



Committee Secretary
Senate Community Affairs Legislation Committee
Parliament House
Canberra ACT 2600

17 May 2011

Dear Committee Secretary,

Inquiry into National Health Reform Amendment (National Health Performance Authority) Bill 2011

Thank you for the invitation to appear before the Committee to give evidence on the impact of the National Health Reform Amendment (National Health Performance Authority) Bill 2011. I regret that due to prior commitments it has not been possible for CHA to appear at the hearing.

Following the lodgement of CHA's submission to the Inquiry, CHA's members have now had the opportunity to further consider the potential impact of the commencement of the Authority and in particular the operation of the Performance and Accountability Framework.

Whilst we are supportive of the need for greater transparency and accountability, CHA's members are concerned to ensure that the work of the Authority is undertaken in such a way that it leads to an improvement in health outcomes and does not result in unintended consequences.

Such outcomes are likely to be exacerbated in the context of the introduction of a "name and shame" regime (as opposed to one where under-performing hospitals are given the opportunity and the resources to improve their performance, which would provide a clear benefit to the community).

CHA members are also concerned that the commencement of the Authority will further add to the already significant cost of reporting to different organisations at both the state and Commonwealth levels. Our members consider that it is important that information that is collected is:

- only that which is necessary for the improved operation of the health system;
- collected only once from service providers; and
- is collected in the most efficient way possible.

In addition, the Authority will be collecting information and reporting on private hospital performance. From what is available on the public record, it is not clear that the reporting requirements - or indeed the authority to collect and report financial information from non-government owned hospitals - has been well thought through. There are complex commercial and financial considerations that need to be addressed before private hospitals are brought into this framework. These include competition issues as well as issues relating to the financial accountability and widely varying governance structures of non-government hospitals.

Notwithstanding the above, CHA member hospitals are supportive of the intent of the Authority's objectives and believe they have a positive story which they are keen to tell.

CHA therefore proposes two amendments to the Bill which we believe will go some way to addressing our concerns.

- 1) A requirement for the National Health Performance Authority to report on the impact of the Performance and Accountability Framework every two years; and
- 2) that the commencement of that part of the Bill that will require hospitals to report to the Authority in relation to performance not commence until there is a harmonised framework for private hospital reporting which has been agreed by all States and Territories.

Requirement for the National Health Performance Authority to report on the impact on health services of the Authority's functions under s60 of the Bill every two years

CHA proposes the Authority should be required to ensure that this proposed report is prepared by an organisation independent of the Authority, government, service provider or organisation subject to the reporting requirements.

It should cover matters relating to:

- the process of developing performance indicators;
- the nature of the clinical input to this process;
- the impact on health services in response to the requirement to provide reports to the Authority including any unintended outcomes arising or changes in behaviour by health services primarily resulting from the perceived need to satisfy performance targets; and
- the impact for patients of any changes in service profile or delivery of services arising from the perceived need by service providers to satisfy performance targets.

We believe this would provide an opportunity for regular Parliamentary scrutiny of the operations of the Authority and assist in easing concerns in the health community about the potential negative consequences of the operation of the reporting framework. We would also expect that the regular reports would generate engagement in the development and management of performance reporting by clinicians through their respective professional bodies.

CHA would point to other precedents for the provision of regular reports to Parliament in health care, including the requirements for the Medical Training Review Panel (MTRP) to report regularly to the Parliament on the impact of the Medicare Provider Number legislation and for the ACCC to report to the Senate each year on the operations of private health insurers, which was established as a condition of allowing the introduction of No Gap and Gap Cover products.

The commencement of that part of the Bill that will require hospitals to report to the Authority in relation to performance not commence until there is a harmonised framework for hospital reporting which has been agreed by all States and Territories

The requirement for hospitals to report on their operations and performance to multiple funding and regulatory bodies comes at a significant cost. In the absence of any change, the establishment of the Performance Authority will add further to this burden. CHA contends that the establishment of the Authority provide an opportunity to rationalise the reporting burden on hospitals with a

harmonisation of performance data requirements. This harmonisation should be undertaken prior to the Authority commencing its own data collection.

I hope the above remarks are helpful to the Committee in undertaking its inquiry into this Bill.

Yours sincerely

Martin Lavery

CHIEF EXECUTIVE OFFICER