Reforming the NSW Health System

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Financial Review National Health Conference

Monday 17 October 2011

Sofitel Sydney Wentworth
Check against delivery

Good morning, and thank you for providing me the opportunity today to give you an overview of the reforms the government is undertaking in NSW Health.

A former Labor Minister recently told an audience I was about to address that no one really wants to be the Minister for Health because it is a poisoned chalice."

I was the Shadow Minister for Health for over 5,000 days. I have been Health Minister for just over 200 days, and I can tell you that Labor Minister was wrong. I want to be the Minister. And I love this job.

In those 200 days, I have visited 29 hospitals in NSW – spending time, without media, listening to doctors, nurses and allied health professionals, to paramedics, cleaners, security officers, administrators, patients and their families.

They haven’t been hurried visits and they haven’t been photo opportunities. The process of listening in which I invested so much time and effort prior to the election – over 16 years in fact – I intend to continue.

What I hear on the ground is first-hand information which provides me with very valuable context when making decisions.

Many of you may have heard me say that the patient must be the centre of all we do in NSW Health.

Indeed this is the cornerstone for every aspect of our reform agenda.

We are transforming our health system into one where patient care is seamless and integrated. Where the patient is respected, listened to and informed – where the patient is the centre of their treatment and care.

I want us all to be part of a public health system in which people are proud to work and in which they derive personal satisfaction and reward from their work.
I want cleaners and wards people, record keepers and security officers, managers and administrators, nurses and clinicians, head office personnel and board members, all to derive satisfaction, pride and personal self-fulfilment from being part of our team and working in NSW Health.

I want the people of New South Wales to have realistic and sound expectations of what the health system can do for them – and what it cannot. I want them to understand what they have a right to expect and to what they are entitled, but equally to understand that they must also accept personal responsibilities for their own health and that of their families.

To face these challenges in New South Wales there are some key areas we are focussing on, some of which I will flesh out with you today:

- Firstly, as I have indicated, we are focussed on building a health system that is patient centred.
- We are increasing our emphasis on health prevention to avoid unnecessary hospitalisations.
- We are implementing a devolved governance structure where decisions are made as close to the patient as possible.
- We have adopted the CORE values of Collaboration, Openness, Respect and Empowerment.
- We are enhancing the role of our clinicians.
- We are determined to rely on strong evidence-based policy to guide us and
- We are committed to greater transparency and public accountability.

The central plank that will deliver many of these key areas, and one that I have personally championed for many years, is the devolution from a highly centralised model of administration with many layers to one of local decision making.

The government’s reform agenda is about getting the right structures that will deliver better health care.
The new administrative structure that we are putting in place is designed to empower local decision making and build a more responsive health system. Local Health Districts in New South Wales will have greater authority and responsibility.

They will be responsible to their local communities and they will determine the service configuration they need to meet performance targets and health outcomes.

They will have greater flexibility to recruit and to allocate resources within their District to meet local needs.

Specific changes include:

- Structurally: the NSW Department of Health has become the **Ministry of Health** – this is a clear indication that its primary focus is the development of policy and not the delivery of services.

  The Ministry will be reorganised around four Divisions which will deal with:

  - Strategy and Resources
  - Service Purchasing and Performance
  - Population and Public Health
  - Governance, Workforce and Corporate Services.

The new Ministry will be leaner – with major devolution of functions to the LHDs and to the Pillars enhanced in line with recommendations made by Peter Garling following his review of the health system.

These are:

- **The Clinical Excellence Commission**, which will play a lead role in policy and strategy related to the system-wide improvement of quality and safety and will take over many of these responsibilities from the Department.

- **The Agency for Clinical Innovation**, which will undergo a major reorganisation to concentrate on the design and implementation of new models of care and improved patient pathways.
• **The Bureau of Health Information**, which will be augmented so that it is more independent and its remit widened. It will take over responsibility for the Patient Survey and will be encouraged to publish as widely and as transparently as possible to bring relevant facts and data into the public debate.

• **The Clinical Education and Training Institute**, which will be restructured and expanded with an increased focus on clinical and non-clinical leadership development and undergraduate and vocational training in addition to postgraduate services. It will be renamed the Health Education and Training Institute (HETI).

• The Ministry will negotiate a Service Agreement with each LHD specifying which services will be purchased or funded, the volume and price for Activity Based Funding (ABF) services, and/or block funding as appropriate for some rural and regional services.

• The LHDs, which will be enhanced by increased resources devolved through the abolition of the layer of middle bureaucracy – the clusters.

• The LHDs will be responsible for determining how it will deliver services and meet its Service Agreement responsibilities. In this they will be empowered to:
  - Delineate the role of hospitals and health facilities within each District
  - Employ staff, including the Chief Executive Officer, to achieve these objectives
  - Purchase appropriate services from Affiliated Health Organisations and other NGOs.

In general terms, the newly defined Ministry is the purchaser and Local Health Districts (responsible for hospitals and other health services within their boundaries) are the providers.

LHDs may choose to continue or form new purchaser / provider relationships with other providers, including private hospitals and other non-government health service providers.
I am confident that this model of greater local control, greater local decision-making joined with a strong accountability framework will build the more flexible and resilient health system we are going to need into the future.

Since coming to government six months ago – beyond laying out our commitments and plans for the health system – we have been playing a major role in the area of National Health Reform.

