



PREMIER OF TASMANIA

11 AUG 2017

Introducing Competition and Informed User Choice into Human Services
Productivity Commission
Email: humanservices@pc.gov.au

Dear Sir/ Madam

I am writing in relation to the Productivity Commission's request for feedback on its Draft Report 'Introducing Competition and Informed User Choice into Human Services: Reforms to Human Services'.

Please find attached the Tasmanian Government response to the Draft Report. The response can be placed on the Productivity Commission's website as a public submission.

Should your officers have any queries in relation to the submission, the Tasmanian contact is Mr Andrew Rayner, Director Intergovernmental Relations, Department of Premier and Cabinet. Mr Rayner can be contacted by email _____ or by telephone _____

Thank you for providing the opportunity to comment on the Draft Report.

Yours faithfully

Will Hodgman MP
Premier

Attachment

Tasmanian Government Response to the Productivity Commission Draft Report

Introducing Competition and Informed User
Choice in Human Services: Reforms to Human
Services

August 2017



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INTRODUCTION

The Tasmanian Government is pleased to be able to respond to the draft recommendations from the second stage of the Productivity Commission Draft Report *Introducing Competition and Informed User Choice into Human Services: Reforms to Human Services* (the Draft Report).

This submission builds on previous Tasmanian Government submissions to the Productivity Commission (PC) Inquiry into Human Services where it has welcomed the PC's work in developing evidence-based policy options to improve the efficiency and effectiveness of human services for Tasmanians, including, where appropriate through increasing competition, contestability and user choice.

The PC's objectives broadly align with the Tasmanian Government strategic direction for Human Services where Government acts as a steward and partner in overseeing provision of human services in public, private and community sectors.

Tasmania supports the PC's efforts in finding ways to put people who use human services at the heart of service provision. The Government acknowledge the potential of user choice to enable better outcomes for service users and to deliver more efficient and effective services.

At the same time, we continue to note the challenges of delivering user choice in a small market with a relatively dispersed population and low levels of health literacy.

The Tasmanian human services sector includes large multi-service providers, as well as a number of small, niche organisations making specialist, localised contributions. Not-for-profit service providers are driven by a service ethic or mission, and while often achieving impressive outcomes, some providers have limited capacity to respond positively to competitive reforms.

As outlined in Tasmania's April 2017 submission on the PC's *Reforms to Human Services* Issues Paper, recommendations to increase competition and contestability should take account of potential risks, including:

- competition leading to an increase in turnover of service providers, resulting in a lack of continuity of care and personal connection with clients;
- competition acting as a barrier to cooperation and collaboration between service providers; and
- changes to the financial sustainability of non-government service providers resulting in providers, particularly small and niche providers, exiting the market. This can lead to the loss of community connections and social inclusion (volunteers for example) and government may need to step in as a provider of last resort.

The Tasmanian Government has responded to these challenges with initiatives such as its partnership approach to working with Community Sector Organisations under the DHHS Funded Community Sector Outcomes Purchasing Framework and programs that facilitate growth in the professionalism and skills of non-government organisation boards.

The draft recommendations propose changes that could have profound impacts on the delivery of human services and experiences of service-users. However, Tasmania notes that, particularly in the areas of palliative care, social housing and public dental services, significant financial investment would need to be made to make the service changes described. The scale and source of this funding has not been addressed.

Tasmania has not provided comment on all of the individual recommendations, but responded where it is important to note the potential impact on Tasmania, raise issues and propose alternative solutions.

CARING FOR PEOPLE AT THE END OF LIFE

The Tasmanian Government broadly supports the recommendations on end-of-life care presented in the draft report and the strong focus on enabling people to exercise their choice to die at home. However, Tasmania notes concerns about the financial implications for States and Territories if required to bear the cost of additional palliative care services.

Tasmania proposes an additional recommendation relating to access to Commonwealth Home Support Programme (CHSP) and Home Care Packages (HCPs).

Draft Recommendation 4.1

State and Territory Governments should ensure that people with a preference to die at home are able to access support from community-based palliative care services to enable them to do so. To achieve this, State and Territory Governments should:

- **assess the need for additional community-based palliative care services**
- **design services to address identified gaps in service provision**
- **use competitive processes to select providers (or a single provider) to deliver additional community-based palliative care services**
- **monitor and evaluate the performance of community-based palliative care services to ensure that those services deliver integrated and coordinated nursing, medical and personal care, and provide access to care and support on a 24 hours a day, 7 days a week basis**
- **ensure that consumer safeguards are in place so that quality care is provided, and oversight is maintained, as the volume of services provided increases.**

Implementation of this recommendation would require a significant change to current practice and would require dedicated project resources to manage the change process.

This recommendation refers only to the responsibilities of State and Territory Governments with regard to provision of palliative care services. Enabling more people to receive palliative care at home would require increased provision of home and community care services delivered by the Australian Government (to people who are 65 and over) and by States and Territories (to people who are under 65). It is likely that this will have most impact in Australian Government delivered services through the CHSP as most palliative care provision occurs within the 65 years and over cohort.

The diversity of the palliative care sector will make monitoring and evaluation of performance of community-based palliative care services very challenging. Palliative care in the community is not delivered by a discrete number of dedicated 'palliative service providers', but by a diverse network of health and community care providers including small, community nursing, home care and personal support services; volunteer community groups; and aged and community services. This diversity is part of the reason why state and national efforts to obtain palliative care data have proven challenging.

Draft Recommendation 4.2

The Australian Government should:

- remove current restrictions on the duration and availability of palliative care funding in residential aged care so that palliative care is available to residents who have pre-existing high health care needs, and for periods of time that align with those provided in the health care system
- provide sufficient additional funding to residential aged care facilities to ensure that people living in residential aged care receive end-of-life care that aligns with the quality of that available to other Australians.

