The future of private sector and NGO partnerships in healthcare delivery

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Acknowledgments
* Traditional owners of the land
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Just before the last state election, I attended a breakfast where I was asked to imagine we'd won the election and I'd been the health minister for four years.

"Write a postcard to yourself," it was suggested, "describing in a nutshell what you are most pleased about achieving?"

Without stopping to contemplate, I replied:

"When people need hospital care they are getting the best possible treatment and staff no longer feel bullied. They look forward to work each day."

Three years later I believe I can truly say that, although we may not be quite there yet, we are well on the way.

Ladies and gentlemen, although we do not say it often, NSW Health is one of the best health care systems in the world.

By any definition, NSW Health is big business. We employ 125,000 people. That’s more people - men, women and children - than live in the combined North Sydney and Mosman councils that my North Shore electorate covers.

Last year a record 1.74 million patients were admitted to our public hospitals - that’s more than the entire population of South Australia. And that's nearly 60,000 more patients than
we admitted the year before.

2.6 million people attended our emergency departments - an increase of 70,000 people over the year before and more than the population of Western Australia.

Last year a total of 314,000 patients underwent operations in our hospitals. To provide a comparison: that is almost seven times the capacity of the Sydney Cricket Ground. Those patients could fill the Rose Bowl twice and the Yankee Stadium six times.

It boils down to this: on a typical day in our 230 public hospitals and community health services:
* we treat more than 7,000 people arriving at Emergency Departments
* we admit over 4,500 people as in-patients to hospital beds
* we care for 17,000 people in hospital beds, half of whom are aged over 65
* we perform 1,000 surgical procedures; and
* every 27 seconds our ambulances will respond to an emergency Triple Zero call.

**Patient outcomes**
In all that we are doing - for every patient treated in our hospitals - the focus is on the patients.

Our mantra is ‘putting the patient first’. This means keeping up with demand. Providing care for patients in the right place. And getting best outcomes for them.

Our hospital emergency departments have improved their performance dramatically. Highlights include many hospitals such as Westmead. Last December they were treating 74% of patients within 4 hours compared to 44% in January that year and 34% when I became health minister in March 2011. This is a story replicated in many of our hospitals.

And for elective surgery patients we are providing treatment for our patients within clinically appropriate times more frequently than any other state.

We've also improved health outcomes. Patients have to stay in hospital for fewer days and fewer complications are arising.

In this infection control is a major focus. Our work through the NSW Health pillars, the Clinical Excellence Commission and the Agency for Innovation, working collaboratively with clinicians and building on proven practice, have reduced hospital-acquired infections so we now see a steady downward trending of hospital acquired infection rates since mandatory collections began.
At present, NSW conducts surveillance on nine (9) procedures and multi-resistant organisms and the CEC works with local hospitals on ways to minimise risk to patients from infections.

It has seen great success in programs such as the Central Line Insertion Package, the Hand Hygiene Program and environmental cleaning package.

This is about getting it right for patients, it is about effective treatment but also about efficient use of our funds.

**Funding NSW Health**

Our total NSW Health budget is $19 billion annually. That’s spending at the rate of $50 million a day.

Ours is the largest single component of the NSW state expenditure. We account for 28 per cent of the NSW government budget. So it is imperative that we use resources effectively, cutting waste to a minimum.

**Activity Based Funding**

Since July 2012, our hospital budgets have been based on national activity based funding (ABF). Money is allocated on the basis of meeting local needs within agreed activity targets and annual service agreements between the Ministry of Health and the Districts and Networks which administer our hospitals.

These agreements replace the former ‘mystery magic pudding’ budgets, where there was no clarity about what they covered.

Most Local Health Districts publish their service agreements and they have been used to increase transparency and clarity in funding, purchasing of services and associated performance monitoring.

The framework also provides an opportunity for the Ministry to recognise the operation of innovative services and technologies through the ‘purchase’ of these specialist procedures from a District or Network.

Ensuring that the National Efficient Price is responsive to the introduction of new technologies and innovations that will enhance patient outcomes is one of the system design guidelines underlying the Independent Hospitals Pricing Authority (IHPA’s) Pricing Framework for Australian Public Hospital Services.

As part of the ongoing development of the State Funding Model, NSW is continuing to
explore opportunities to encourage these innovative solutions.

**Investment in Health Infrastructure**

We are also exploring innovative ways to increase our investment in health infrastructure. This is essential because, over coming years, our health system will experience a surge in demand for its services. This will largely be driven by increasing community expectations, a growing and ageing population, lifestyle-related chronic disease and the availability of new healthcare technologies.

To respond to this increasing demand for health services, the NSW Government is investing over $1 billion each year in health infrastructure capital projects and initiatives.