We were determined to shape these negotiations to drive the changes we saw as important for the New South Wales health system.

I am proud to say that New South Wales has led the way in delivering some historic outcomes for patients, not only in New South Wales, but across Australia.

As you are undoubtedly aware, we led the way in negotiating a historic deal giving states and territories equal per capita share of an extra $9.5 billion over six years.

NSW will gain an additional $3 billion over six years – cash which our predecessors were unable to deliver.

Under the previous Heads of Agreement there was no such cash flow, no guaranteed annual payment for growth and no guaranteed per capita share of growth funding for any state or territory.

We were determined that New South Wales would get its fair share of federal funds. And importantly, we were determined to ensure that the decisions made at COAG would take us on a path to a sustainable public health system in New South Wales.

I would like to take you through some of the significant components of the national reform package.
The establishment of the National Health Funding Pool, and the introduction of a national system of activity based funding from 1 July 2012, together represent a very significant change in national health funding arrangements.

The operation of the National Health Funding Pool will increase transparency and accountability in the expenditure of public funds – both Commonwealth and State – on public hospital and health services.

Progressive implementation of a national system of activity based funding will help to drive efficiency in the delivery of public hospital services.

A national approach and one that is robust and standardised should help managers and clinicians to better understand and analyse the relationship between funding, patient services and costs, and therefore to make better decisions about the use of health resources.

However with any major reform, come challenges.

The focus on improving efficiency must be kept in balance with a sustained focus on ensuring:
- clinical appropriateness,
- patient quality and clinical safety,
- and access to care in reasonable timeframes.

No doubt there will be tension among these imperatives.

But the patient must be at the centre of everything we do.

And all of us must share in this responsibility.

Of course despite our success in attracting additional health dollars to New South Wales we still operate within a finite resources environment; this is an unavoidable fact.
While the Commonwealth will contribute its share of the National Efficient Price for eligible public health services, the total number of public health services provided must fit within the total budget envelope available – namely State plus Commonwealth funds.

The NSW Ministry of Health, in its system manager role, will negotiate activity targets and the associated budget for each ABF hospital and the budget for each block funded hospital.

LHDs will be expected to achieve their activity budgets and remain on budget.

That is the discipline that must be observed to ensure the sustainability of the country’s health care system; and to ensure that health care remains affordable and accessible to every Australian.

You would appreciate the task to bring this complex reform to fruition is a massive task.

We have to make sure that we have the systems in place, and staff with appropriate skills and training to implement the changes.

At the hospital and District management level, we need new ICT systems and the attendant skill sets to address the equally important task of monitoring, collating and analysing relevant data, providing feedback to people within the system, reporting data to the national and state bodies, and using the data to make management decisions.

The Ministry of Health, in its role as system manager and purchasing authority, will also be undertaking data monitoring, collation and analysis, but at a higher level and making use of system-wide benchmark comparisons.

The data will assist in monitoring the performance of each LHD, and in making purchasing decisions at a system level.
I think it is clear that there is a lot to do – and it is important we get it right.

I am confident that we have the capacity and resources in the New South Wales health system to make the changes necessary and bring positive change to the care of patients across the State no matter where they live.

On other important part of the national reform agenda that we have achieved is the flexibility to move funds between hospitals and services aimed at reducing hospital admissions.

This new agreement allows New South Wales to invest more funds in better health care of people in the home and in the community to keep people out of hospital.

We have to get smarter and more innovative if we are going to make real improvements to health care delivery.

The shift away from acute in-hospital services to other modes of care is a world-wide health phenomenon. Globally, publicly-funded health systems are straining to cope with adverse demographic changes and rising costs that are growing many times faster than national economies are growing to pay for those services.

In relation to our commitment to greater transparency, in July I launched a website offering real-time information on the number of patients waiting for treatment in 58 emergency departments across the State.

For the first time in New South Wales, people can access information on waiting times for ED treatment, whether it is at their local hospital or a neighbouring hospital, and how to access alternatives such as their local GP or a free 24 hour advice line staffed by a Registered Nurse.

This is real-time information (updated automatically every fifteen minutes) and it will help people make more informed decisions about their care. It will also provide everyone with a very clear picture of how our emergency departments are coping.
The information will assist people get quicker access to care and assist in spreading the load between busy emergency departments in the metropolitan area.

It also provides people with access to a help line if they are not sure about the urgency of their condition and they can find out information about access to local GPs.

It is a tangible example of our commitment to providing open, honest and transparent information to the public.

It is also a commitment to the innovation I want to see across the health system.

We have also committed to ensuring that information on the performance of our hospitals is made public in a timely fashion. People can see for themselves how individual hospitals compare.

Soon we will revamp our main website. It will give people the space to make their comments, compliments and criticisms – and receive feedback.

Information will be presented clearly and in plain English.

Only by being open and honest about the performance of our public health system can we ensure that errors can be corrected and improvements made.

In closing, I hope that I have given you some insight into the extensive reforms that are underway in New South Wales Health.

We face multiple challenges that are affecting health systems across the country and around the globe.

But I want New South Wales Health to meet those challenges.
I want a resilient system, but one that is flexible and able to innovate to become more efficient.

But above all, I want a health system that can deliver the highest quality care to our patients and to our communities.

I wish you a very successful conference.

Thank you.

ENDS