Draft Recommendation 4.4

The Australian Government should amend the aged care Quality of Care Principles to require that residential aged care facilities ensure that clinically trained staff hold conversations with residents about their future care needs. This should include helping each resident (or their family or carers) to develop or update an advance care plan (or to document that the resident would prefer not to complete an advance care plan) within two months of admission to the facility.

Recommendations 4.2 and 4.4 address significant issues in care, but it is important to note that these gaps in service delivery exist in community based aged care services, as well as residential aged care services and this should be reflected in the final recommendations.

Draft Recommendation 4.3

The Australian Government should promote advance care planning in primary care by:

- including the initiation of an advance care planning conversation as one of the actions that must be undertaken to claim the '75 plus' health check Medicare item numbers. At a minimum, this would require the general practitioner to introduce the concept of advance care planning and provide written material on the purpose and content of an advance care plan
- introducing a new Medicare item number to enable practice nurses to facilitate advance care planning.

Tasmania strongly supports this draft recommendation which will assist primary care providers to actively initiate advance care planning. General practice and the community setting should be where advance care planning occurs. This would promote early uptake and move advance care planning away from acute care or residential aged care facilities, as this is often too late in the progression or deterioration of a life limiting illness.

Draft Recommendation 4.5

The Australian, State and Territory Governments should ensure that there are sufficient data to enable governments to fulfil their stewardship functions by monitoring how well end-of-life care services are meeting users' needs across all settings of care.

Governments should work together to develop and implement an end-of-life care data strategy that leads to the provision of, at a minimum, linked information on:

- place of death
- primary and secondary diagnoses
- details of service provision at time of death (what, if any, health or aged care did they receive, at what level and for how long)
- whether they had an advance care plan.

As mentioned previously in this section, data collection in palliative care is a challenge because palliative care is embedded across a range of primary care, health and community care services. There may need to be an Australian Government led initiative to ensure a consistent, national approach to data collection.

The draft report (on page 97) discusses the percentage of deaths at home as compared to deaths in hospital, emergency departments and aged care facilities. It should be noted that not all clients who die in emergency departments, aged care facilities or hospitals are in need of palliative care. The most relevant data for consideration is the number of people who died in these facilities who were in need of palliative care.

Proposed additional recommendation on end-of-life care

Recent Tasmanian experience, facilitating improved access to palliative care, identified access to the CHSP and HCPs as a key barrier restricting people's ability to die at home. Tasmania proposes the Commission consider adding one of the following recommendations in relation to end-of-life care.

1. The Australian Government should review and amend the current CHSP and HCP criteria to improve the timeliness and access to home based support and services for carers and people with palliative care needs; and/or
2. The Australian Government should extend the existing CHSP and HCPs to include dedicated palliative care packages to be delivered during the last three months of life.

Current Arrangements:

The aged care system is not designed to respond rapidly to changes in a client's clinical needs, particularly in a crisis situation or when services are needed to be put in place quickly. While clients can receive a limited number of services via a direct referral through My Aged Care, clients will still be required to undertake a Regional Assessment Services (RAS) assessment and go through the standard aged care assessment and service allocation process.

HCPs have two priority levels: medium and high. The Australian Government expect that only a small proportion of clients will be of a high priority. While clients may be considered a high priority by the Aged Care Assessment Team (ACAT), the Australian Government does not guarantee receipt of service in a certain time period and there are a limited number of HCPs available for high priority clients.

Better Access to Palliative Care Program and hospice@HOME

The Australian Government funded the *Better Access to Palliative Care Program* (BAPC) to improve access to community based palliative care in Tasmania from July 2013 to June 2016. As part of this program, \$38m was allocated to establish *hospice@HOME*. The *hospice@HOME* program sought to address system and

service gaps that impacted on access to palliative care in the community and to enable individuals to die at home should they wish to do so. It will conclude in December 2017.

Hospice@HOME provides community based packaged care, enabling individuals who would prefer to die at home to do so. *Hospice@HOME* is not a replacement or duplication of existing services, it provides:

- 'Wrap around' packages of care that are a top up to current services or existing packages;
- Services that run concurrently with existing care arrangements; and
- Interim access to packaged care until waitlisted services become available.

Key learnings from *hospice@HOME*

Only a small proportion (2%) of packaged care arrangements provided by *hospice@HOME* have been for nursing care delivered by Registered or enrolled nurses. This demonstrates that the Tasmanian Health Service, through community nursing and Specialist Palliative Care Services, was meeting the clinical needs of palliative care clients.

Significantly, the majority (98%) of services brokered through *hospice@HOME* have been for community support and include personal care, domestic assistance, support visits, respite and care coordination. These services are consistent with those provided through other packaged care arrangements such as the Tasmanian Home and Community Care Program (Tas HACC) and the CHSP and HCPs.

The majority of packages (80%) delivered by *hospice@HOME* were provided to those individuals aged 65 years and over. Services to individuals in this age cohort are the responsibility of the Australian Government through the CHSP and HCPs. A smaller proportion (20%) were for individuals under 65 years with palliative care needs that are met by Tasmania through Tas HACC.

Throughout the BAPC program, *hospice@HOME* packaged care arrangements were frequently (approximately 50%) provided for clients with palliative care needs as 'transition' arrangements as a result of lengthy waiting times for access to CHSP and HCPs. As palliative care is not a priority criterion for access to these services, clients spend longer periods of time in hospital or die in hospital while waiting for CHSP or HCPs. The introduction of My Aged Care and consumer directed care has improved the timeliness of access to package care providers, however, substantial delays in the timeliness of eligibility assessments conducted by the RAS still remain.

