

## Outcome 13

**Acute Care**

**Australians have access to public hospitals and related hospital care underpinned by appropriate medical indemnity arrangements**

**OUTCOME SUMMARY**

Outcome 13 aims to provide all Australians with access to cost-effective and high quality acute care services. The Australian Government is expanding the Australian Health Care Agreements beyond public hospitals to deliver the major reform that is needed and meet a range of long-term challenges. The Government will eliminate overlaps and duplication, and establish collaboration and cooperation in delivering effective and efficient health care.

This outcome also facilitates the safe supply of blood and blood-related products to the community and supports doctors providing private medical services. The Australian Government will achieve this outcome through funding the National Blood Authority and investing in medical indemnity programs.

Furthermore, the Australian Government is committed to improving the availability and accessibility of high quality information on hospital care and performance in the public and private hospital sectors.

Outcome 13 is the responsibility of the Acute Care Division.

**Key Strategic Directions**

- Provide a blueprint for long-term and sustainable health reform through the work of the National Health and Hospitals Reform Commission.
- Provide funding support to the states and territories to improve the efficiency of, and access to, public hospitals and health services.
- Support the states and territories to improve access to public dental services and to help reduce the number of people waiting for public dental treatment.
- Work with the states and territories to improve elective surgery and reduce the number of patients waiting longer than clinically recommended for elective surgery.
- Work with the states and territories to ensure the safe supply of blood and blood-related products under the national blood arrangements and provide policy advice on blood issues.
- Join with the states and territories under new governance arrangements to reform national efforts to help lift Australia's organ and tissue donation rates.
- Implement Australian health care classification systems to improve health care provision, efficiency and transparency.
- Fund safe and sustainable public hospital service at the Mersey Community Hospital at Latrobe, Tasmania.

## **Major Activities**

### **Long Term, Sustainable Health Reform**

The Australian Government is committed to wide-ranging reform of Australia's health system to ensure sustainable improvements in health outcomes for all Australians.

To that end, the National Health and Hospital Reform Commission has been established to develop a long-term health reform plan for Australia by June 2009. The Commission will provide a blueprint for tackling future challenges in the Australian health system including: the rapidly increasing burden of chronic disease; the ageing of the population; rising health costs; and inefficiencies exacerbated by cost shifting and the blame game.

The Australian Government will work in partnership with states and territories to develop new national health care agreements to be signed by December 2008 and commence in July 2009. In recognition of the need for a system-wide approach to prevention, primary health care and acute care, the new agreements will be broader in scope than the current Australian Health Care Agreements (AHCAs), which cease on 30 June 2008. The terms and conditions of the current Australian Health Care Agreements will be rolled over for the 2008-09 financial year.

As announced at the Council of Australian Governments (COAG) meeting on 26 March 2008, the Australian Government undertook to provide an immediate allocation of \$1 billion to ease the pressure on the public hospital system, of which \$500 million in new funding will be provided before 30 June 2008. This is on top of the \$600 million already committed for the Elective Surgery Reduction Plan.

The Australian Government has recognised the need to move towards a proper share of Government funding for public hospitals through the new agreements, while states and territories have committed to greater levels of public accountability.

The move to new and broader health care agreements is part of the more sweeping reforms to the architecture of Australian, State and Territory Government funding arrangements that will enable the states and territories to deploy Australian Government specific purpose payments more effectively and creatively, enhance public accountability and sharpen the incentives for ongoing reform.

Funding for this major activity is sourced from Program 13.3 – Public Hospitals and Information.

### **Improving the Efficiency and Access to Public Hospital and Health Services**

The Australian Government provides funding through the AHCAs to the states and territories to help them meet the costs of public hospital services. Public hospitals provide many essential health services to the Australian community, such as accident and emergency services, intensive care, surgical procedures and outpatient services.

The Australian Government has agreed to commit an immediate allocation of \$1 billion to relieve pressure on public hospitals. This \$1 billion is made up of the indexation of the previous Australian Government allocation for 2007-08, plus a further \$500 million in additional money. Payments of hospital funding grants to the states and territories in 2008-09, including this indexation, will total about \$9.7 billion and be paid under the terms and conditions of the current AHCAs. The \$500 million additional money, which is to be

paid before the end of 2007-08, will bring the amount to be paid to states and territories for 2008-09 to \$10.2 billion.

