The Australian Healthcare System

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Chair of Public Health
Deakin University
Research that informs this presentation

- Chronic disease self-management
  - Evaluation methods (heiQ)
  - Clinical trials
  - Collaborations with UK, Canada, Germany,
- Orthopaedic Care Pathways Reform (the “OWL Program”)
  - Hip and knee replacement surgery (GP to operating theatre)
- Australian WorkHealth Program-Arthritis
  - Whole of system primary and secondary prevention program
  - Australian Workplace Health Initiatives Survey 2009
    - National survey to inform COAG on directions for workplace diabetes prevention
- Population Health Epidemiology
  - Survey of 15,000 people (participation)
- Japan metabolic syndrome prevention initiative
- Across all projects…
  - Implementation science, evaluation, outcomes assessments
Australia

- Commonwealth of Australia
- Capital: Canberra
- Type: Democratic, federal state system, the British monarch is sovereign
- Smallest continent, sixth largest country
- 6 states, 2 territories
Population Statistics

- Population: 21.7 million
- Infant Mortality: 4.57 per 1,000
- Life Expectancy: 78.5 male, 83.3 female
- Population >65: 12.4%

- Health Expenditures (government and the private sector): 9.8% of GDP (2008)
Population distribution
Age distribution

Note: The age group 85+ includes all ages 85 years and over, and is not directly comparable with other 5-year age groups.

Source: AIHW population database.
Dominant Forms of health care Systems

<table>
<thead>
<tr>
<th>Public Provision</th>
<th>Public Finance</th>
<th>Private Finance</th>
</tr>
</thead>
<tbody>
<tr>
<td>Private Provision</td>
<td>Canada, W Europe</td>
<td>USA</td>
</tr>
<tr>
<td>Public Provision</td>
<td>UK</td>
<td></td>
</tr>
</tbody>
</table>

Australia:...... Somewhere in the middle!
Total health expenditure (as % GDP)

Sources: AIHW 2007a; OECD 2007.
Organization

• Commonwealth government: establishes policies through the…
  – Department of Health and Aging, which subsidizes health services provided by…
  – State and Territory governments & the private sector.

• State and Territory governments:
  – provide public hospital services & work closely with the Commonwealth government and professional bodies to ensure quality

• Local Government:
  – environmental control (garbage, clean air/water), home care & preventive services (immunization).
Table 8.3: Total health expenditure by broad source of funds, as a proportion of total health expenditure, current prices, 1995–96 to 2005–06 (per cent)

<table>
<thead>
<tr>
<th>Year</th>
<th>Government</th>
<th></th>
<th></th>
<th>Non-government</th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Australian</td>
<td>State/territory</td>
<td>Total</td>
<td>Health</td>
<td>Individuals</td>
<td>Other</td>
</tr>
<tr>
<td></td>
<td>Government(a)</td>
<td>and local</td>
<td></td>
<td>insurance funds</td>
<td>(a)</td>
<td></td>
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<tr>
<td>1995–96</td>
<td>43.1</td>
<td>23.1</td>
<td>66.3</td>
<td>11.3</td>
<td>15.6</td>
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<td>1996–97</td>
<td>41.2</td>
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<td>65.8</td>
<td>11.2</td>
<td>16.4</td>
<td>6.6</td>
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<tr>
<td>1997–98</td>
<td>42.1</td>
<td>25.3</td>
<td>67.4</td>
<td>9.5</td>
<td>16.3</td>
<td>6.8</td>
</tr>
<tr>
<td>1998–99</td>
<td>43.3</td>
<td>23.8</td>
<td>67.1</td>
<td>7.9</td>
<td>17.2</td>
<td>7.8</td>
</tr>
<tr>
<td>1999–00</td>
<td>44.2</td>
<td>24.7</td>
<td>68.9</td>
<td>6.9</td>
<td>16.7</td>
<td>7.5</td>
</tr>
<tr>
<td>2000–01</td>
<td>44.3</td>
<td>23.3</td>
<td>67.6</td>
<td>7.1</td>
<td>18.0</td>
<td>7.3</td>
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<tr>
<td>2001–02</td>
<td>43.7</td>
<td>23.0</td>
<td>66.6</td>
<td>8.0</td>
<td>18.1</td>
<td>7.3</td>
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<tr>
<td>2002–03</td>
<td>43.5</td>
<td>24.0</td>
<td>67.4</td>
<td>7.9</td>
<td>17.3</td>
<td>7.4</td>
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<tr>
<td>2003–04</td>
<td>43.3</td>
<td>24.0</td>
<td>67.3</td>
<td>7.8</td>
<td>17.4</td>
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<tr>
<td>2004–05</td>
<td>43.8</td>
<td>23.8</td>
<td>67.7</td>
<td>7.4</td>
<td>17.3</td>
<td>7.6</td>
</tr>
</tbody>
</table>