Additional comments on end-of-life care

1. The Commission uses the terms the 'end-of-life care' and 'palliative care' interchangeably in the Draft Report. These terms each have specific meanings in service delivery. Tasmania request the Commission defines these terms in its recommendations.
2. The Draft Report appears to only refer to adults. The final report should clarify whether the Commission's recommendations relate solely to adult palliative or end-of-life care, and not to other groups such as infants, children, and adolescents.

SOCIAL HOUSING

The Tasmanian Government is broadly supportive of the recommendations for a single model of housing assistance designed to increase equity, reduce disincentives for people in need of housing assistance to enter the private rental market, increase user-choice and improve data collection.

User choice will, however, be constrained under any social housing model, by limited supply. The Draft Report (p149) notes the fundamental issue of the lack of supply of social housing properties, with over 150 000 households nationally waiting to enter social housing. The Draft Report does not propose, however, any new initiatives to increase the supply of social housing.

The primary mechanism proposed by the Commission to increase access to affordable housing is to reduce barriers to entry to the private rental market. The Draft Report, however, acknowledges concerns about the capacity of the private rental market to supply homes to everyone that needs affordable housing, referring to a 2011 shortfall of around 270 000 homes for households in the bottom income quintile (P164).

Anglicare Australia's 2017 Rental Affordability Snapshot¹ notes that "the private rental market has failed to provide access to affordable and appropriate shelter, let alone a home, for millions of Australians". The report refers to "a dire shortage of affordable rental houses for people on low income, particularly the 10 per cent of Australians reliant on government payments".

The proposed increase in the CRA should mean increased housing affordability for people on low incomes. Tasmania has concerns, however, about the likely inflationary impact of housing subsidies on market rents, and the risk, particularly in a small housing market, that the ameliorative impact of subsidies could be eroded over time.

The Commission notes in the Draft Report (Overview p17) that the proposed reforms would result in a transfer of fiscal costs between the Australian, State and Territory Governments via increases in the CRA and its extension to public housing; and expenditure on the high-cost housing payment. Clearly it would be expected that there would also be changes to the terms of the National Affordable Housing Agreement or the National Housing and Homelessness Agreement which is planned to replace it in 2018.

Tasmania would not support a model where the net effect would be to reduce funding available for social housing or to impose a significant additional financial obligation on the States and Territories without an off-setting and secure additional source of revenue. Increasing demand side assistance for private sector housing can be expected to reduce long waiting lists for social housing, but the Commission clearly sees the importance of a continued role for a sustainable social housing market.

Tasmania supports the concept of charging market based rents for public housing, where tenants were able to receive an appropriate level of CRA. Tasmania would not support a model that would significantly disadvantage current public housing tenants.

¹ Anglicare Australia, 2017, *Anglicare Australia Rental Affordability Snapshot*, Canberra

Draft Recommendation 5.1

The Australian Government should enhance Commonwealth Rent Assistance (CRA) by:

- extending CRA to cover tenants in public housing
- increasing the current maximum CRA payment by about 15 per cent to address the fall in the relative value of CRA caused by average rents rising faster than the consumer price index since 2007
- indexing the maximum CRA payment amount to reflect changes in rental prices nationally.

The Tasmanian Government support the extension of CRA to public housing tenants, but only on the basis that the combined effect of the proposed reforms does not result in a reduction in funding available for public housing.

An increase in the level of CRA is welcomed. The Draft Report demonstrates at Figure 5.3 that CRA payments have not kept pace with the increase in rental prices. Accordingly, around one-third of CRA recipients are still experiencing housing stress. Increasing CRA payments would reduce housing stress in the private rental market and could be expected to reduce demand for social housing.

Draft Recommendation 5.2

State and Territory Governments should abolish the current assistance model for social housing where rents are set at a proportion of the tenant's income and enhance user choice by:

- providing a high-cost housing payment funded by State and Territory Governments for eligible tenants, such as those with a demonstrated need to live in a high-rent area
- delivering the high-cost housing payment to the tenant in a way that would enable it to be used in either the social or private rental markets
- offering existing tenants in social housing an option between continuing to pay rent set at a proportion of their income for up to ten years, or electing to move to the new assistance model
- charging market rents for tenants in social housing.

The changes proposed would require fundamental changes to current social housing rental setting models in Tasmania. The recommendation that current social housing tenants have the option of grandfathering of existing rental arrangements is welcomed. It is important that the final recommendations from this Inquiry not be prejudicial to the interests of people in vulnerable situations.

Tasmania has concerns about the potential financial impact of the high-cost housing payment.

Draft Recommendation 5.3

State and Territory Governments should introduce choice-based letting for tenants entering into, and transferring between, social housing properties.

Tasmania does not support this draft recommendation.

Choice-based letting in an environment of severely limited supply is unlikely to enable genuine choice. Where demand for social housing is high and supply constrained, applicants will nominate for homes as they become available, regardless of whether they meet all of their requirements. Choice-based letting will place a greater burden on applicants, as they must express an interest in every vacancy that arises. It will also place additional administrative requirements on housing providers. This is likely to lead to inefficiencies in the system and resources being utilised unproductively.

The current Tasmanian system assesses a household's needs in terms of bedrooms and physical environment and allows applicants to nominate their preferred areas. Offers for housing are then made within those parameters to those in greatest need with the longest waiting times.

Draft Recommendation 5.4

State and Territory Governments should continue to make the management of social housing properties contestable, on a staged basis. The management of social housing properties should be subject to a tender process that is open to all providers, including the government provider.