COAG has agreed that the new health care agreements will be signed in December 2008, with a commencement date for the new funding arrangements of 1 July 2009. The next health care agreements are expected to be expanded beyond public hospitals to encompass preventative health, primary, acute and aged care.

Funding for this major activity is sourced from Program 13.3 – Public Hospitals and Information.

### **Improved Access to the Commonwealth Dental Health Program**

The Australian Government will provide funding of \$290 million over three years through the Commonwealth Dental Health Program to assist State and Territory governments reduce public dental waiting lists. In return for this funding, the State and Territory governments will be required to provide priority services for Aboriginal and Torres Strait Islander people, pre-school children and those with chronic disease; and provide timely service for preventative and emergency services. The states and territories will also need to maintain their existing funding commitments to public dental services.

The Australian Government, in collaboration with states and territories, will implement a nationally consistent framework that includes eligibility for public dental services, performance indicators and health data reporting. This framework will allow more consistent national access to services and provide nationally comparable health data for future improvements to dental services.

States and territories will report on progress towards reducing public dental waiting lists and improving access for priority groups. The Commonwealth Dental Health Program will complement the Australian Government's new Teen Dental Initiative (funded through Outcome 3).

Funding for this major activity is sourced from Program 13.3 – Public Hospitals and Information.

### **Elective Surgery Waiting List Reduction Plan**

The Australian Government is working with the states and territories to reduce the number of patients waiting longer than clinically recommended for elective surgery. The Government will provide up to \$600 million over four years for The Elective Surgery Waiting List Reduction Plan. The initiative will reduce elective surgery waiting lists by providing financial incentives to improve elective surgery capacity in public hospitals and by making states and territories more accountable for their performance and rewarding them for better outcomes.

In stage 1 of the Reduction Plan, \$150 million in additional funding will be provided to bring about an immediate reduction in elective surgery waiting lists. This additional funding will clear approximately 25,000 procedures by the end of 2008-09.

For stage 2 of the Reduction Plan, the Australian Government will provide a further \$150 million to states and territories to boost elective surgery capacity in public hospitals. The funding will be targeted to system and infrastructure improvements that will have a long-term impact on elective surgery capacity.

States and territories have committed to maintaining effort in elective surgery and other areas of public hospital service provision and will report on a quarterly basis. Up to \$300 million in additional funding from 2009-10 will be paid according to performance. Ensuring appropriate access to elective surgery based on clinical need for Indigenous people will be a priority.

Funding for this major activity is sourced from Program 13.3 – Public Hospitals and Information.

### **Safe Supply of Blood and Blood-Related Products**

The Australian Government plays a major policy and funding role to ensure all Australians continue to have access to free, safe blood and blood products. It will continue to contribute 63 per cent of all funding required under the National Blood Agreement.<sup>1</sup>

In 2008-09, the Australian Government will contribute to measures aimed at further improving the safety of the blood supply and the effective clinical use of blood and blood products to achieve the best patient outcomes.

In particular, the Australian Government, through its funding under the national blood arrangements and by chairing the Jurisdictional Blood Committee, will support a number of significant quality and safety improvement initiatives. These include the accelerated introduction of universal leucodepletion (where white cells are removed from blood products), universal testing of platelets for bacterial contamination as part of the manufacturing process and increased monitoring of adverse transfusion reactions through national reporting.

The Government, together with states and territories, and the Australian Red Cross Blood Service (ARCBS), will also follow up on the recommendations of an independent business study to ensure Australia's blood service is as efficient and effective as possible.

2009 is the Year of the Blood Donor and the Government will support the ARCBS in its efforts to increase blood and plasma donation rates to meet Australia's growing needs and highlight the important role of blood donors.

Furthermore, the Government will contribute, through the Hepatitis C Litigation Settlement Scheme, towards out of court settlements for eligible people who contracted the hepatitis C virus through Australia's blood supply between 1985 and 1991 – before reliable testing was developed.

Major challenges include ensuring the long-term sustainability and affordability of the blood supply while maintaining high quality patient outcomes. This will be achieved through a major administrative review of the national blood arrangements, ongoing collaborative work with the jurisdictions and suppliers in line with the business study findings and by looking at supply issues, waste management measures and the use of other therapies.

Funding for this major activity is sourced from Program 13.1 – Blood and Organ Donation Services.

