this quarter did so on time, which is the highest result reported in an October to December quarter for the past five years.

This quarter, the biggest improvement was seen in non-urgent surgery with 96.3% performed on time, a 1.5 percentage point increase from the same quarter the previous year.

It is clear that despite the significant increase in demand for health, there has been steady improvement in on-time treatment of patients in both emergency departments and elective surgery.

These improvements reflect both the hard work of the clinicians and the investment that NSW Government has made in the whole-of-hospital reform program.

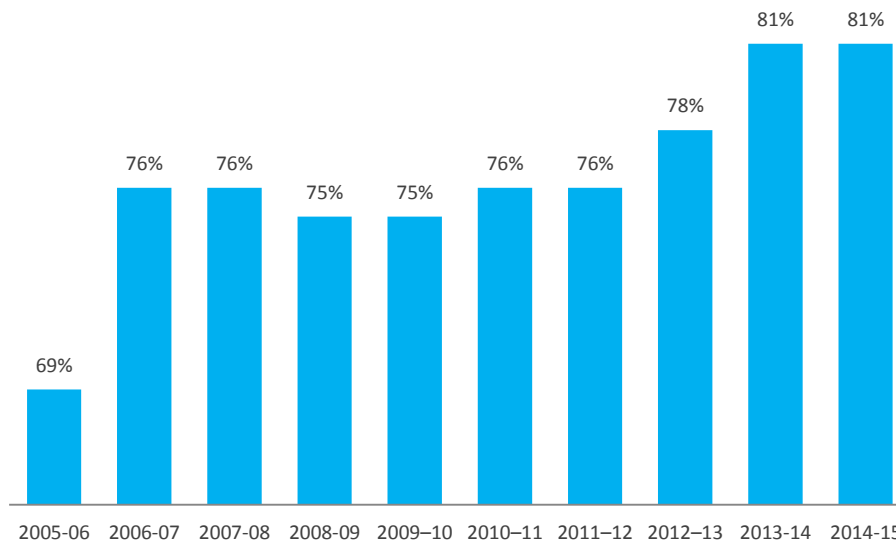


Figure 4: Percentage of Emergency Department patients treated on time ⁵

⁵ Australian Institute of Health and Welfare 2014. Australian Hospital Statistics Reports 2004-05 to 2014-15. Note 'on-time' refers to the proportion of presentations for which the waiting time to service delivery was within the time specified in the definition of the triage category.

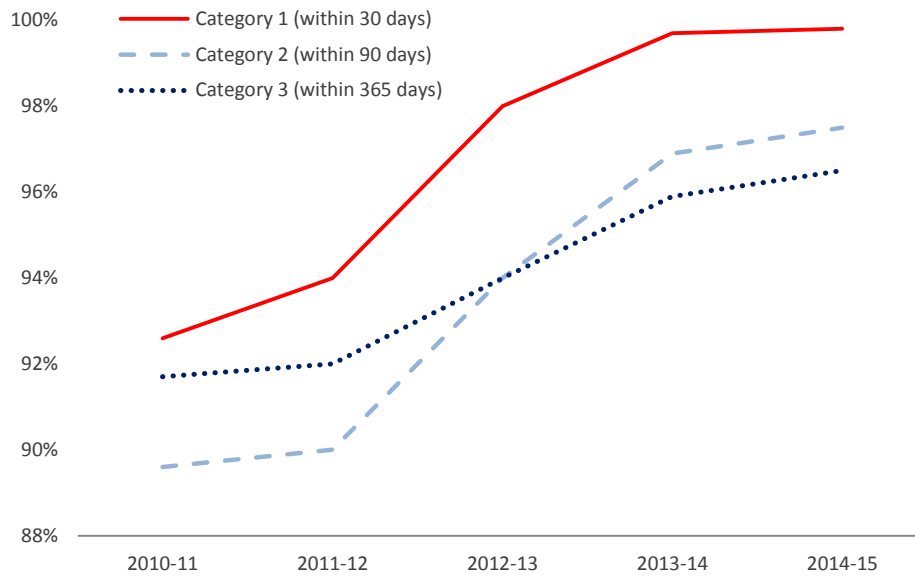


Figure 5: Proportion of patients admitted for elective surgery within clinically recommended time⁶

1. REVENUE TARGETS

Growth in recurrent expenditure in NSW public hospitals is exceeded by the growth in patient revenue targets

NSW Health has been moving progressively over the last decade towards a system of moving control of health funding and delivery to 15 geographical local health districts. They are allocated funding based on expected patient activity and the level of service provided, within agreed targets.