Tasmania currently has a contestable social housing market through the Better Housing *Futures* initiative, with 35 per cent of the social housing portfolio under management by community housing providers selected from public procurement processes. This meets the 2009 target set by State and Territory Housing Ministers of one in three social housing properties managed by community housing providers.

This model offers user choice and the benefits of competition in the tenancy management market place. The benefits of further contestability in the Tasmanian social housing market, however are questionable.

The delivery of social housing in regional and remote areas of Tasmania can be challenging due to the low scale and the dispersed area. In these areas it may be more cost effective for services to be managed by a single provider.

This recommendation would rely on a more competitively neutral approach between public and community housing providers with respect to the provision of CRA. The current environment, where community housing tenants can be charged CRA, favours outsourced management models.

Draft Recommendation 6.1

When commissioning tenancy support services, State and Territory Governments should:

- clearly separate the funding and commissioning of tenancy support services from tenancy management services
- ensure that tenants renting in the private market have the same access to support services as tenants in social housing.

Tasmania's Housing Connect service provides tenancy support services to people living in public, community and private housing under a floating support model. This recommendation is supported.

Draft Recommendation 6.2

State and Territory Governments should ensure that the entity responsible for managing social housing assets is separate from the entity responsible for social housing policy. The entity managing social housing assets should be subject to competitive neutrality policies.

While Housing Tasmania has a dual role, it has performance indicators in place for both its public housing and community housing services. An outcomes framework is proposed to be put in place across all housing providers that will improve the focus on tenant outcomes.

Draft Recommendation 6.3

State and Territory Governments should ensure that applicants for social housing assistance:

- receive a comprehensive up-front assessment of their eligibility for: a social housing placement; the high-cost housing payment (draft recommendation 5.2); and tenancy or other service support, including support to enable the tenant to choose their home
- are made aware: that the high-cost housing payment would be payable if they chose to live in either the private or social housing markets; and of the extent to which support services available in social housing would also be available in the private market.

Tasmania has a one-stop-shop, Housing Connect, which provides clients access to the range of available housing and support services. It provides an assessment and intake service for people who need help with housing or who are homeless. It provides emergency support, social housing placements, advice and tenancy support. Housing Connect would be well situated to undertake the role described in Recommendation 6.3.

Draft Recommendation 6.4

State and Territory Governments, in conjunction with the Australian Institute of Health and Welfare, should improve the data that are collected on:

- the efficiency of social housing
- tenant outcomes, including high-cost housing payment and service recipients who choose to rent in the private housing market.

State and Territory Governments should clearly define the outcomes they are seeking to achieve to support the commissioning of tenancy management and tenancy support services, and put in place frameworks to assess their success in meeting these outcomes over time. Outcomes data should, to the extent possible, be consistent and comparable to that developed for family and community services (draft recommendation 7.3).

Tasmania has an Outcomes Purchasing Framework for all community sector services it funds. The Framework measures the changes achieved for clients and funded organisations. Tasmania is looking to expand its outcomes framework to all housing providers. The cost of applying this to clients in private rental would need to be considered.

The efficiency of housing providers is being monitored under the reporting requirements of Better Housing Futures.

Tasmania would be supportive of this recommendation providing it does not result in undue administrative burden.

Draft Recommendation 6.5

State and Territory Governments should:

- publish information on expected waiting times to access social housing, by region, in a format that is accessible to prospective tenants
- make publicly available the regulatory reports on the performance of community providers that are undertaken as part of the National Regulatory System for Community Housing.

To facilitate choice-based letting, State and Territory Governments should publish information on available social housing properties, such as the rent charged for the property, number of bedrooms and the location of the property. This information should be disseminated across a range of mediums, such as online and printed leaflets.

Housing Tasmania is considering providing more information on social housing stock levels by suburb and the corresponding turnover rates. It is recognised that this information may assist applicants in selecting where they wish to live.

Information request on the National Regulatory System for Community Housing (NRSCH)

The Commission supports the principle of consistent regulation across different types of social housing providers. The Commission is seeking information and evidence on whether changes to the National Regulatory System for Community Housing (NRSCH) are needed to accommodate different types of providers. This includes information and evidence on:

1. Whether the NRSCH is flexible enough to regulate different types of providers and, if not, the changes that are necessary

The NRSCH is broadly flexible enough to regulate different types of providers, as the standards stipulated in the [National Regulatory Code](#) (the Regulatory Code) for registration and compliance are relevant to practices associated with tenancy and property management regardless of housing provider type.

The NRSCH is relevant to Specialist Homelessness Services and not-for-profit Community Housing Organisations (CHOs), however the relevance and applicability of some standards to for-profit housing providers may require consideration. The Regulatory Code may need to be amended depending on the role envisaged for for-profit providers (eg provision of similar services to a CHO which include social support, or limited to tenancy and property management) and the relevance of standards and evidence to demonstrate performance and compliance by for-profit providers.

2. The costs and benefits of extending the NRSCH to include different types of providers of tenancy management services

The policies, business practices and information systems for most State Housing Authorities (SHAs), should be sufficient and not require significant levels of additional investment. However, some level of investment is likely, particularly in ensuring all required data is collected and reports are developed for the NRSCH. For those SHAs with legacy information systems, significant ICT investment may be necessary.

To avoid creating reporting burdens, exploring the opportunity of using NRSCH reporting data for other national reporting purposes should be considered.

Significant investment is likely to be required for private providers to develop the policies, business practices and information systems necessary for NRSCH registration, compliance and reporting. This may discourage registration by some for-profit housing providers.