|         | 2005–06 | 42.9 | 24.9 | 67.8 | 7.2 | 17.4 | 7.6 | 32.2 | 100.0|

Amount ($m)

|         | 2005–06 | 37,229 | 21,646 | 58,875 | 6,284 | 15,086 | 6,634 | 28,004 | 86,879 |

(a) Australian Government and individuals' expenditure have been adjusted for tax expenditure (see Table S42).

Note: Components may not add to totals, because of rounding.

Source: AIHW 2007a.
## Health expenditure 2004-05 (AUD$b)

<table>
<thead>
<tr>
<th>Area of expenditure</th>
<th>Aust Govt</th>
<th>State &amp; local</th>
<th>Individuals</th>
<th>Other private</th>
<th>Total(^1)</th>
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<tbody>
<tr>
<td>Hospitals</td>
<td>12.2</td>
<td>11.0</td>
<td>0.9</td>
<td>4.9</td>
<td>29.0</td>
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<tr>
<td>High–level residential aged care</td>
<td>4.2</td>
<td>0.2</td>
<td>1.2</td>
<td>0.0</td>
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<tr>
<td>Medical services</td>
<td>11.5</td>
<td>0.0</td>
<td>1.6</td>
<td>1.5</td>
<td>14.6</td>
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<tr>
<td>Other health practitioners</td>
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<td>0.0</td>
<td>1.1</td>
<td>0.6</td>
<td>2.4</td>
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<tr>
<td>Benefit paid pharmaceuticals</td>
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<td>0.0</td>
<td>1.2</td>
<td>0.0</td>
<td>7.1</td>
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<tr>
<td>Other recurrent</td>
<td>4.7</td>
<td>5.6</td>
<td>10.9</td>
<td>2.2</td>
<td>23.4</td>
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<tr>
<td>Total capital</td>
<td>0.3</td>
<td>2.9</td>
<td>0.0</td>
<td>1.9</td>
<td>5.1</td>
</tr>
<tr>
<td><strong>Total health expenditure(^1)</strong></td>
<td><strong>39.8</strong>(^2)</td>
<td><strong>19.8</strong></td>
<td><strong>16.9</strong>(^3)</td>
<td><strong>11.2</strong></td>
<td><strong>87.3</strong></td>
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<tr>
<td>Total health expenditure (%)</td>
<td>45.6</td>
<td>22.6</td>
<td>19.4</td>
<td>12.8</td>
<td>100.0</td>
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</tbody>
</table>
Chart 2. Health and Ageing portfolio appropriations by outcome, 2007-08

- 1. Population health, $971.8m, 2.1%
- 2. Access to pharmaceutical services, $7,697.7m, 16.8%
- 3. Access to medical services, $12,577.3m, 27.4%
- 4. Aged care and population ageing, $7,664.9m, 16.7%
- 5. Primary care, $952.5m, 2.1%
- 6. Rural health, $151.1m, 0.3%
- 7. Hearing services, $296.1m, 0.6%
- 8. Indigenous health, $447.2m, 1.0%
- 9. Private health, $3,476.1m, 7.6%
- 10. Health system capacity and quality, $135.6m, 0.3%
- 11. Mental health, $146.9m, 0.3%
- 12. Health workforce capacity, $210.1m, 0.5%
- 13. Acute care, $9,864.9m, 21.5%
- 14. Biosecurity and emergency response, $121.9m, 0.3%

NHMRC, $530.3m, 1.2%
Departmental, $667.6m, 1.5%

Total appropriations: $45,937.2m³.