Of concern is the steady increase in the revenue targets that public hospitals are expected to meet. Five years ago, the target for Health was \$1.8 billion. The 2015-16 Budget target was \$2.53 billion [Figure 9]. Increasing the revenue target is simply a way of hiding a reduction in growth funding.

⁶ Australian Institute of Health and Welfare 2014. Australian Hospital Statistics Reports 2010-11 to 2014-15.

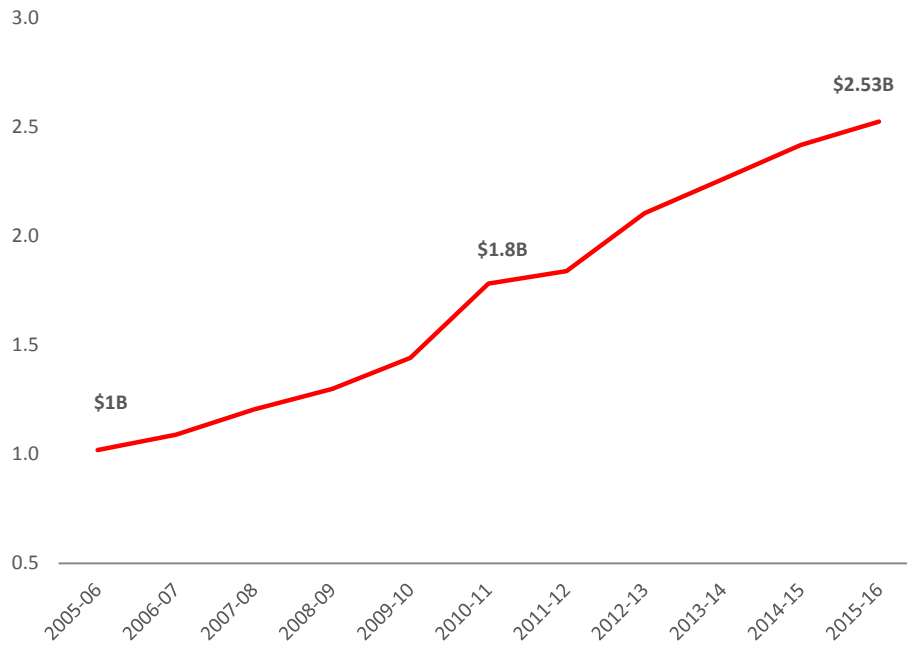


Figure 6: Increasing revenue targets public hospitals are expected to meet⁷

2. SUSTAINABILITY OF HEALTH FUNDING

Despite the forecasts that the health budget will consume the entire NSW budget by 2050, the NSW Government has successfully kept the proportion of the budget spent on health at a consistent 27% - 28% over the last four years. Indeed, it has been at this level for the last decade [Figure 10].