The benefits of applying the NRSCH to other housing providers centre mainly on the ability to compare performance. To be meaningful however, the nature of a housing provider's business and their profile of tenants need to be evident to avoid inappropriate comparisons or misrepresenting performance and outcomes achieved. Gross comparisons of housing provider sectors would be unhelpful and could lead to poor decision making.

3. *The extent to which inconsistencies between jurisdictions add to administration costs and create barriers to entry (the Commission would welcome quantitative evidence on the costs incurred by providers)*

Tasmania has no data on actual costs of inconsistencies between jurisdictions or whether this is presenting a barrier for some housing providers. It could be safely assumed that where CHO's have to register in two or more states, additional costs are incurred. For example, Housing Choices is a not-for-profit operating in Tasmania, Victoria and South Australia. The degree to which CHO's are having to segment their business to comply with different state requirements or whether business decisions are being made not to operate in some states is not known.

Taking Housing Choices again as an example, their primary business is located in Victoria, and they have segmented their business to create Housing Choices Tasmania. Consideration of issues such as funding or asset 'leakage' or any ramifications from a CHO 'winding up' need to be factored into contract and funding arrangements.

The Tasmanian experience has shown that a relationship between the 'parent' and 'subsidiary' parts of the business is occurring, supporting access to expertise or finance to assist smaller parts of the business to prosper.

4. *What changes to the regulatory system should be made to provide incentives for providers to improve outcomes for tenants, improve provider responsiveness to the needs of tenants and improve provider accountability to governments.*

Building incentives into the NRSCH for housing providers to improve tenant outcomes would require specifying additional requirements to the Regulatory Code for registration and compliance. Failure to demonstrate the ability to achieve, or the actual achievement of outcomes could then become thresholds for initial and ongoing registration.

The Code and [Evidence Guidelines](#) would need further development to capture outcomes. This would not be a simple task. At present, the Regulatory Code and Evidence Guidelines require that policies addressing a range of issues be publically available. The NRSCH currently has little outcome related data beyond tenancies in arrears or the existence and outcome of complaint processes, for example.

Given the different circumstances and life cycle stages of tenants, a range of outcomes would need to be identified that were relevant and realistic for different tenant cohorts. Reports would need to be designed that enabled housing providers to report on outcomes achieved.

If implemented, housing providers would need to establish outcome performance frameworks supported by data collection and information systems. This is being implemented by Housing Tasmania in the funded homelessness sector. Specialist Homelessness Service Grant Deeds all specify outcome performance indicators. This approach is now being implemented for other funded housing providers.

Developing an outcomes focus in the NRSCH is a major undertaking. Success will require meaningful measures to be agreed by State and Territory governments and the community housing sector and any private for-profit providers willing to participate. Such an undertaking will require additional resourcing to be directed to the National Regulatory System.

There are clear benefits to governments of improving outcomes reporting, for example, the ability to demonstrate value for money and identify and address underperformance.

FAMILY AND COMMUNITY SERVICES

Tasmania supports the draft recommendations for better systems for commissioning processes and to improve the effectiveness of family and community services. Building a better understanding of users and their needs can be expected to contribute to better targeted services. Smarter tendering and contracting arrangements, including longer contract terms, provide more certainty for providers and users and improve the incentive for investment. Greater use of evidence in provider selection can support diversity in service delivery, allowing more opportunity for smaller providers to be successful.

In 2014, Tasmania's Department of Health and Human Services (DHHS) introduced an Outcomes Purchasing Framework for all community sector services it funds. The Framework provides a system for defining and measuring the changes to be achieved for clients and the community. It is supported by a partnership approach to working with community sector organisations.

Draft Recommendation 7.1

The Australian, State and Territory Governments should work together to develop and publish:

- data-driven maps of existing family and community services
- analysis of the characteristics and needs of the service user population to assist with system and program design and targeting
- service plans to address the needs of people experiencing hardship.

Draft Recommendation 7.2

The Australian, State and Territory Governments should adjust provider selection processes in family and community services to reflect the importance of achieving outcomes for service users.

Governments should:

- design selection criteria that focus on the ability of service providers to improve outcomes for service users
- not discriminate on the basis of organisational type (for-profit, not-for-profit and mutual for example)
- allow sufficient time for providers to prepare considered responses (including the development of integrated bids across related services).

Draft Recommendation 7.3

The Australian, State and Territory Governments should prioritise the development of user-focused outcome measures for family and community services — indicators of the wellbeing of people who use those services — and apply them consistently across all family and community services.

Governments should also identify outputs from family and community services that can be used as proxies for outcomes or measures of progress toward achieving outcomes.

In developing outcome measures and outputs, governments should define the indicators broadly so they can be used in provider selection, performance management and provider, program and system-level evaluations across the full range of family and community services.

Draft Recommendation 7.4

The Australian, State and Territory Governments should improve systems for identifying the characteristics of service delivery models, service providers, programs and systems that are associated with achieving outcomes for the people who use family and community services. To achieve this, governments should:

- monitor the performance of providers of family and community services in achieving outcomes for service users
- 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, consistent with the Commission's inquiry report *Data Availability and Use*
- release de-identified data on family and community services to service providers and researchers
- develop processes to disseminate the lessons of evaluations to governments and service providers.

Comments in relation to Draft Recommendations 7.1 to 7.4

Tasmania supports approaches to commissioning of human services based on consumer outcomes. DHHS will be making a number of changes to the Outcomes Purchasing Framework in the near future to help improve implementation of the Framework, including development of standardised performance measures and data requirements and an outcomes-based funding strategy.

An outcomes framework should be supported by appropriate investment in information systems that can be used to measure and monitor the effectiveness of service delivery and reform. Tasmania agrees with the proposals for increased data sharing.