This investment creates significant opportunities for the business sector, both as a supplier in these infrastructure projects, but also as a partner working alongside government to deliver services directly to patients.

Over the past year, the NSW Government has announced a number of significant infrastructure projects across the health sector. These include:

- the new Northern Beaches Hospital at Frenchs Forest;
- Wagga Wagga Hospital;
- Blacktown/Mt Druitt hospitals;
- Campbelltown Hospital;
- Lismore Hospital;
- Kempsey Hospital;
- Dubbo Hospital;
- Parkes and Forbes hospitals .... just to name a few

And new Multipurpose Service (MPS) developments are currently being planned along with ongoing building and technology projects, including various Ambulance Service works and plans for a new Maitland Hospital.

The delivery of most of these major capital works will be managed by NSW Health Infrastructure, which is an conduit between government and private sector consulting and construction firms who undertake delivery of Health’s capital works program.

Health Infrastructure provides an expert client role to ensure value for money and maintains expertise in facility design and construction to drive both consistency and innovation.

Boosting infrastructure investment across the state requires careful management of expenditure and resources.
NSW’s population is projected to increase from 7.2 million to 8.4 million by 2026, and the ageing population means there will be fewer people working and more who will depend on the provision of public services, particularly health services.

This puts significant pressure on Government to consider the efficient and effective delivery of public services now and in the future. In some cases, it is the private or community sectors that have access to capital, technologies and skills that are more flexible and innovative.

**Investing in technology**

Tackling the surge in demand for health services must also address technology. Investments in support infrastructure like e-health are crucial to our health system and I believe that it will complement the best clinical workforce in the country.

That is why the NSW Government has committed to spend nearly $400 million on new ICT projects over the next four years, including:

* $170 million for a new electronic medications management system to reduce adverse drug events;
* $85 million on electronic medical records systems to integrate with the National Personally Controlled Electronic Health Record and to improve clinical documentation, scheduling and reporting;
* $43 million on a new ICU clinical information system to provide a single point that collates all relevant data to assist clinicians in ICU;
* and we are also investing over $90 million to upgrade our corporate systems and to build new networks, data centres and messaging solutions, which will connect all staff in all areas of NSW Health.

In December last year, I had the pleasure of formally launching our newest Health entity, eHealth NSW, the system leader for NSW Health’s information strategy, forward planning and delivery with a Blueprint to cover IT enhancements over the next five years.

eHealth NSW encompasses a number of innovative programs already underway across the state that support new models of care, such as Telehealth and Connecting Care, that deliver high-quality in-home health services in regional NSW to improve the health outcomes of older people with chronic conditions.

These services can include home-based remote monitoring by a care coordinator; remote clinical consultation and case conferencing; patient care coordination via videoconferencing; and video-based group education for patients and carers.
Patients don’t need to travel to receive excellent care - it will be delivered anywhere around the state via these new technologies.

By building on our eHealth capacity and connectivity we will realise the most amazing tools to improve patient care and help our hospitals and clinicians in doing so.

We will upgrade Australia’s largest Electronic Medical Record system (that can boast every day in NSW more than 23,000 clinicians logging on to 250,000 electronic records and ordering 140,000 tests) by adding voice recognition capacity.

We will enhance our medical imaging that is the envy of every other health jurisdiction in the country because we digitise and store all manner of radiology images for rapid access by all clinicians across our hospital system.

We will upgrade IT infrastructure, especially boosting broadband capacity in regional NSW and mature “HealtheNet” which is being trialled in Western Sydney, Nepean Blue Mountains and the Children’s Hospital Network, supporting integrated care for patients with complex and chronic conditions.

The e-Health Blueprint also provides for the appointment of a Chief Clinical Information Officer, aimed at ensuring a patient-focus with strong clinician engagement and support in every program that we design and roll-out across the state’s hospitals and healthcare settings.

**Partnerships**

I want to now turn to partnerships with the NGO and private sectors. The challenges facing the health system are too big to be undertaken by government alone. Increasingly, we will be looking the non-government sector for a greater level of partnership to deliver services to the community.

In line with recommendations of the State Infrastructure Strategy, the Ministry of Health and our Local Health Districts continue to pro-actively identify enhanced opportunities for private and not-for-profit sectors engagement.

There are a number of options being pursued that will see the provision of health infrastructure through government-business partnerships, such as:

* Full service purchaser models from the private and Non-Government Organisation (NGO) sectors;
* Identifying where capacity exists in the non-government sector and evaluating options to purchase hospital services for public patients from the private sector;
* The establishment of health care precincts with clusters of related private and public
health services delivered by both government and non-government providers; and
* The contracting of some support services such as medical imaging, pathology, pharmacy and also non-clinical services.
* Public Private Partnerships, or PPPs, have already been used effectively for health service delivery in NSW, and will continue to be important as this Government invests for the future.