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<sup>1</sup> For further discussion on the National Blood Agreement, refer to the National Blood Authority chapter located later in these Portfolio Budget Statements.

### **Organ and Tissue Donation**

The Australian Government will work collaboratively with the states and territories under new governance arrangements to implement national reforms that seek to increase the number of organs and tissues available for transplantation. This will be achieved through the Australian Health Ministers' Advisory Council's Cognate Committee on Organ and Tissue Donation. The Committee has been established to progress the reform agenda to improve Australia's donation rate, donation and allocation process, data collection and reporting, and raise community awareness and donor registration. In 2008-09, the Department will progress work on a national regulatory framework for human tissues and emerging biological technologies.

The Government will continue to fund the National Cord Blood Collection Network on a cost shared basis with State and Territory governments. This recognises the increasing use of donated cord blood from public cord blood banks in the treatment of blood cancers and diseases, particularly leukaemia in children.

Funding for this major activity is sourced from Program 13.1 – Blood and Organ Donation Services.

### **Australian Health Care Classification Systems**

The Australian Government will develop and refine nationally consistent patient health care classification systems and patient level data for emergency departments and outpatient services. COAG has committed to developing a more nationally consistent approach to activity based funding for services provided in public hospitals. The Australian Government is committed to a consistent Australian health care classification system that goes beyond counting activity to measuring outcomes and the success of the health sector in delivering appropriate services to Australians who need them.

Funding for this major activity is sourced from Program 13.3 – Public Hospitals and Information.

### **Mersey Community Hospital**

On 23 November 2007, the Australian Government assumed ownership and operational responsibility for the Mersey Community Hospital at Latrobe, Tasmania. The Government is seeking an experienced private sector organisation to manage, operate and administer the hospital under a contractual arrangement. The successful organisation will provide high quality clinical services and will consult the community regularly.

Funding for this major activity is sourced from Program 13.3 – Public Hospitals and Information.

## Outcome 13 Resourcing

Table 13.1 shows how the 2008-09 Budget appropriations translate to total resourcing for Outcome 13, including administered expenses, revenue from government (appropriations), revenue from other sources and the total price of outputs.

**Table 13.1: Total Resources for Outcome 13**

	2008-09 Total estimate of available resources \$'000	2007-08 Estimated actual \$'000
<b>Outcome 13 Administered and Departmental Output Resources</b>		
<b>Program 13.1: Blood and Organ Donation Services</b>		
<i>Administered Items</i>		
Annual Appropriation Bill 1 (Ordinary Annual Services)	14,572	17,520
Annual Appropriation Bill 2 (Other Services)	7,397	7,558
<i>Special Appropriations</i>		
<i>National Health Act 1953 - Blood Fractionation, Products and Blood Related Products - to National Blood Authority</i>	504,250	443,364
<i>Departmental Outputs</i>		
Annual Appropriation Bill 1 (Ordinary Annual Services)	4,426	5,283
Revenues from other sources (s.31) for goods and services	212	212
<i>Special Accounts</i>		
Services for Other Governments and Non Departmental Bodies		
Opening balance	-	65
Appropriation receipts	-	-
Non-Appropriation receipts to Special Accounts	2,523	3,567
<b>Subtotal for Program 13.1</b>	<b>533,380</b>	<b>477,569</b>
<b>Program 13.2: Medical Indemnity</b>		
<i>Administered Items</i>		
Special Appropriations		
<i>Medical Indemnity Act 2002</i>	127,843	118,106
<i>Departmental Outputs</i>		
Annual Appropriation Bill 1 (Ordinary Annual Services)	7,720	9,215
Revenues from other sources (s.31) for goods and services	369	371
<b>Subtotal for Program 13.2</b>	<b>135,932</b>	<b>127,692</b>