Draft Recommendation 7.5

The Australian, State and Territory Governments should set the length of family and community services contracts to allow adequate time for service providers to establish their operations, have a period of stability in service delivery and for handover before the conclusion of the contract (when a new provider is selected).

To achieve this the Australian, State and Territory Governments should:

- increase default contract lengths for family and community services to seven years
- allow exceptions to be made, such as for program trials which could have shorter contract lengths
- provide justification for any contracts that differ from the standard term
- ensure contracts contain adequate safeguards to allow governments to remove providers in any cases of serious failure.

Extended contracts could be expected to deliver a range of benefits for services, including; greater certainty for service providers, greater ability to be able to demonstrate and achieve longer term consumer outcomes, and reduced administrative burden. There would, however, be some challenges in implementing this approach in Tasmanian Government family and community services contracts.

The Tasmanian budget and election cycle runs for four years, which means that there is limited funding and political certainty beyond that period of time.

Tasmania would need to develop a more robust performance management framework that offers options for recourse, other than de-funding, where a service provider is failing to perform under a contract. Progress on implementing Draft Recommendations 7.1 to 7.4 would contribute to the achievement of desired outcomes from longer term contracts.

SERVICES IN REMOTE INDIGENOUS COMMUNITIES

Tasmania's indigenous population is mostly dispersed amongst the general population, with a small, remote community on Cape Barren Island. The scale of the service challenges for remote indigenous communities experienced elsewhere is not seen here.

Services based on mainland Tasmania compete for funding to deliver a regional or state-wide service that may include Cape Barren Island, but not with service delivery to the island as its primary focus. This is problematic to the extent it may fail to take into account the specific, place-based needs and/or community voice referred to by the Productivity Commission at section 8.3 of the Draft Report.

Draft Recommendation 8.1

The Australian, State and Northern Territory Governments should set the length of human services contracts in remote Indigenous communities to allow adequate time for service providers to establish their operations, have a period of stability in service delivery and for handover before the conclusion of the contract (when a new provider is selected). The contract period should take into account the additional challenges of service delivery in remote communities.

To achieve this the Australian, State and Northern Territory Governments should:

- increase default contract lengths for human services in remote Indigenous communities to ten years
- allow exceptions to be made, such as for program trials which could have shorter contract lengths
- provide justification for any contracts that differ from the standard term
- ensure contracts contain adequate safeguards to allow governments to remove providers in any cases of serious failure.

Tasmania supports draft recommendation 8.1, noting that the length of human services contracts is an issue in both mainstream service delivery, and service delivery to Aboriginal people in urban settings. The requirement for trust in effective human service delivery to Aboriginal people is not diminished in urban settings.

The constraints in relation to State Budget processes outlined in relation to Family and Community Services also apply here.

Draft Recommendation 8.2

When conducting provider selection processes for services in remote Indigenous communities, the Australian, State and Northern Territory Governments should:

- better align tender processes for related services
- allow sufficient time for providers to prepare considered responses (including the development of integrated bids across related services)
- notify providers of the outcome of tender processes in a timely manner
- allow enough time for transition when new providers are selected.

Tasmania supports draft recommendation 8.2, noting that there could be scope for involving communities as service recipients in tender selection processes.

Draft Recommendation 8.3

The Australian, State and Northern Territory Governments should ensure that commissioning processes for human services in remote Indigenous communities have a strong focus on transferring skills and capacity to people and organisations in those communities.

Tasmania supports draft recommendation 8.3, noting that this is the approach taken to Cape Barren Island in respect of skills transfer and capacity building in the area of infrastructure and municipal services.

Draft Recommendation 8.4

When selecting providers of human services in remote Indigenous communities, the Australian, State and Northern Territory Governments should take into account the attributes of providers that contribute to achieving the outcomes sought. This may include:

- **culturally appropriate service provision (specific to the region where the service is being delivered)**
- **community engagement and governance (including through considering communities' feedback on provider performance)**
- **collaboration and coordination with existing service providers, and community bodies.**

Tasmania supports draft recommendation 8.4, noting that service providers tendering for state-wide delivery in Tasmania should be required to specifically identify the means by which they will engage with Cape Barren Island, particularly with respect to draft recommendation 8.3.

Draft Recommendation 8.5

The Australian, State and Northern Territory Governments should invest in better systems to underpin service delivery by working together to:

- **develop objectives for human services in remote Indigenous communities**
- **conduct and publish ongoing assessments of the characteristics and needs of Indigenous Australians living in remote communities, including mapping the existing services delivered in communities**
- **establish systems to identify and share information on 'what works' in human services in remote Indigenous communities.**

Tasmania supports draft recommendation 8.5, noting the preparedness of the Tasmanian Government to work with the Australian Government and local government to achieve better human service delivery outcomes for Cape Barren Island.

PUBLIC HOSPITAL SERVICES

Tasmania support the concept of patient choice in public hospital services and agree with the Commission's findings that publicly available data on the performance of hospitals and specialists will be important to support choice and to assist to improve service performance.

There are however, structural limitations on patients' ability to exercise choice in Tasmanian medical services market. Tasmania has few medical service providers, particularly in rural and regional areas, and in many situations there may only be a single provider.

Draft Recommendation 9.1

The Australian Government should amend the Health Insurance Regulations 1975 to make it clearer that patients referred to a specialist can choose the public outpatient clinic or private specialist they attend for their initial consultation. This includes clearly specifying that:

- referrals do not need to name a particular clinic or specialist
- any specialist can accept a referral to a specialist of their type, irrespective of whether another person is named as the specialist in the referral
- when making a referral to a specialist, general practitioners (GPs) must explain to patients that they can attend a specialist or public outpatient clinic other than the one named in the referral, and patients can choose independently after receiving support and advice from their GP at the time of referral.