Notes: 1. Outcome 14 includes administered capital of $70.0m for the National Medical Stockpile.
2. "Departmental" includes appropriation revenue from government. It includes capital equity injections ($15.7m). It excludes $123.2m "revenue from other sources".
3. "Total appropriations" includes $25.0m for other portfolio agencies (includes Cancer Australia $17.4m and National Blood Authority $7.6m).
% people with private health insurance – hospital cover

<table>
<thead>
<tr>
<th>Year</th>
<th>NSW/ACT</th>
<th>Vic</th>
<th>Qld</th>
<th>WA</th>
<th>SA</th>
<th>Tas</th>
<th>NT²</th>
<th>Aust</th>
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<td>45.5</td>
<td>44.9</td>
<td>42.2</td>
<td>48.0</td>
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<td>34.2</td>
<td>44.9</td>
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<td>33.3</td>
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<td>2003</td>
<td>44.7</td>
<td>43.0</td>
<td>40.7</td>
<td>46.2</td>
<td>44.5</td>
<td>43.1</td>
<td>32.3</td>
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<td>2004</td>
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<td>42.4</td>
<td>40.1</td>
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<td>42.9</td>
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<td>39.9</td>
<td>45.9</td>
<td>43.7</td>
<td>42.0</td>
<td>31.0</td>
<td>42.8</td>
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<td>2006</td>
<td>44.4</td>
<td>41.6</td>
<td>39.8</td>
<td>46.6</td>
<td>43.4</td>
<td>41.7</td>
<td>30.3</td>
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<td>2007</td>
<td>45.0</td>
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<td>40.9</td>
<td>47.9</td>
<td>43.9</td>
<td>42.5</td>
<td>32.4</td>
<td>43.5</td>
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## Regulation Summary

<table>
<thead>
<tr>
<th>Sector</th>
<th>Commonwealth Government Responsibility</th>
<th>State Government Responsibility</th>
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<tbody>
<tr>
<td><strong>Medical</strong></td>
<td>Medicare Benefits</td>
<td>Inpatient medical care</td>
</tr>
<tr>
<td></td>
<td>Out of hospital</td>
<td>Hospital emergency &amp; outpatients</td>
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<td></td>
<td>Private inpatient</td>
<td>Community Health Centres (Act &amp; Vic)</td>
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<tr>
<td><strong>Hospital</strong></td>
<td>Rehabilitation Hospitals</td>
<td>Hospital Bed Supply</td>
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<td></td>
<td></td>
<td>Public Hospital management</td>
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<td></td>
<td>Private Hospital Regulation</td>
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<td>Psychiatric Hospital</td>
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<td>Nursing Home Bed Supply</td>
<td>Regulation</td>
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<td>Nursing Home Benefits</td>
<td>Some public Supply</td>
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<td><strong>Pharma-ceutical</strong></td>
<td>Drug Approval</td>
<td>Public Hospital pharmacy</td>
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<td></td>
<td>Pharmaceutical Benefits Scheme</td>
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<td><strong>Other</strong></td>
<td>Regulation of private health insurance</td>
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<tr>
<td>Provision</td>
<td>Finance</td>
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<td>--------------------</td>
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<td></td>
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<tr>
<td></td>
<td><strong>Commonwealth</strong></td>
<td><strong>State</strong></td>
</tr>
<tr>
<td><strong>Commonwealth</strong></td>
<td>Quarantine services</td>
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<td></td>
<td>Rehabilitation Hospitals</td>
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<tr>
<td><strong>State</strong></td>
<td>Public Hospitals</td>
<td>Public Hospitals</td>
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<tr>
<td></td>
<td>Nursing homes</td>
<td>Ambulance Community Health Centres</td>
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<tr>
<td><strong>Private</strong></td>
<td>Out of Hospital medical</td>
<td>Workers Compensation (med)</td>
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<td></td>
<td>In hospital private</td>
<td>Traffic Accident (med)</td>
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<td></td>
<td>medical care</td>
<td></td>
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<td></td>
<td>Drugs/Pharmacy</td>
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<tr>
<td></td>
<td>Nursing Homes</td>
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</tr>
</tbody>
</table>
Three Pronged Approach to Health Care Coverage: Medicare

- Medical Benefits Scheme (MBS)
- Pharmaceutical Benefits Scheme (PBS)
- Private Insurance Reimbursement
Medicare

Basic tenet:
• universal access to care, regardless of ability to pay
Medicare

Three main objectives:
1) Fund medical services
2) Fund pharmaceutical benefits
3) Fund public hospital care

All permanent Australian residents are entitled to free public hospital services
Medicare Levy

- Started in 1984
- Provides 18% of Medicare funding (the remainder of Medicare funding comes from general taxes)
- 1.5% of taxable income for individuals earning above a certain threshold
- Taxpayers with high incomes who do NOT have private health insurance pay an additional 1% Medicare Levy
Pharmaceutical Benefits Scheme