As we face the challenge of increasing demand for health services within the context of budgetary constraints, working with the private sector will enable infrastructure to be delivered at a reduced initial capital cost to taxpayers and in a shorter timeframe.

New and innovative approaches to partnering with business can be seen in the proposed delivery of the new Northern Beaches Hospital and I have welcomed the great interest shown by the private sector in response to our market sounding.

The approach will see a private hospital operator responsible for all aspects of the provision of clinical services for public patients under a long term contractual agreement with the NSW Government.

This new model of PPP - in which government partners with private providers of infrastructure and services - will allow for the maximum opportunity to add value through innovation and whole of system integrated delivery at lower risk than the PPP models previously applied in NSW.

Into the future, NSW Health will continue to welcome private sector delivery of a range of services - whether that is an extension of patient care contracts with the non-government sector or the purchase of food services, security or asset management, radiology, records management or diagnostic imaging.

As the health care system faces growing pressure from the needs of an ageing population and the rise in chronic health diseases, there are increasing opportunities for enterprising business to become part of the solution through research and innovative technology.

Research
As the state’s first Minister for Medical Research, I am passionate about the power of research to deliver life-saving, life-changing benefits to individuals and the community. That is why the NSW Government is investing more than $200 million per annum into medical research.

One of the important ways in which the NSW Government is supporting innovative businesses and tapping into their creative solutions is through the NSW Medical Devices
Fund. There was incredible interest in project with around 150 applications and I am indebted to members of the expert panel who helped decide the winners.

I note that one of them, Neville Mitchell, CFO and Company Secretary of Cochlear, is in the audience. He was joined by Prof Mary O’Kane, Chief Scientist and Engineer, who chaired the panel which also included Bob Frater, of ResMed, banker and LHD board chair Michael Still and well known radio man Adam Spencer, also recognised as both a mathematics and science tragic.

Last year, in its inaugural year, the fund awarded a total of $10.3 million to five outstanding medical technologies.

This funding will help turn technological innovation into commercial reality. Applications for the next round closed just this week and watch this space for citing spin off for young medical researchers and inventors.

I am proud of the progress that has been made in putting health and medical research back on a substantial footing in NSW to the point where researchers are choosing to come here instead of other States.

Continuing this work will be one of the health system’s highest priorities, led by the excellent work of the Office for Health and Medical Research in developing the bio-banking strategic plan and the Medical Devices Fund and I will be announcing further exciting new ventures over the coming year.

Another important priority area for Health is Integrated Care. A key challenge for NSW is to transform the health system from one that is hospital-centric and designed to provide episodic treatment to a more integrated health system, with connected service provision across different healthcare providers and greater emphasis on community-based services, that better supports people with long term conditions.

Integrated care across the community, primary and hospital settings will be more financially sustainable in the long run. A four-year investment strategy is in development to recognise new, innovative integrated care models.

Investment in locally-led integration is at the heart of the strategy, with Local Health Districts encouraged to work in partnership with Medicare Locals and other partners to develop and progress their own approaches to integrated care.

My vision is for an integrated health system to really deliver on our promise of “Right Care, Right Place, Right Time” first time, every time.
This work is one of the most important projects we can undertake as it will truly position NSW in the future to meet growing demands from the community and our clinicians to offer seamless healthcare in the most appropriate setting while at the same time remaining financially sustainable.

Ladies and gentlemen, let me leave you with these thoughts.

In this new era of health care, where demand is on the rise, non-government sectors have the capacity to take on more.

By opening up the health market to greater competition and opportunity and harnessing non-government interest, we have the potential to add value to the state economy and maximise efficiencies.

When regulatory impediments are reduced, joint planning and service delivery between government and non-government sectors can occur more efficiently to build integration between primary health care and hospitals, as well as other health, social and aged care environments.

The greater level of involvement of the non-government sector, as a result of reduced ‘red tape’, can test new models of care and develop innovative options and increase labour flexibility in the health system.

Industry also has an increasing role to play in developing market solutions to solve e-health information needs and improve the quality of care. The potential for the non-government sector to drive the development and application of e-health solutions has been demonstrated and we are taking advantage of that dynamic.

I see the role of government as removing the structural impediments to the desired change, increase local decision making and incentivise further sustainable, system-wide innovations and reforms.

Private investment in Health is vital. Public-private partnerships that can demonstrate an alignment of interests, offer significant benefits to our communities through more efficient use of local health infrastructure, decreased overheads and greater patient choice.

Thank you again to the AmCham chair, CEO and Governors for the opportunity of speaking today. NSW Health is one of the greatest health care systems in the world and I have enjoyed sharing with you its journey thus far.

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