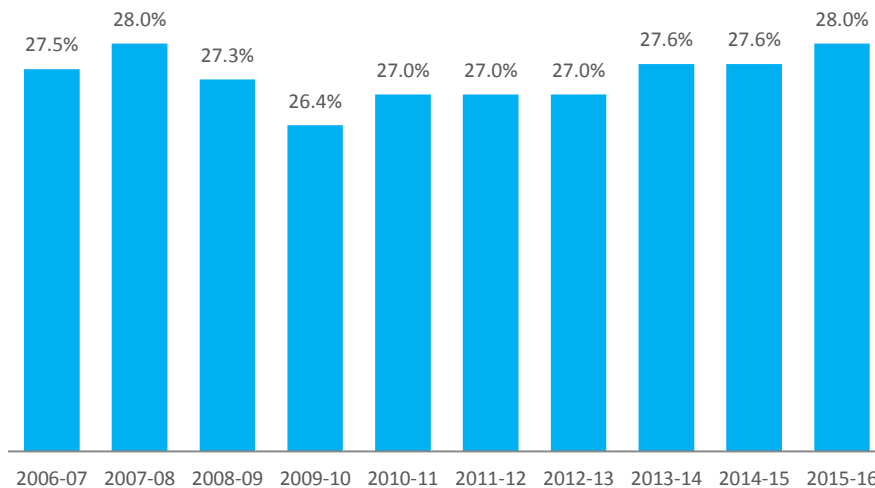


Figure 7: Proportion of total NSW Budget expenditure on Health⁸

⁷ NSW Government. Budget Paper 3. 2005-06 to 2014-15 Budget Estimates.

⁸ NSW Budget Papers 2005-6 to 2014-15.

Further, the average annual growth in recurrent health expenditure per person in NSW is lower than the national average, and has actually reduced in the period 2008-09 to 2013-14 compared to 2003-04 to 2008-09 period [Table 1].

Table 1: Average annual growth in recurrent health expenditure per person, constant prices, all sources of funding for each state and territory, 2003–04 to 2013–14 (per cent)⁹

	NSW	Vic	Qld	WA	SA	Tas	NT	Australia
2003-04 to 2008-09	3.5	3.5	5.1	3.6	4.5	5.3	5.2	4.0
2008-09 to 2013-14	2.5	2.5	2.6	1.7	2.4	2.6	1.5	2.4
2003-04 to 2013-14	3.0	3.0	3.9	2.6	3.5	3.9	3.3	3.4

The BHI reports indicate that hospitals are at present coping with the stress of unprecedented patient loads, but given these trends combined with the ongoing underfunding of healthcare, AMA (NSW) contends the system is at a breaking point.

The Bureau of Health Information quarterly reports showed all-time records broken in the three main areas they measure (emergency, elective, and admissions) each quarter in 2016 –

- **Q1:** All-time record broken for the number of emergency department attendances
- **Q2:** All-time record broken for the number of elective surgeries performed and all-time record broken for the number of patients admitted to hospital
- **Q3:** All-time record broken for the number of patients admitted to hospital broken again
- **Q4:** All-time emergency department attendances record broken a second time in the same year

We believe that the Government needs to look at why patient demand is outstripping population growth.

AMA (NSW) believes chronic diseases and conditions such as cardiovascular disease, obesity, diabetes, cancer and mental health issues, as well as an aging population are responsible for these increases.

However, we need more evidence to support this, which will help the health system be better prepared to deal with the subsequent strain services.

CLINICIAN ENGAGEMENT SURVEY

AMA (NSW) would also like to highlight our annual Clinician Engagement Survey.

Following a landmark agreement with NSW Health, AMA (NSW) and ASMOF (NSW) conducted the first-ever annual engagement survey of senior doctors with hospital management.

⁹ AIHW, 2014. Health Expenditure Australia 2013-14.

In February 2015, NSW Health signed a Memorandum of Understanding with AMA (NSW) and ASMOF (NSW). One of the most significant aspects of the agreement is the inclusion of an annual survey of senior doctors, which measures their level of engagement with managers.

The need to establish an annual survey was first identified by the Special Commission of Inquiry, headed by Mr Peter Garling SC (the “Garling Inquiry”), which followed a number of high profile adverse incidents in NSW public hospitals in 2006-2007. The Inquiry published its report in November 2008.