- Covers 90% of prescriptions outside of the hospital setting
- The government approves the formulary, one of the criterion for approval is cost effectiveness and government negotiates a rate with the pharmaceutical company
- Moderate co-payments based on income
Private Insurance

• Strongly encouraged by the Australian government
• 44% of population has Private Insurance
• Government offers 30% rebate (35% for elderly people) and encourages early commitment to a private insurance company (before age 30)
• Provides shorter waiting times, more physician/hospital choice, additional services like dentistry
Hospitals

• Public Hospitals: 758 (2007)
  – 70% of beds are in public hospitals
  – All residents of Australia have the right to treatment at public hospitals at no charge
  – Salaried hospitalists
  – Funded by state/territory revenues and by specific purpose payments from the Commonwealth

• Private Hospitals: 543 (2007)
  – Traditionally with religious affiliations
  – Growing for-profit sector
  – Some emergency services
Medical Practitioners

- Commonwealth sets payment schedule
- 3.32 medical practitioners 1000 residents (major cities)
  - rural disparities: 0.86 / 1000 outer regional areas
- General Practitioners (Family Physicians)
  - 42,000 in 2006
  - Serve a gatekeeper role to hospital based services
  - Reimbursed fee-for-service, private practice
- Specialists
  - 20,000 in 2006
  - Some are fee-for-service
  - Many salaried hospitalists
  - Concentrated in urban areas
Nurses in Australia

- 244,360 in 2006
- 10.5 nurses per 1000 population
- Two levels of nursing in Australia:
  - Registered nurses: university degree trained
  - Enrolled nurses: advanced certificate & diploma level courses in technical colleges
- Nursing registration is applicable across state/territorial boundaries
Special Approach to Rural Needs

- Royal Flying Doctor Service: physicians and other providers flown to remote regions
- Regional Health Services: community identified priorities for health and aged care
- Aboriginal and Torres Strait Islander community controlled health services to meet the needs of the indigenous population.
Mental Healthcare

• Historically, mental health services have existed in a separate parallel system to physical/curative healthcare
• 23 Public psychiatric hospitals (2002)
• Currently, Commonwealth, State and Local governments are attempting to mainstream mental health services
• Development of new settings: 223 (in 2002) community based mental health facilities
Long Term Care

- Home health: community based care mostly through the private or voluntary sector
- Residential care: 50% non-government operated (private or religious based) with large government subsidies
- Residential care, “aged care home” funding, is primarily a Commonwealth government responsibility
- Individual contributes via flat user fees and income tested fees (typically 13% of total)
Enhanced Primary Care (EPC)

- Chronic Disease Management (CDM) Medicare Items
  - GPs get reimbursed for Health assessments, Care planning, Case conferencing
- The goal of the EPC Package is to
  - improve the health and quality of life of older Australians and people with chronic conditions and multidisciplinary care needs, through enhancing the quality of primary health care provided to these groups.
Referrals for allied health services

If you have both a GPMP and a TCA prepared for you by your GP, you may be eligible for Medicare rebates for specific allied health services that your GP has identified as part of your care. If you have type 2 diabetes and your GP has prepared a GPMP, you can also be referred for certain allied health services provided in a group setting.

How a GP Management Plan worked for Joan

Joan has returned to her GP to obtain the results of her recent tests. Her GP confirms that she has diabetes. As a newly diagnosed patient, her GP considers she would benefit from a structured approach to her care and suggests a GP Management Plan.

Joan agrees to the GPMP and her GP begins documenting her investigations and assessment of Joan’s health and care needs.

Joan and the GP agree on the management goals of controlling the diabetes by managing her blood sugar levels and preventing complications. Joan will do regular blood tests at home, exercise more regularly and improve her diet. The GP will organise regular pathology tests. All this is written in the management plan.

The GP gives a copy of the GPMP to Joan and makes another appointment in six months’ time to review the plan.

If you have any questions, ask your GP or practice nurse

How Team Care Arrangements worked for Jack

Jack is 67 years old and has chronic obstructive pulmonary disease. He is a heavy smoker and becomes short of breath when walking up one flight of stairs. He had four extended periods in hospital in the last year, and lives at home by himself.

Jack already has a GP Management Plan but his GP suggests that they now develop Team Care Arrangements to involve a respiratory nurse from the community health centre, who already organises his home oxygen equipment. The GP would also like Jack to have a home assessment from an occupational therapist who could, if necessary, arrange mobility aids. Jack agrees, and he and the GP also discuss things that Jack could do to obtain home help.

