26 October 2016

Human Services Inquiry
Productivity Commission
LB 2, Collins Street East PO
MELBOURNE Vic 8003

Merri Health
Healthcare that moves with you

Re: Comment on the Productivity Commission Preliminary Findings Report

Merri Health welcomes the opportunity to provide feedback on the Productivity Commission Preliminary Findings Report.

Merri Health creates healthy, connected communities through local health services for people at every age and stage of life. Our approach is holistic, addressing the medical, social, environmental and economic aspects that affect health, with services spanning across children and young people, carer support, chronic disease management, mental health, disability support, dental services, population health and aged care. We've been the trusted health service of local communities for over 40 years.

General Comments arising from the key points summarised in the report are detailed below:

1. We **agree** that greater competition, contestability and informed user choice *could* improve outcomes in many, *but not all*, human services.

   Response
   Our experience in delivery of a large range of human services in local communities for in excess of forty (40) years highlights the experience we manage on a daily basis. The delivery of human services is often complex, multi-level and requires integration of a range of health, human, social and well-being services to address often complex issues. To seek to isolate the delivery of 'human services' on its own in our view is a simplistic viewpoint and does not take into consideration the reality of what individuals and families experience.
   Additionally, the contribution made by not for profit organisations through collaboration and the sharing of expertise to promote social value in user choice should not be underestimated and will not easily be replicated in competitive and for profit-driven markets. Consumer choice could inadvertently become restricted in an environment that focuses on standardised deliverables rather than responsiveness and flexibility in meeting local needs.

2. We **disagree** with the statement "well designed reform, underpinned by strong government stewardship, could improve the quality of services, increase access to services, and help people have a greater say over the services they use and who provides them".

   Response
   Government stewardship does not take into consideration the intersection between both state and commonwealth funded human services, and at times, services funded by local government. There is a risk in looking at government stewardship from a commonwealth perspective in isolation to services also provided by the state, as often there is an intersection between the two. There is also often added value and opportunity to respond to human services needs in utilising both levels of government funding. To implement such a reform in the absence of an understanding of the potential unintentional consequences of such a reform approach could have significant detrimental effects.

3. We **disagree** with the statement "Informed user choice puts users at the heart of service delivery and recognises that, in general, the service user is best-placed to make decisions about the services that meet their needs and preferences".

   Response
   Whilst we support the notion of user choice, this is often predicated on the health literacy and understanding and competence of navigating the service system. Our experience highlights there are often individuals that cannot undertake such 'navigation' without support. The often marginalised, non-English speaking, newly arrived refugee/asylum seekers, and disadvantaged that are significantly challenged to seek help when they need it, often with worse outcomes as a result. To simplify a reform agenda that is seeking the one common denominator of "informed user choice" is over simplifying the reality that organisations deal with in provision of such services. Block funding or dedicated resources to support service linkage can play an important role in engaging with people who require extra support to engage with services and build their capacity (over time) to exercise informed choice.

4. We **disagree** with the statement "Competition between service providers can drive innovation and create incentives for providers to be more responsive to the needs and preferences of users. Creating contestable arrangements amongst providers can achieve many of the benefits of effective competition".

   Response
   Effective competition does not always correlate with an improved service or quality of service. Recent reforms occurring in the sector have in fact demonstrated a decline in service access, and quality of services, with perverse incentives to employ cheaper and less qualified workforces. There is also potential for organisations to 'cherry pick' 'profitable clients' – where outcomes are easier to achieve - thus often leaving those more at risk or at higher cost/complexity receiving poorer outcomes.

5. We **agree** with the statement "Access to high-quality human services, such as health and education, underpins economic and social participation."

   Response
   We believe the entire social determinants of health are what underpin not only economic and social participation, but also health, wellness and contribution to society. All of these factors need to be taken into consideration, not just human services.

Other general comments arising from the report are summarised as follows:

1. We **disagree** with the comment "competition, contestability and user choice risks bidding down the cost of delivery and will lead to a reduction in the quality of services — especially where for-profit providers are involved".

   Response
   If undertaken in a planned and well informed approach, then competition has potential to reduce costs. What is essential in any such approach is to have the same approach for the entire sector, i.e., publicly funded vs private funded organisations and the regulatory, accreditation and sound clinical governance frameworks should be equally applied. Additionally, there needs to be transparency and true accountability with any such processes and/or competitive tendering.

2. We **agree** with the comment "the users of human services are among the most disadvantaged in the community with vulnerabilities arising from very low incomes, mental or physical illness, frailties due to older age, low numeracy and literacy skills, or a lack of access to the resources and support needed to exercise informed choice".

Response

Behavioural economics need to be of consideration as the assumption that is often made is that these clients/consumers have a choice in seeking out our services. Often these vulnerable, marginalised and at-risk groups have no choice and seek out our services due to necessity and life circumstances. Furthermore, issues of health literacy must be considered if any informed choice on the basis of user directed care is to be attempted.

3. We **agree** with the comment "not for profit, community-based organisations are better-placed to provide human services — they are closer to the communities they serve and, because they are mission (rather than profit) driven, will reinvest any surplus back into services to support less profitable areas. However, they are disadvantaged by the time- and resource-consuming administrative processes used to commission services".

   Response

   The not for profit sector has a long history of delivery of a wide range of place based services delivery in local communities, often responding to the specific health needs of communities. This long standing history and expertise should not be discounted with any reform given the potential loss this could potentially represent to the service sector more broadly. Contestability undermines sector collaboration, disrupts social capital and utilises resources better spent on direct service delivery.

