

Outcome 4

ACUTE CARE

Improved access to, and efficiency of, public hospitals, acute and subacute care services, including through payments to state and territory governments

Outcome Strategy

The Australian Government, through Outcome 4, aims to improve access to, and the efficiency of, public hospitals through the provision of funding to States and Territories. The Australian Government will provide funding of \$14.8 billion to States and Territories for public hospitals in 2014-15.

Public hospital expenditure is one of the most rapidly growing areas of health expenditure. States and Territories are responsible for the delivery of public hospital services and have significant control over their costs. Under previous policy settings, Australian Government contributions to public hospital funding would grow unsustainably, by more than 10 per cent per annum, from 2014-15. Consistent with the Government's strategy of fiscal responsibility and health system sustainability, the Australian Government will implement changes to public hospital financing arrangements to incentivise States and Territories to address the growth in public hospital costs. In 2014-15 the Australian Government will remove the funding guarantees provided under the National Health Reform Agreement, in order to provide States and Territories with a stronger incentive to increase the efficiency of their public hospitals. From 2017-18 the Australian Government will introduce revised public hospital funding arrangements, to recognise States' and Territories' responsibility for managing an efficient public hospital sector.

In the National Partnership Agreement on Improving Public Hospital Services (NPA IPHS), States and Territories committed to achieving targets related to elective surgery and emergency department performance. In light of States' and Territories' limited performance to date against these targets, the NPA IPHS will cease on 1 July 2015.

As a result of changes to the Medicare Benefits Scheme, the Australian Government will allow State and Territory Governments to introduce a small patient contribution for General Practitioner (GP)-type patients attending public hospital emergency departments. The Department will work with State and Territory counterparts to implement these arrangements and help develop policy approaches to improving public hospital efficiency.

Outcome 4 is the responsibility of Acute Care Division.

Programmes Contributing to Outcome 4

Programme 4.1: Public Hospitals and Information

Outcome 4 Budgeted Expenses and Resources

Table 4.1 provides an overview of the total expenses for Outcome 4 by Programme.

Table 4.1: Budgeted Expenses and Resources for Outcome 4

	2013-14 Estimated actual \$'000	2014-15 Estimated expenses \$'000
Programme 4.1: Public hospitals and information¹		
Administered expenses		
Ordinary annual services (Appropriation Bill No. 1)	103,653	108,048
Departmental expenses		
Departmental appropriation ²	46,862	47,027
Expenses not requiring appropriation in the budget year ³	2,159	2,127
Total for Programme 4.1	152,674	157,202
Outcome 4 totals by appropriation type		
Administered expenses		
Ordinary annual services (Appropriation Bill No. 1)	103,653	108,048
Departmental expenses		
Departmental appropriation ²	46,862	47,027
Expenses not requiring appropriation in the budget year ³	2,159	2,127
Total expenses for Outcome 4	152,674	157,202
	2013-14	2014-15
Average staffing level (number)	169	160

- 1 This programme includes National Partnerships paid to state and territory governments by the Treasury as part of the Federal Financial Relations (FFR) Framework. National partnerships are listed in this chapter under each programme. For budget estimates relating to the National Partnership component of this program, please refer to Budget Paper 3 or Programme 1.10 of the Treasury Portfolio Budget Statements.
- 2 Departmental appropriation combines "Ordinary annual services (Appropriation Bill No 1)" and "Revenue from independent sources (s31)".
- 3 "Expenses not requiring appropriation in the Budget year" is made up of depreciation expense, amortisation expense, make good expense and audit fees.

Programme 4.1: Public Hospitals and Information

Programme Objectives

Supporting states to deliver efficient public hospital services

States and Territories are responsible for the delivery of efficient public hospital services. To assist States and Territories in fulfilling this responsibility, the Commonwealth will, in 2014-15, increase its funding contribution to public hospital services to \$14.8 billion. The Department will work with States and Territories and relevant national agencies to support the efficient pricing, funding, delivery and accountability of public hospital services.

Work will be undertaken in 2014-15, in collaboration with States and Territories, to introduce arrangements where from 1 July 2015 public hospitals may introduce a patient contribution for GP-type patients attending emergency departments. This will assist in ensuring that public hospitals are not impacted by changes to GP financing arrangements under the Medicare Benefits Schedule (MBS).

Under the NPA on Improving Public Hospital Services, the Commonwealth has paid States and Territories an additional \$2.8 billion since 2010 to support improvements in the public hospital system. As system managers, the States and Territories have committed to reducing waiting times for elective surgery, improving emergency department treatment times and increasing access to subacute care services. Overall, the outputs and outcomes achieved by States and Territories with these funds have fallen short of expectations, leading to a decision to terminate this NPA from 1 July 2015.

Improving health services in Tasmania

The Australian and Tasmanian Governments will work together to improve the effectiveness and efficiency of the State's health services. This will be achieved through a range of investments to be confirmed in discussions between the two governments in 2014-15.

Mersey Community Hospital

The Australian Government currently funds the Tasmanian Government to operate the Mersey Community Hospital at Latrobe, to provide a range of public hospital services for people in the north-west region of Tasmania. This arrangement will be extended for twelve months, to 30 June 2015, to allow time for the Australian Government to work with the Tasmanian Government to develop the most appropriate long term arrangement for the hospital.

Programme 4.1 is linked as follows:

- This Programme includes National Partnership payments for:
 - *Health care grants for the Torres Strait – contribution to Queensland for the treatment of Papua New Guinea nationals in the Torres Strait;*
 - *Improving health services in Tasmania – reducing elective surgery waiting lists in Tasmania; improving patient pathways through clinical and system redesign; better access to community-based palliative care services; and*
 - *Improving public hospital services – National Elective Surgery Target and National Emergency Access Target – reward funding.*National Partnership payments are paid to State and Territory Governments by the Treasury as part of the Federal Financial Relations (FFR) Framework. For Budget estimates relating to the National Partnership component of the programme, refer to Budget Paper No. 3 or Programme 1.10 of the Treasury's Portfolio Budget Statements.
- This Programme includes the Department of Health working with relevant Commonwealth agencies to identify and address cross-border health issues in the Torres Strait Treaty zone.

Programme 4.1: Expenses

Table 4.2: Programme Expenses

	2013-14 Estimated actual \$'000	2014-15 Budget \$'000	2015-16 Forward Year 1 \$'000	2016-17 Forward Year 2 \$'000	2017-18 Forward Year 3 \$'000
Annual administered expenses					
Ordinary annual services	103,653	108,048	88,489	69,873	69,940
Programme support	49,021	49,154	47,668	46,721	46,828
Total Programme 4.1 expenses	152,674	157,202	136,157	116,594	116,768

Programme 4.1: Deliverables

Quantitative Deliverables for Programme 4.1

Improving health services in Tasmania

Quantitative Deliverable	2013-14 Revised Budget	2014-15 Budget Target	2015-16 Forward Year 1	2016-17 Forward Year 2	2017-18 Forward Year 3
Minimum number of additional elective surgery operations for Tasmania	500	500	N/A ¹	N/A	N/A

Programme 4.1: Key Performance Indicators

Qualitative Key Performance Indicators for Programme 4.1

Supporting states to deliver efficient public hospital services

Qualitative Indicators	2014-15 Reference Point or Target
Improve appropriate utilisation of Emergency Departments	Agreement reached between the Commonwealth, States and Territories on the national framework for patient contributions in Emergency Departments
Ensure that residents of north-west Tasmania have ongoing access to local hospital services	Agreement reached with the Tasmanian Government on the long term arrangement for Mersey Community Hospital

¹ Funding for this measure not agreed beyond 2015-16.