

Productivity Commission Report on Introducing Competition and Informed User Choice into Human Services

11 April 2018

The Productivity Commission (the Commission) released its [final report](#) of its inquiry into introducing competition and informed user choice into human services (the report) on Thursday 26 March.

The report follows extensive consultation and input from the public, including two submissions from the VHA, available [here](#) and [here](#).

This member briefing summarises the report and its key recommendations. It focuses solely on the programs and services that are most relevant to the VHA's broader membership.

Background

In 2015 the Commonwealth Government undertook a *competition policy review*, which recommended that governments should, wherever possible, put user choice at the heart of human services delivery. In responding to this recommendation, the Commonwealth Government asked the Commission to undertake an inquiry to examine policy options that apply the principles of informed user choice, competition and contestability to the provision of human services.

This report follows from the [first stage study report](#), which identified the specific human services that would benefit from increasing informed user choice, competition and contestability.

In its inquiry, the Commission studied the following human services:

- End of life care
- Social housing
- The commissioning of family and community services
- Human resources in remote indigenous communities patient choice (specifically relating to elective surgery)
- Information to support patient choice
- Public dental services.

VHA summary

Of the report's findings and recommendations, those specific to the planning, funding and delivery of public dental services carry the greatest potential for change and reform to the sector.



The introduction of consumer-directed care and a capitation model of funding that support an increased focus on prevention, rather than emergency care, would potentially alter the trajectory of growing waiting lists for public dental services over the long-term.

However, it is important to note that the performance of Victoria's public dental system is closely aligned with the funding provided to health services via the National Partnership on Adult Public Dental Services. Growth in funding from the Commonwealth and State and Territory governments correlates with greater throughput and improvements in patient access.

In parallel to any reforms agreed to by governments, the VHA would like to see a fundamental commitment to the terms and funding of NPAs from all signatories, to ensure community dental agencies can invest in their dental services with confidence over the life of each agreement.

Next steps

The Commonwealth Government is yet to respond to the Commission's findings and recommendations, however given the close involvement of the states and territories as the managers of their respective health systems, the VHA notes that broader jurisdictional support will be required if a national reform agenda can be agreed to.

The VHA will continue to update members when both the Commonwealth and Victorian governments offer a response to the Commission's recommendations.

Reforms to end-of-life care

Key points:

- A significant increase in the availability of community-based palliative care is needed.
- People living in residential aged care should be able to access end-of-life care that aligns with the quality of care available to other Australians.
- GPs and practice nurses could play a stronger part in helping people to articulate their preferences regarding end-of-life care through advance care planning.

Recommendation 4.1

State and Territory Governments to increase the availability of community-based palliative care so that people with a preference to die at home can access support to do so.

Recommendation 4.2

The Australian Government to remove current restrictions on the availability and duration of funding for palliative care in residential aged care, and provide sufficient additional funding so that people living in residential aged care receive end-of-life care that aligns with the quality of that available to other Australians.

Recommendation 4.3

The Australian Government to:

- include initiating an advance care planning conversation as one of the actions that must be undertaken to claim the '75 plus' health check Medicare item numbers

- introduce a new Medicare item number to enable practice nurses to facilitate advance care planning.

Recommendation 4.4

The Australian Government to include the facilitation of ongoing conversations about advance care planning in the aged care Quality of Care Principles.

Recommendation 4.5

The Australian, State and Territory Governments to co-operate to:

- plan, fund, deliver and set standards for end-of-life care across different settings and jurisdictions
- develop and implement a strategy for end-of-life care data, including developing a national minimum data set for end-of-life care
- review the effectiveness of end-of-life care across all settings.

Commissioning family and community services

Key points:

- Family and community services are not well-suited to the widespread introduction of greater user choice at this time.
- Governments should focus on practical reforms to improve their stewardship of family and community services, including their planning, selection of providers and contracting policies.

Recommendation 8.1

Build on existing initiatives and data on the characteristics of the service user population and the service provider base. Develop service plans to coordinate services and address community needs. Identify outcomes for family and community services.

Recommendation 8.2

Design criteria for selecting service providers that focus on their ability to improve outcomes for service users and not discriminate on the basis of organisational type.

Publish rolling schedules of upcoming tenders. Allow sufficient time for providers to prepare considered responses, including the development of integrated bids across related services.

Recommendation 8.3

Develop indicators of wellbeing outcomes for family and community services, for use in provider selection, performance management and provider, program and system-level evaluations.

Recommendation 8.4

Monitor the performance of providers in achieving outcomes for service users, and evaluate service providers, programs and systems in ways that are commensurate with their size and complexity.

Proactively support the sharing of data between governments and departments, and the release of de-identified data to service providers and researchers.

