

29 April 2011

Committee Secretary
Senate Standing Committees on Community Affairs
PO Box 6100
Parliament House
Canberra ACT 2600

Issues with the legislation to establish the National Health Performance Authority

I am writing to detail the concerns of the Australian Healthcare and Hospitals Association (AHHA) and its members regarding the establishment of the **National Health Performance Authority (NHPA)** under the *National Health Reform Amendment (National Health Performance Authority) Bill 2011*.

While we welcomed the elements of the original Bill to make the Australian Commission on Safety and Quality in Health Care a permanent body, we have been concerned by the way in which the legislation has been drafted for the NHPA.

In March the AHHA expressed serious concern about the lack of consultation by the Federal Government on legislation to establish the NHPA and warned of the risk to future health reform if similar approaches continued to be used.

Under the Performance and Accountability Framework, the National Health Performance Authority will set national standards and assess the performance of health services around the country. The Authority's functions will be to:

- provide clear and transparent quarterly public reporting of the performance of every Local Hospital Network (LHN), the hospitals within it, every private hospital and every primary healthcare organisation (Medicare Local), through the new Hospital Performance Reports and Healthy Communities Reports;
- monitor the performance of LHNs, MLs and hospitals against these performance measures and standards in order to identify:
 - high-performing LHNs, MLs and hospitals, to facilitate sharing of innovative and effective practices; and
 - poorly performing LHNs and MLs to the Commonwealth and states, to assist with performance management and improvement activities; and
 - develop additional performance indicators as appropriate, when asked by the Commonwealth Health Minister at the request of COAG.

It is clear that the legislation fails to recognise the formal role of state and territory governments as majority funders and system managers of public health services including overall responsibility (statutory and political) for the performance of LHNs, public hospitals and state/territory primary health care services. These are complex areas of service delivery in which states/territories have considerable knowledge and expertise.

The AHHA calls on the Government to make critical amendments to the Bill in consultation with state and territory governments. We also seek an ongoing commitment to involving the states and territories, as system managers of public healthcare, in the following processes:

- NHPA strategic planning;
- developing performance indicators to assess quality; and
- dealing with underperforming hospitals when necessary.

As drafted, the legislation prevents the jurisdictions from participating in all these activities which will have a major impact on the effectiveness of the NHPA as well as the public health care system as a whole

The AHHA recommends that:

- Immediate attention be given to amending the Health Performance and Accountability Framework and *National Health Reform Amendment [National Health Performance Authority] Bill 2011* to take account of the formal role of state and territory governments as system managers of public health services; in particular (but not limited to), giving them a role in strategic planning, developing performance indicators and dealing with underperforming hospitals; and
- The NHPA be required, in collaboration with AIHW, to undertake in its first year:
 - a stocktake/evaluation of current data collections;
 - immediate application of some widely accepted indicators which can be used for performance monitoring and benchmarking; and
 - a process for further developing data collections and analysis.

If you require further information or a meeting please contact me directly on 02 6162 0780 or by email at ppower@aushealthcare.com.au.

Yours sincerely

Prue Power
Executive Director