The below comments relate to two of the priority areas detailed within the report:

Public dental services:

1. We **do not agree** with the assertion of the comment "The continuity of care that public clinics provide can be an issue because patients may be treated by a different person each time. Without continuity of care, users could be discouraged from maintaining a favourable visiting pattern, which can eventually lead to more extensive remedial care being required".

   Response

   We prioritise continuity of care in the day to day running of our public dental practice. Clients are always offered follow up treatment and care with the same clinician; and in instances where availability is an issue, or the client requests to see an alternative clinician, our comprehensive client information management systems ensure the most effective continuity of care between different clinicians. Although a recent report from the Australian Institute of Health and Welfare acknowledges that continuity of care can be a contributing factor for maintaining favourable visiting patterns with a dentist, there is no direct link or evidence to suggest the continuity of care in public dental clinics is less or worse off than private practices (AIHW: Chrisopoulos S, Harford JE & Ellershaw A 2016. Oral health and dental care in Australia: key facts and figures 2015. Cat. no. DEN 229. Canberra: AIHW.)

2. We **do not** agree with the statement "further concern is the lack of published evidence on the efficiency of public dental services. This is symptomatic of a lack of accountability to those who fund public dental services (governments and users through co-payments). It is also evident in the lack of performance reporting on service quality and patient outcomes."

   Response

   Unlike private practices, publically funded dental services are required to maintain accreditation under the National Safety and Quality Health Service Standards which are regularly monitored and assessed, and failure to meet these standards around governance, safety, infection control and quality would lead to the inability to practice. Furthermore, publically funded dental services have stringent requirements and processes for incident reporting and management, and regular monitoring and data reporting from Dental Health Services Victoria for quality and safety purposes, which private practices are not required to attain.

3. We **support** the view that "service provision could be made more contestable by inviting bids from non-government providers to operate public dental clinics"

   Response
   We believe this provides a good opportunity to allow the market to respond to improve access to public dental services.

4. We **agree** "As part of any shift to more choice in the provision of public dental services, governments would need to ensure that they support disadvantaged groups to choose a dentist, possibly through a combination of information provision and person-to-person advice."

   Response
   Health Literacy will need to be a central focus to ensure that disadvantaged groups have the adequate information and tools in order to be able to make informed decisions about their dental treatment and choice of practitioners.

Grant-based family and community services:

Grant based family and community services are vital components of social responses to marginalised, vulnerable and complex individuals and families with diverse needs that aim to build resilience and capacity to improve functioning and life outcomes. The public value that is created via these programs and services should not be underestimated as social costs are minimised, and improved individual and community outcomes are observed.

A fundamental element that is absent from the discussion is the notion of 'choice' and whether the clients that receive these services have true choice. Central to any market environment is the assumption that consumers have and make choices re the products they purchase and consume (utilise). Most clients accessing family and community services are driven by need rather than 'choice' and find themselves in very difficult circumstances where their ability to make informed decisions is compromised.

Specific points we would like to draw your attention to include:

1. We **support** the comment ''People who have multiple ongoing and complex needs require coordinated assistance across several services, but are inadequately served when the system is fragmented and difficult to navigate".

   Response
   Clients with complex needs often fall through the gaps as services can't adequately respond to needs in isolation. Complex clients need well-co-ordinated and planned care which requires services working collaboratively and in an integrated manner. Service integration and collaboration are key principles that need to guide the work of diverse and specific agencies working with clients who present with complex issues. Merri submits that a collaborative services approach needs to be embedded by integrated treatment planning, holistic assessments and responses; care planning across sectors and services with consistent client goals. Services need to be supported to share information, expertise and client information in order to work collaboratively towards joint client goals.

   The complexity of the service system means that partnerships with other organisations are crucial to achieving comprehensive and seamless service responses. Strategic alliances are necessary for co-operation, communication and for the creation of working partnerships to deliver diverse and tailored services and programs to specific cohorts of clients. Services and agencies must collaborate and partner together in order to maximise their resources and best

utilise their skills and knowledge. This work needs to be grounded by consistent and complementary government policies and strategically embedded in state, regional and local health plans.

Multiple sector reforms, service contestability, recommissioning and differing priority objectives of service sectors does not support collaboration, rather it results in decreased effectiveness and increased costs. Reforms should not be considered in isolation but rather a whole of system overview is required with a human centred design approach to ensure better and consistent service responses.

Service fragmentation needs to be tackled via investment in technological infrastructure to support ease of access and integrated service responses. Technological solutions need to be outcome focussed and support care coordination including articulating and managing risk.

2. We **agree** with the statement 'Contract terms often limit providers' ability to develop flexible responses to the needs of service users'.

   Response
   Contract and funding guidelines are prescriptive and focus on outputs rather than allowing for flexibility and innovation to achieve outcomes for individuals and families. Funding and service provision should be refocussed to quality and outcome achievement rather than process based. This would allow for service innovation and targeted service responses rather than output based funding allocation.

3. We **agree** with the statement 'current approach to information collection, performance monitoring and reporting can create excessive burdens but does not deliver the information that is needed…'

   Response
   Information collection and data analysis is crucial in performance monitoring, service planning and sectorial innovation. Currently data collection is focussed on output achievement and process driven, this needs to be realigned to also focus on true data analysis that provides the catalyst for evidence based interventions that create positive outcomes for individuals and families and real social value.

Summary

Merri Health appreciates the opportunity to comment on the Productivity Commission Preliminary Findings Report and is committed to improving outcomes for clients in our community. Merri Health would welcome the opportunity to further share our thoughts and experience on the challenges and opportunities present with the introduction of competition and informed user choice in human services relevant to the concepts articulated in the report.

This feedback is provided by:
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