Draft Recommendation 9.2

The Australian Government should develop, with general practitioners (GPs), best-practice guidelines on how to support patient choice. These should form part of a broader strategy — designed with the relevant professional bodies — to help GPs, specialists and other health professionals implement the amendments to the Health Insurance Regulations 1975 in draft recommendation 9.1.

Draft Recommendation 9.3

State and Territory Governments should direct their public outpatient clinics to accept any patient with a referral letter for a condition that the clinic covers, regardless of where the patient lives. Where a local hospital network or the WA Central Referral Service processes referrals, that service should be directed to:

- allow patients to lodge requests for an initial outpatient appointment when they have received a referral
- give patients the option of specifying the public outpatient clinic they will attend.

Draft Recommendation 9.4

State and Territory Governments should change patient travel assistance schemes so that assistance is available to eligible patients regardless of which healthcare provider they attend. The level of assistance should continue to be based on the cost of getting to the nearest provider.

Tasmania is already facilitating patient choice with regard to referrals to public outpatient clinics and supporting this with initiative with appropriate patient transport services, as recommended by the Commission (Draft Recommendations 9.3 and 9.4).

Draft Recommendation 9.5

The Australian Government should undertake an evaluation of the referral choice reforms five years after they commence operation.

Information to support patient choice and performance improvement in hospitals

Draft Recommendation 10.1

The Australian, State and Territory Governments should strengthen and expand their commitment to public reporting in the National Health Reform Agreement to better support patients and their general practitioners to exercise patient choice, and encourage performance improvement by hospitals and specialists. This should include a commitment by all jurisdictions to:

- provide data and other assistance to the Australian Institute of Health and Welfare (AIHW) to enable it to strengthen the MyHospitals website as a vehicle for supporting patient choice and provider self-improvement, as detailed in draft recommendation 10.2
- adopt a general policy of publicly releasing any data that a jurisdiction holds on individual hospitals and specialists unless it is clearly demonstrated that releasing the data would harm the interests of patients
- make the information that a jurisdiction publicly releases on hospitals or specialists available in a format that other organisations can readily incorporate in advisory services they provide.

To facilitate reporting on individual specialists, there should also be a commitment by:

- the Australian Government to amend the *Health Insurance Act 1973* (Cwlth) so that medical specialists are required to participate in public information provision, as specified by the AIHW
- the State and Territory Governments to oblige all specialists serving public patients in their jurisdiction to participate in public information provision, as specified by the AIHW.

Draft Recommendation 10.2

The Australian Government should, in consultation with State and Territory Governments, direct the 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 hospitals and specialists. The changes should:

- draw on lessons from overseas examples of information provision, including the National Health Service website used to inform patients in England
- be based on market research on who would use an improved MyHospitals website, how their needs and health literacy vary, what indicators are useful to them, and how they could be informed by using best-practice approaches to presenting health information online
- put greater emphasis on reporting outcomes, such as by publishing patient-reported outcome measures, user ratings and reviews, and clinical outcomes such as readmission rates
- include the phasing-in of reporting on individual specialists as data become available, possibly beginning with registration details, followed by process data (such as location, levels of activity and out-of-pocket charges), user ratings and reviews, and, in the longer term, whether clinical outcomes are within an acceptable range.

The Tasmanian Government's One State, One Health System, Better Outcomes reforms have positioned Government to move from health services deliverer to steward and system manager. In this new contestable environment, performance data in relation to all relevant services, will be essential to enable meaningful comparison between services. It is very important that performance data collection extend to private, as well as public hospitals, to enable appropriate comparisons of performance to be made and to inform decision-making on suitable service mix.

The Tasmanian Government supports the proposal to make more information on hospital services available to the public. To gain most advantage from this expanded reporting effort, this initiative should be facilitated through the Australian Health Ministers Advisory Council (AHMAC) and devolved to the Australian Institute of Health and Welfare (AIHW) and its policy and data development committee structure.

PUBLIC DENTAL SERVICES

Tasmania welcomes the draft recommendations in relation to public dental services and the focus on outcomes based frameworks and preventative care.

The Draft Report focuses on public dental service delivery at state and territory level. If these reforms were to be implemented, states and territories would require the collaboration of the Australian Government in funding and facilitating delivery of this strategic approach to publicly funded dental care. The final report should reflect the important role of the Australian Government, particularly with supporting the implementation of the proposed recommendations.

Draft Recommendation 11.1

State and Territory Governments should report publicly against a consistent benchmark of clinically-acceptable waiting times, split by risk-based priority levels.

Once data systems are developed, provider-level reporting should be published monthly and aggregate measures included in public dental services' annual reporting processes.

Draft Recommendation 11.2

State and Territory Governments should establish outcomes frameworks for public dental services that focus on patient outcomes and include both clinical outcomes and patient reported measures.

State and Territory Governments should assess Dental Health Services Victoria's work to date on outcome measures, once implemented, with a view to identifying and commencing implementation of a nationally consistent outcomes framework.

Draft Recommendation 11.3

State and Territory Governments should develop comprehensive digital oral health records for public dental services. Once developed, these systems should be incorporated within the My Health Record system.

Oral Health Services Tasmania (OHST) already has a statewide, comprehensive, digital oral health record for public dental services and is currently integrating the system with the Tasmanian Health Service's primary clinical information system. As outlined in the Draft Report, further integration with the broader Australian health system would support more coordinated care with patients.