Recommendation 8.5

Increase default contract lengths to seven years. (Exceptions could be made, such as for program trials but justification should be published.) Ensure contracts contain adequate safeguards in any cases of failure by providers.

Recommendation 8.6

Provide payments to providers for family and community services that reflect the efficient cost of service provision.

Patient choice

Key points:

- A patient's initial point of consultation determines which hospital they will be admitted to receive care
- Patients' ability to choose which provider they go to when they receive a referral is limited by:
- Outpatient clinics refusing to see a patient when there is another public clinic closer to the patient's home
- A common misperception that a named referral cannot be received by an alternative provider.
- Patients should be given the opportunity to choose the provider that best meets their needs, after receiving a referral from a GP.

Recommendation 10.1

Australian Government to amend referral regulations to make it clear that patients can choose which private specialist they go to when they are referred.

Recommendation 10.2

Patients to be informed by GPs and by a clear statement on all referrals that patients can use an alternative to any provider mentioned in a referral.

Recommendation 10.3

Public outpatient clinics to accept any patient with a referral for a condition the clinic covers, regardless of where the patient lives.

Recommendation 10.5

Australian Government to develop, with professional bodies, best-practice guidelines on how to support patient choice, as part of a strategy to help GPs and other providers to implement the proposed choice reforms.

Recommendation 10.4

Patients who must travel long distances to access specialist medical treatment should be able to access patient travel assistance schemes regardless of which provider they choose to attend.

Recommendation 10.6

Australian Government to evaluate patient choice reforms.

Information to support patient choice and provider self-improvement

Key points:

- Better public information about hospital and clinician performance would support patient choice and encourage self-improvement by health providers.
- To better inform patients and their GPs, and encourage more self-improvement by providers, the Australian, State and Territory Governments should, as part of their health funding arrangements, commit to:
 - releasing all data they hold on individual hospitals (including outpatient clinics), specialists and allied health professionals unless it would clearly harm the interests of patients or breach privacy protections
 - disseminating the information nationally through an improved MyHospitals website
 - allowing non-government organisations to use the data in advisory services they provide
 - phasing-in public reporting on individual specialists and allied health professionals, possibly beginning with registration details, followed by process data (such as location, levels of activity and out-of-pocket charges) and, in the longer term, whether the clinical outcomes of procedural specialists are within an acceptable range.

Recommendation 11.1

Australian, State and Territory Governments to adopt a general policy of publicly releasing any data they hold on individual hospitals (including outpatient clinics), specialists and allied health professionals, unless clearly demonstrated that it would harm the interests of patients or breach privacy protections.

Australian, State and Territory Governments to make data on individual hospitals, specialists and allied health professionals available in a format that other organisations can readily include in advisory services they provide.

Australian Government to require specialists to participate in public information provision in return for being eligible to provide any service that attracts a Medicare benefit.

State and Territory Governments to require all specialists serving public patients to participate in public information provision.

Recommendation 11.2

Australian Institute of Health and Welfare to transform the MyHospitals website into a vehicle that better supports choice by patients, and encourages self-improvement by individual hospitals, specialists and allied health professionals. Australian, State and Territory Governments to provide relevant data and other assistance.

Recommendation 11.3

Australian, State and Territory Governments to review above reforms after three years.

Reforms to underpin more effective provision of public dental services

Key points:

- Governments should develop oral health outcome measures to improve their understanding of the effects of public dental services on users' oral health. Outcome measures also improve the focus on the user and have a range of uses in analysing, planning, commissioning and paying for public dental services.

- Public dental services largely exist in a silo with little integration with the broader health system, or between the public and private dental sectors.
- Greater user choice should be coupled with a shift in the focus of public dental services towards more preventive care. This can be achieved by introducing a consumer-directed care scheme which allows eligible patients to choose a dental clinic that would become responsible for their care for a defined (three year) period.

Recommendation 12.1

State and Territory Governments should report publicly against a consistent benchmark of waiting times.

Recommendation 12.2

The Australian, State and Territory Governments should develop and progressively rollout means to measure the outcomes for patients.

Recommendation 12.3

State and Territory Governments should adopt digital health records that follow patients in the public and private dental sectors, and wider health system.

Recommendation 13.5

State and Territory Governments should establish effective commissioning processes to enable contestability for public dental services.

Recommendations 13.1, 13.2, 13.4 and 13.6

State and Territory Governments should introduce a consumer-directed care scheme using blended payments.

Access to consumer-directed care should be based on triaging according to risk.

This should provide patients access to:

- those treatments required to attain basic oral health
- the option to pay 'top-up' fees to access a broader range of treatments
- tailored information to support them to choose a provider.

Recommendation 13.3

The Australian Government should introduce a new blended payment model for the Child Dental Benefit Schedule.

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