Before Jack’s next visit, the GP contacts the respiratory nurse and occupational therapist and obtains information on services they can provide Jack. These actions are written into the Team Care Arrangements.

Jack returns to the GP and discusses the Team Care Arrangements. He is given a copy of the plan and a referral to the occupational therapist.

Jack visits his GP and practice nurse regularly to check his condition and the GP reviews his care plan after six months.

More information is available at www.health.gov.au (and follow the A-Z links to ‘C’ for Chronic Disease Management Medicare items) and on the Medicare Australia Patient Enquiry Line – 13 20 11.

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GP CHRONIC DISEASE MANAGEMENT

for people with a chronic medical condition

Planning your health care
FAST FACTS
- There are two types of plans:
  - GP Management Plans (GPMP)
  - Team Care Arrangements (TCA).
- If you have a chronic medical condition, your GP may suggest a GP Management Plan.
- If you also have complex care needs and require treatment from two or more other health care providers, your GP may suggest Team Care Arrangements as well.
- Your GP or practice staff must obtain your agreement before providing these plans.
- A written, structured approach to health care can help you and your GP manage your condition by identifying your needs and planning what should be done.
- If you have both a GPMP and a TCA prepared for you by your GP, you may be eligible for Medicare rebates for specific allied health services.
- The practice nurse can provide support and monitoring between visits to your GP.
- Your GP will offer you a copy of your plan.
- GPMPs and TCAs are intended to be provided by your usual GP or practice; the one that you attend most often.
- You and your GP should regularly review your plan.

Chronic medical conditions
A chronic medical condition is one that has been (or is likely to be) present for six months or longer. It includes conditions such as asthma, cancer, heart disease, diabetes, arthritis and stroke.

Your GP will assess whether a plan is appropriate for you.

Team Care Arrangements
If you have a chronic medical condition and complex care needs, your GP may also develop Team Care Arrangements (TCA). These will help coordinate more effectively the care you need from your GP and other health care providers.

A TCA requires your GP to collaborate with at least two of your health care providers who will give ongoing treatment or services to you.

Let your GP or nurse know if there are aspects of your care that you do not want discussed with other health care providers.

Review of GPMPs and TCAs
Once a plan is in place, it should be regularly reviewed by your GP. This is an important part of the planning cycle, when you and your GP check that your goals are being met and agree on any changes that might be needed.

Payment arrangements
If your GP bulk bills, there will be no charge for these services. If not, you can claim a rebate, as for other Medicare services.

Developing a GPMP or TCA is likely to take more time than normal GP consultations. Your GP may ask you to return or another occasion to complete your plan, but you will only be billed once for the plan.

GP Management Plan
A GP Management Plan (GPMP) can help people with chronic medical conditions by providing an organized approach to care.

A GPMP is a plan of action that you have agreed with your GP.

A GPMP
- identifies your health and care needs
- sets out the services to be provided by your GP
- lists the actions you can take to help manage your condition.
EPC - Enhanced Primary Care

- New and different professional relationships featuring GPs as collaborators or members of a multidisciplinary team
- GPs as planners and coordinators of care
- GPs as health partners with patients and carers
Motivation for GPs to engage in EPC (self-management support)

• Most GP believe they are already providing Chronic Disease Self-management (CDSM) support to patients.
• GPs see CCSM as a core skill and are reluctant to refer patients out as they see this as a failure.
• GPs tend to be evidence based – and there is quite limited evidence of efficacy of providing formal CDSM in General Practice. Controlled trials are necessary to convince GPs but are hard to do.
• Not all GPs are ready to empower patients nor are all patients willing to be empowered.
National Chronic Disease Strategy

• Australian Better Health Initiative (ABHI) ($500 million over 4 years)
  • prevention across the continuum
  • strengthening early detection and early treatment
  • integration and continuity of prevention and care
  • self-management
  – Australian government activities under ABHI
    • Numerous activities
  – State government activities under ABHI
    • Numerous activities

• Commonwealth Sharing Healthcare Initiative
  • Demonstration projects, training, quality monitoring
What about prevention?
Preventive health services

- In 2005/06 <2% of health expenditure spent on prevention services or health promotion
- >9% of hospital admissions were regarded as preventable
- Preventative Health Taskforce
  - will provide evidence-based advice to governments and health providers on preventative health programs and strategies, focusing on the burden of chronic disease currently caused by obesity, tobacco and the excessive consumption of alcohol.
- Beginning to focus on workplace health promotion
Acknowledgments

- National Health and Medical Research Council
Thank you

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