Draft Recommendation 12.1

State and Territory Governments should introduce a consumer directed care approach to public dental services. Under the new approach, participating providers should be paid based on a blended payment model that incorporates:

- risk-weighted capitation payments for preventive and restorative services for enrolled patients that incentivises the provision of clinically- and cost-effective treatments. Governments should weight capitation payments based on the treatment needs of different population groups (including adults and children)
- performance based outcome payments, incorporating payments for clinical and patient outcomes
- activity-based payments for complex and hard to define procedures (such as dentures). The dental treatments that would be eligible for activity-based payments should be determined by governments based on available evidence on the clinical- and cost-effectiveness of treatments.

State and Territory Governments should ensure that under the scheme:

- patients are offered choice of provider (public or private clinic) who will care for them for a defined enrolment period
- the enrolment period aligns with the time required to effectively measure outcomes
- users are able to change provider in certain circumstances (such as, when moving city).

This approach has the potential to deliver major benefits for consumers of public dental services. It is, however, a significant departure from how public and private dental services in Australia are currently delivered and would require a substantial additional investment in public dental services.

The Tasmanian Government agrees with the Commission's assessment that implementing this model would require a staged process over several years. Its complexity means there would be significant challenges to implement it successfully.

It is likely that this approach would require a significant increase in funding by state and territory and/or Australian Governments for it to be implemented. While the proposed approach may be a more efficient and sustainable use of funds than salary-based or fee-for-service models, this will only be the case on a 'cost per patient outcome' basis. The proposed model appears to imply that more patients will be treated over a greater period of time compared to the current level of service provision, likely to result in a significant overall increase in cost for governments.

While cost control methods are identified through the centrally managed allocation system, this system may be problematic and not successfully control cost.

The implementation of user choice and competition and consistent and regular public reporting of data may improve cost effectiveness compared to the current method of service provision, but the improvements from those changes may fall well short of enabling even current levels of demand to be met with existing funding.

A successful consumer directed care approach with shorter waiting times will increase demand beyond current levels for publicly funded dental services. It is therefore essential that the Commission includes analysis on the potential cost to implement the model in full, and then compare this to the current expenditure by both levels of government as outlined on page 318 of the report.

Figure 12.1 on page 357 of the Draft Report requires an additional pathway. OHST's experience is that a proportion of clients who seek treatment for urgent care will not be interested in being enrolled in a preventive and restorative services program. Patients who have received urgent care who do not want to be enrolled further should not be referred for an assessment. This should be reflected in the diagram.

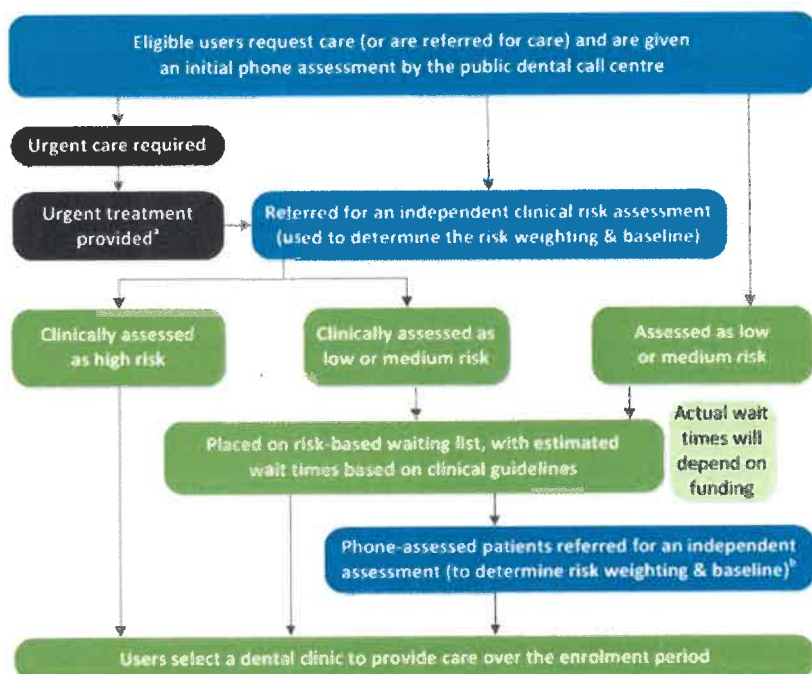


Figure 12.1

Draft Recommendation 12.2

The Independent Hospital Pricing Authority, in consultation with State and Territory Governments and the dental profession, should be funded by the Australian Government to determine the efficient prices for consumer directed care payments.

Draft Recommendation 12.3

State and Territory Governments should transition to a consumer directed care approach by first establishing initial test sites to evaluate new blended payment models and allocation systems, before a staged roll out.

Draft Recommendation 12.4

State and Territory Governments should provide access to consumer directed care through a centrally managed allocation system. Under the allocation system, governments should triage patients for both general and urgent care through an initial assessment. The initial assessment should identify and prioritise access for eligible users most at risk of developing, or worsening, oral disease.

Governments should ensure that, when allocated funding, a patient has access to:

- clinically- and cost-effective treatments that are necessary for the patient to have a disease-free mouth
- payment arrangements where patients can choose to pay extra to the provider to access a range of clinically-effective treatments beyond the basic treatments
- consumer-oriented information on participating providers including, for example, clinic locations and published outcome measures, to enable their choice of provider.

Draft Recommendation 12.5

State and Territory Governments should establish outcomes-based commissioning systems for public dental services. Once systems are established, State and Territory Governments should examine opportunities for introducing greater contestability in public dental services.

At first, greater contestability should be introduced in those settings where it is clear that competition is not feasible, including remote provision and other outreach services.

The Tasmanian Government strongly agrees with testing the model prior to implementation. While there is research suggesting the benefits of the proposed blended payment model, there are still many details that can only be established through implementation, including how long the enrolment period should be.



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