

Chapter 1 - The Australian Health Care System

Thursday, 25 June 2015 7:03 PM

Our health system is based off other countries e.g. Britain's idea of a national health service, Canada's idea of a universal, taxation-funded health insurance (inspiration for Medibank/Medicare), US inspired Casemix/Activity-based funding and voluntary health insurance, but we must be able to innovate our own policies and healthcare systems

Expenditure and Funding

Financial year 1 July - 30 June

2011-12

- 69% of health funding from Australian government (low compared to Sweden, UK, Norway who pay 80%)
- 40.5% of expenditure was on institutional care (residential facilities which assume total care for its patients)
- Total expenditure approx. \$140 billion, 9.3% of GDP (*but this excludes nursing home care expenditure which comes under social welfare expenditure*)-Other countries like US include nursing care as part of total healthcare expenditure
- Proportion of recurrent health expenditure, current prices, by area of expenditure
- **Public Hospital services 31.8%**,
- **Medical services 18.1%**
- **medications 14.2%**
- **Private hospitals 8.7%**
- **Dental services 6.3%**
- **Community health and other 5.4%**
- **Research 3.7%**
- **Other health practitioners 3.4%**
- **aids and appliances 2.8%**
- **Patient transport services 2.3%**
- **administration 1.8%**
- **Public health 1.7%**

Health Care Services

Hospital Services include

- Acute care public hospitals
- Private hospitals (for/not-for-profit)
- Mental hospitals
- Other hospitals e.g. geriatrics, rehab, defence force

Hospital Services provide inpatient accommodation with nursing and other medical services

- Usually short term treatment

Aged care services (Nursing=High level aged care facility)

- Long-term treatment of chronically ill patients, usually older age groups
- Some run by state health but mostly by private organisations
- Issues continuously arise regarding policies to tackle abuse and improper care within these services especially with aged and mentally ill

Personal Health Services

- Most doctors are self-employed in their own clinics and others are salaried in hospitals, community health centres etc.
- 78% of funding for Medical Services is from the Australian Government
- Dentists, optometrists, physiotherapists, pharmacists, psychologists are all personal health services. Dentistry is the most predominant in terms of recurrent health expenditure--and is mostly funded by patients

Medications (14.2%)

- Prescription (subsidised by PBS), Prescription (not subsidised), over the counter
- 48% funded by Australian Government, the rest by individuals

Public Health and community health services

- AIHW definition: activities focused on communities and other groups of people, rather than individuals
- Usually provided by governments
- Include environmental health measures, health education, health promotion, disease prevention activities, immunisation programs
- Modest funding for education programs are becoming more of an issue as we need more preventative health!
- Community health includes well-baby clinics, family planning centres, health services aimed at specific groups i.e. Indigenous peoples, mentally ill individuals, migrants etc.

Organisational, Administrative and Financial Arrangements - the roles of governments

- One federal government, six state governments and 560 local governments all have some role in shaping health. (Local govt has the smallest role)
- Australian constitution and government policies are two things that affect health and which level of government is responsible for what
- LNP generally believe health is a state responsibility more than the ALP does
- **Pre 2007 election, ALP Rudd proposed strengthening Commonwealth-state relations, with importance being placed on health (but the Gillard govt did not follow continue pursuing)
- **2008 NHHRC established
- **2011 National Health Reform Agreement

Commonwealth-state relationships

It's commonly thought that Federal mainly provides funding to health and State manages provision of services.

Federal Government: Financial contribution is high, has control over health insurance **BUT this inevitably directly affects provision, providers, consumers of health services as well**

Federal Government Role in Health

- Medicare Australia-
 - o Runs Medicare
 - o Responsible for administering payments for other government health programs e.g. PBS, RPBS, PHIR
- Department of Health-
 - o Provides policy advice to the minister for health about health insurance issues, responsible for Medicare policy, provides subsidies to patients and institutions under nursing home benefits and assistance schemes, payment of domiciliary nursing care benefits and benefits to home nursing organisations, and subsidies to family planning and blood transfusion services
 - o Financial support for a wide range of national and state community health activities, health promotion and medical and health services research
 - o Responsible for National HIV/AIDS Strategy, the National Drug Strategy, the National Mental Health Strategy and the National Women's Health Program
- Australian Institute of Health and Welfare-
 - o Collects health-related statistics and undertakes research into health status and the effectiveness of health technology
- Department of Veterans' Affairs-
 - o Provision of hospital and medical svcs to eligible veterans and their widows/dependants
- Department of Defence-
 - o Provides healthcare for defence force personnel
- Safe Work Australia-
 - o Occupational health research and education
- Office of Aboriginal and Torres Strait Islander Health (as part of Department of Health)-
 - o Health services and funding to ATSI communities

State/Territory and Local Government Role in Health

Finance and direct provision of wide range of health svcs, with Health and Education being the major components of their budget allocation.