**Table 13.1: Total Resources for Outcome 13 (cont)**

	2008-09 Total estimate of available resources \$'000	2007-08 Estimated actual \$'000
<b>Program 13.3: Public Hospitals and Information</b>		
<i>Administered Items</i>		
Annual Appropriation Bill 1 (Ordinary Annual Services)	72,783	49,144
Annual Appropriation Bill 2 (Other Services)	295,150	153,500
<i>Special Appropriations</i>		
<i>Health Care (Appropriation) Act 1998</i> - Australian Health Care Agreements - Provision of Designated Health (p)	9,731,003	9,752,830
<i>Departmental Outputs</i>		
Annual Appropriation Bill 1 (Ordinary Annual Services)	10,391	12,403
Revenues from other sources (s.31) for goods and services	496	498
<i>Special Accounts</i>		
Services for Other Governments and Non Departmental Bodies		
Opening balance	475	475
Appropriation receipts	-	-
Non-Appropriation receipts to Special Accounts	-	-
<b>Subtotal for Program 13.3</b>	<b>10,110,298</b>	<b>9,968,850</b>
<b>Total resources for Outcome 13</b>	<b>10,779,610</b>	<b>10,574,111</b>
<b>Outcome 13 Resources by Departmental Output Group</b>		
<b>Department of Health and Ageing</b>		
Output Group 1: Policy Advice	15,821	18,748
Output Group 2: Program Management	7,793	9,234
<b>Total Departmental Resources</b>	<b>23,614</b>	<b>27,982</b>
	2008-09	2007-08
<b>Average Staffing Level (Number)</b>	<b>161.1</b>	<b>184.0</b>

(p) This Special Appropriation is also funded through Outcomes 10 and 11.

### **Measures Affecting Outcome 13**

A summary of measures affecting this outcome is provided at Table 1.3.1, Section 1. Measure descriptions are published in full in *Budget Paper No. 2, Budget Measures 2008-09*, available on the Australian Government website at <<http://www.budget.gov.au>>.

### **Contribution of Administered Programs**

#### **Program 13.1 – Blood and Organ Donation Services**

The Blood and Organ Donation Services Program provides funding to the National Blood Authority for the Australian Government's 63 per cent funding contribution under the National Blood Agreement. States and territories collectively provide the remaining 37 per cent.

The contribution to this outcome comes from the performance of the National Blood Authority in ensuring demand for blood and blood products are met. It does this through effective planning and key stakeholder engagement with suppliers such as the ARCBS. The program also provides funding to State and Territory governments under the Hepatitis C Litigation Settlement Scheme.

Further, the program supports Australian patients under the Bone Marrow Transplant Program and funds non-government organisations in the blood and organ donation sectors. The contribution to this outcome is measured by the annual organ and tissue donation rate per million population.

#### **Program 13.2 – Medical Indemnity**

The Medical Indemnity Program funds the Incurred-But-Not-Reported Scheme, the Run-Off Cover Scheme, the High Cost Claims Scheme, the Exceptional Claims Scheme and the Premium Support Scheme, to ensure doctors have access to fair, affordable and secure medical indemnity insurance. These schemes are designed to put downward pressure on medical indemnity premiums.

The contribution to this outcome can be gauged by the number of doctors participating in the Premium Support Scheme – a reduction in participating doctors is broadly indicative of premiums becoming more affordable. In addition, the Australian Competition and Consumer Commission undertakes periodic reviews of medical indemnity insurance premiums.

#### **Program 13.3 – Public Hospitals and Information**

The Public Hospitals and Information Program incorporates the AHCA's that provide funding to State and Territory governments to support the provision of free public hospital services to public patients. The contribution to this outcome is measured by data and information about the level of services for admitted and non-admitted patients, as well as the timeliness of service provision across all states and territories.

As part of the agreements, the Hospital Information and Performance Information Program funds the development of national classification systems for patients, their treatment and associated costs. These systems provide a basis for measuring and paying for hospital services.

The contribution to this outcome is measured by the quality and timeliness of major data collections, reports and classification system developments. Development and refinement of Australian classifications and national data collections are also undertaken to support this work.

The Commonwealth Dental Health Program will provide funding over three years to State and Territory governments to assist them to improve access to public dental treatment. State and Territory governments will report to the Australian Government on progress against an agreed performance framework, including a reduction in the number of people waiting for public dental treatment.

### Contribution of Departmental Outputs to Outcome 13

The Department describes its core activities in terms of two output groups: policy advice and program management. Outcome 13 reports on both output groups. Refer to Section 2.1 for more information on output groups.

### Performance Information for Outcome 13

Performance information for administered programs, individual outputs and output groups relating to Outcome 13 are summarised in Table 13.2.