As part of an extensive submission to the Garling Inquiry, AMA (NSW) (together with ASMOF NSW and the NSWNA) commissioned the Workplace Research Centre of the University of Sydney to survey the views and experiences of doctors and nurses in the public hospital system. Within this survey, a number of issues relating to the level of consultation and trust were able to be tested against a national benchmark survey of over 8000 workers. In a startling illustration of the level of distrust between doctors and management, the survey revealed that almost 70% of NSW public hospital doctors disagreed with the statement that “*Managers at my workplace can be trusted to tell things the way they are*”, compared to a figure of only 20% for the “average” Australian worker.

These findings contributed to what was arguably the most quoted part of the Report of the Garling Inquiry. At paragraph 1.73 of the Report Overview, Mr Garling states:

*“During the course of this inquiry, I have identified one impediment to good, safe care which infects the whole public hospital system. I liken it to the **Great Schism of 1054** [emphasis added]. It is the breakdown of good working relations between clinicians and management which is very detrimental to patients. It is alienating the most skilled in the medical workforce from service in the public system. If it continues, NSW will risk losing one of the crown jewels of its public hospital system: the engagement of the best and brightest from the professions who are able to provide world-class care in public hospitals free of charge to the patient.”*

Following on from this report, AMA (NSW) sought ways of embedding cultural change in the system. In February last year AMA (NSW), together with ASMOF (NSW), signed a “Joint Statement of Cooperation” with the NSW Minister for Health. The Statement reaffirmed the structural changes noted above but more importantly committed the parties to embedding clinician engagement in the culture of the system.

AMA (NSW) and ASMOF (NSW) sent out the first annual engagement survey in July 2015, and more than 1,500 doctors responded. It contained statements about doctors’ level of cooperation with hospital management, trust and transparency of communication, as well as shared organizational goals and loyalty. Respondents were able to ‘agree’, ‘disagree’ or ‘neither agree or disagree’ with the survey statements. Many doctors also provided specific comments regarding their relationship with senior management.

The comparison between the results of this survey and the AMA/ASMOF survey undertaken in 2008 during the Garling Inquiry is encouraging. While it is not possible to establish a cause and effect relationship, it is tempting to speculate that the NSW Government’s commitment to devolution and local management has resulted in improved levels of trust and higher morale.

The 2008 survey revealed that 69% of doctors disagreed with the statement that “Managers at my workplace can be trusted to tell things the way they are”. Only 17% agreed and 14% were neutral. This compared at the time to the findings of a large-scale survey of the Australian workforce that 71% trusted their managers and 20% didn’t, i.e. almost exactly the opposite situation.

Fortunately, this result has improved significantly. The 2015 engagement survey breaks this question into two questions – distinguishing between LHD senior executives and hospital executives – but the results in both cases are clearly better. LHD executives are distrusted by 51% of respondents; hospital executives are distrusted by 43%. It is worth noting that the proportion of respondents who now hold a neutral view has approximately doubled, i.e. it appears that doctors have shifted from “distrust” to “neutral”, rather than there being a significant shift to a positive view.

There has been a similar improvement in morale, as indicated by the responses to the question about leaving the public health system. In 2008 65% - 70% of respondent doctors had seriously considered leaving the public health system in the previous 12 months. This figure has improved dramatically to 39%. The question was asked in a different way so a direct comparison is not possible but it is reasonable to conclude that this represents a significant improvement in morale.

STATE-WIDE RESULTS

Despite the evidence of improvement since the 2008 survey, it has to be said that the 2015 survey reveals a pessimistic picture of the levels of engagement between senior doctors and senior management in the NSW public hospital system. On most measures, a majority, or close to a majority, of respondents disagree that senior management is effectively engaging with senior doctors. The number of respondents who disagree is consistently about twice as high as those who agree.

On the other hand, most respondents are very positive about their work. For these questions, the proportions are reversed, i.e. the number of positive responses is roughly twice the number of negative responses. Furthermore, 94% of doctors feel highly valued by their patients and co-workers.

Feedback from the survey:

“I am motivated to work above and beyond but that is not as a result of senior management engagement in fact my senior manager totally negates and ignores any extra work I do - I am self-motivated to do what I believe is the right thing - if I waited for senior management recognition then I wouldn't be doing anything.”