****2011-12** 53% of running costs and almost all of the capital costs of public hospitals were provided by States.

More or less all of the below are run by the respective health departments for each state/territory. They are:

NSW	Ministry of Health
QLD, SA, Vic, WA, NT	Department of Health
ACT	ACT Health Directorate
Tas	Department of Health and Human Svcs

Hospitals-

- o Control by state has varied widely in the past but in 1980-90s there was a movement to exercise more control with reasons of cost containment (reduced no. of beds, redistributed bed numbers, role delineation and networking)
- o Licensing and regulation of private hospitals and private nursing homes

Provide almost all funding for state Psychiatric, Geriatric, Developmental disability Hospitals

Provide almost all funding for community health activities

Responsible for environmental health protection e.g. food safety, water quality control, atmospheric pollution control, waste disposal, OHS

Public Health Activities-

- o Immunisation programs, surveillance of infectious diseases, development of disease prevention campaigns, treatment and rehab and health education initiatives

National Drug Strategy-

- o Participation in this strategy by state health authorities

****2010** Implementation of System of Registration requirements for health professionals, including doctors, dentists, nurses, physiotherapists, optometrists, pharmacists

More recently, development and support of IT and computerised health information systems has been crucial

Registered Health Insurance Funds

Following 1984 reintroduction of Medicare, main goal is to provide insurance to "those who wish to have private patient status if admitted to hospital".

From 2004, private health insurance can cover the gap between the charge for medical svcs and the reimbursement from Medicare.

The popularity of private health insurance declined from 64% in 1983 to 30% in 1999. Currently it is at 47%.

Health Status of Aussies

Clear data on the health status of a community or country is in practice, hard to obtain due to the varying definitions of 'health' and its immeasurability.

Some of the ways we try to measure health is through morbidity and mortality rates. However, these cannot ascertain things like the cause of death and quality of life, preventability etc.

We fare quite well based on our infant mortality rate internationally.

Mortality is the most commonly used measure of health status of a population.

Interrelations between Federal, State and Private Sector Roles in Healthcare

A large proportion of health funding is provided by the Federal govt and much of this is in the form of **subsidies paid to doctors in private practice, private aged care facilities and for pharmaceuticals provided by the private sector**

Australian Healthcare Agreements--> Federal pay States to run public hospitals. This agreement was changed with the implementation of the National Health Reform Agreement.

Up until 2010, States exercised the power of legal control of the medical profession, registration of those in the medical profession, fee setting, registration of private aged care facilities

Pre-WW2, the States were the ones involved in most aspects of the healthcare system.

Post-WW2, in a bid to increase social welfare as well as assuming responsibility for health insurance involved also in provision, regulation and financing of healthcare.

1946 social services amendment to the Constitution meant that Federal level had wide powers to regarding hospital benefits, medical services and other social security benefits e.g. "maternity all pensions, child endowment, unemployment, pharmaceutical, sickness and hospital benefits, medical services, benefits to students and family allowances"

Also mentioned in the amendment is a non-allowance of 'civil conscription' to certain services (people have the right to deny or not to receive them)

Figure 1.3 Organisational chart of the Australian health system

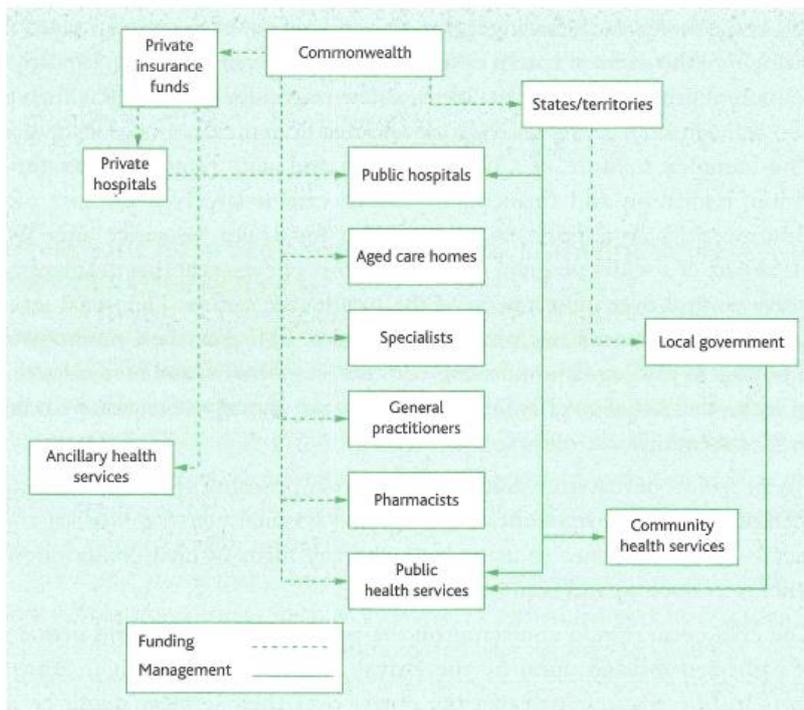


Figure 1.4 Financing flowchart, Australian health care system