**Table 13.2: Key Performance Information for Outcome 13**

#### Performance Information for Administered Programs

Indicator	2008-09 Reference Point or Target
<b>Program 13.1 – Blood and Organ Donation Services</b>	
<ul style="list-style-type: none"> <li>Administered Items</li> </ul>	
Increased rate of organ donations.	Implement measures to achieve a long-term, sustainable increase in Australia's organ donation rate.
<ul style="list-style-type: none"> <li>Departmental Outputs<sup>2</sup></li> </ul>	
<b>Resourcing: \$533.380m</b>	

<sup>2</sup> The Department has four standard performance indicators for departmental output groups. See 'Performance Information for Departmental Outputs' for further information.

Indicator	2008-09 Reference Point or Target
<b>Program 13.2 – Medical Indemnity</b>	
<ul style="list-style-type: none"> <li>• Administered Items</li> </ul>	
Reduction in the number of doctors requiring support under the Premium Support Scheme.	Reduction in the number of participating doctors.
<ul style="list-style-type: none"> <li>• Departmental Outputs<sup>3</sup></li> </ul>	
<b>Resourcing: \$135.932m</b>	

Indicator	2008-09 Reference Point or Target
<b>Program 13.3 – Public Hospitals and Information</b>	
<ul style="list-style-type: none"> <li>• Administered Items</li> </ul>	
Improve access to public dental services.	Reduction in state and territory public dental waiting lists for priority groups assisted.
Access to free public hospital emergency services. Measured by the number of public emergency department patients per 1,000 weighted population.	The same or increase on previous year.
Timely treatment of public emergency department patients. Measured by the proportion of patients seen within the recommended timeframe.	Increased proportion seen within the recommended time across each state and territory.
Timely public admission of people for elective surgery. Measured by the proportion of public patients admitted within the clinically appropriate timeframe.	Increased proportion across each state and territory.
Additional patients receiving elective surgery.	An additional 25,278 patients on waiting lists treated under The Elective Surgery Waiting List Reduction Plan by December 2008.

<sup>3</sup> The Department has four standard performance indicators for departmental output groups. See 'Performance Information for Departmental Outputs' for further information.

Indicator	2008-09 Reference Point or Target
<b>Program 13.3 – Public Hospitals and Information</b>	
<ul style="list-style-type: none"> <li>Administered Items</li> </ul>	
Accurate costing and reporting of hospital activity and healthcare services through national healthcare classification, service costing and performance monitoring.	<p>National Hospital Cost Data Collection round 11 reported by August 2008.</p> <p>Release of Australian Refined Diagnosis Related Groups v6.0 by 1 September 2008.</p> <p>Implementation of the National Hospital Cost Data Collection Review recommendations.</p> <p>Agreement on a new broader hospitals classification and performance framework and development program.</p>
Enhanced, safe and sustainable hospital services for the people in the north-west region of Tasmania.	Implementation of effective governance arrangements for the Mersey Community Hospital which will enable safe and sustainable hospital services to be delivered to the north-west region of Tasmania.
<ul style="list-style-type: none"> <li>Departmental Outputs<sup>4</sup></li> </ul>	
<b>Resourcing: \$10,110.298m</b>	

### Performance Information for Departmental Outputs

In relation to the following programs:

- 13.1: Blood and Organ Donation Services;
- 13.2: Medical Indemnity; and
- 13.3: Public Hospitals and Information.

Indicator	2008-09 Reference Point or Target
<b>Output Group 1 – Policy Advice</b>	
Quality, relevant and timely advice for Australian Government decision-making measured by Ministerial satisfaction.	Ministerial satisfaction.

<sup>4</sup> The Department has four standard performance indicators for departmental output groups. See 'Performance Information for Departmental Outputs' for further information.

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Indicator	2008-09 Reference Point or Target
<b>Output Group 1 – Policy Advice</b>	
Production of relevant and timely evidence-based policy research.	Relevant evidence-based policy research produced in a timely manner.
<b>Output Group 1 Resourcing: \$15.821m</b>	

Indicator	2008-09 Reference Point or Target
<b>Output Group 2 – Program Management</b>	
Administered budget predictions are met and actual expenses vary less than 0.5% from budgeted expenses measured by comparison of actual expenses against budget.	0.5% variance from budgeted expenses.
Stakeholders participate in program development through a range of avenues, such as conferences and regular meetings.	Stakeholders participated in program development.
<b>Output Group 2 Resourcing: \$7.793m</b>	