

**Submission to the Productivity Commission's  
Annual Review of Regulatory Burdens on Business -  
Social and Economic Infrastructure Services**

by

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## Introduction

The Commonwealth Department of Health and Ageing (DoHA) welcomes the opportunity to contribute to the Productivity Commission's *Annual Review of Regulatory Burdens on Business - Social and Economic Infrastructure Services*.

The Department has initiated and participated in a number of proposals, programs and reviews in recent times that demonstrate commitment to the government's deregulatory reform agenda and that will help reduce regulatory and administrative burden on the health and aged care sector.

However, regulatory changes to our activities must always be carefully balanced with the primary goal of safeguarding the health of the Australian community. Consequently, any economic analysis must always be considered in the context of ensuring public health and safety, the provision of quality products fit for their intended purpose, and maintenance of health care standards equal to those of comparable countries.

A number of initiatives that will help bring about administrative and economic efficiencies, while ensuring public safety, service quality, accessibility, equity and affordability of health and aged care services to all Australians, are outlined in this submission.

## Participation in Council of Australian Government Initiatives

### National Healthcare Agreement

DoHA notes that the Productivity Commission's *Annual Review of Regulatory Burdens on Business - Social and Economic Infrastructure Services* will examine the duplications that occur between Commonwealth, state, territory and local government jurisdictions.

The new National Healthcare Agreement (NHA), which is part of the Intergovernmental Agreement on Financial Relations agreed at Council of Australian Governments (COAG) in November 2008, seeks to set out clearly the differing responsibilities of the Commonwealth and states and territories.

Commonwealth regulation of state and territory hospital and public health activity is being significantly eased through the move to the new NHA under the government's reforms to federal financial relations. From 1 July 2009 a single health specific purpose payment (SPP) governed by the NHA will replace a series of prescriptive SPPs governed by the Australian Healthcare Agreement, the Public Health Outcomes Funding Agreements and various smaller funding agreements. A small number of National Partnership payments will facilitate and reward reform and fund specific projects in nationally significant areas. Funding provided to the states and territories through the SPP is being significantly increased and will be provided on a single condition: that it is spent on healthcare. States and territories will be free to choose how best to spend the SPP funds to achieve agreed objectives under the NHA.

The focus of accountability arrangements under the NHA will move from inputs to outcomes and outputs, and from accountability between levels of government to accountability to the public. The COAG Reform Council will publish annual reports on a series of performance indicators across the breadth of the health system, covering Commonwealth as well as state and territory responsibilities. These performance indicators will measure progress against agreed objectives, and in some cases performance benchmarks, in the areas of prevention, primary and community health, hospital and related care, aged care, patient experience, social inclusion and indigenous health, and sustainability.

## **National Health and Hospitals Reform Commission**

On 25 February 2008, the Prime Minister and the Minister for Health and Ageing announced the establishment of the National Health and Hospitals Reform Commission. The Commission will provide advice on, among other things, how to better integrate and coordinate care across all aspects of the health sector. This will include examining how to reduce inefficiencies generated by different levels of government delivering health services. The National Health and Hospitals Reform Commission's long-term health reform plan will be released in June 2009. Further information on the Commission is available at <http://www.nhhrc.org.au/>

## **National Registration and Accreditation Scheme**

At its meeting on 26 March 2008 COAG signed an Intergovernmental Agreement for implementing a National Registration and Accreditation Scheme for health practitioners by 1 July 2010. The scheme will initially cover ten health professions; the nine that are currently subject to statutory registration requirements in each state and territory and podiatry.

The National Registration and Accreditation Scheme aims to increase workforce mobility, reduce red tape, provide greater safeguards for the public and promote a more flexible, responsive and sustainable health workforce. Further information on the national Scheme is available at [www.nhwt.gov.au/natreg.asp](http://www.nhwt.gov.au/natreg.asp)

## **National Health Workforce Agency**

On 29 November 2008 COAG members agreed to create a new National Health Workforce Agency. The major function of the Agency will be to streamline the placement of undergraduate students into clinical training. The Agency will coordinate training with the universities and public and private sector training providers, replacing the current less efficient ad hoc arrangements.

## **Health Initiatives**

### **National Primary Health Care Strategy**

On 11 June 2008 the Minister for Health and Ageing announced the development of a National Primary Health Care Strategy to better tackle the health challenges of the 21<sup>st</sup> century, and make sure that families can get the health care they need.

The Strategy will look at how to deliver better frontline care to families across Australia, with priorities including:

- better rewarding prevention;
- promoting evidence-based management of chronic disease;
- supporting patients with chronic disease to manage their condition;
- supporting the role GPs play in the health care team;
- addressing the growing need for access to other health professionals, including practice nurses and allied health professionals like physiotherapists and dieticians; and
- encouraging a greater focus on multidisciplinary team-based care.

Work on the Strategy will link with current related health reform processes, including the development of the NHA and the work of the National Health and Hospitals Reform Commission.

## **Aged Care Reforms**

On 20 March 2008, important reforms to Australia's residential aged care systems were implemented which changed the system of accommodation fees and Government subsidies for new people entering residential aged care, and addressed existing inequities in relation to income tested fees. As part of the changes the Resident Classification Scale was replaced with the new Aged Care Funding Instrument as the basis for allocating care subsidies in residential aged care – a measure that will allow aged care providers to spend less time on paperwork and more time providing care.

On 1 January 2009 changes were implemented to the regulation of approved providers to clarify which aged care services are subject to Commonwealth regulation. Previously, all services were regulated regardless of whether or not they received Commonwealth funding. The changes also included enhancements to protections for aged care residents and their funds.

In response to feedback from the sector, plus the findings of the *Final Report of the National ACAT Review*, legislation changes have been made to streamline assessments of older people by Aged Care Assessment Teams (ACATs). Changes to the legislation will remove unnecessary and administrative reassessments and provide ACATs with the ability to focus their attention on the clients most in need of their services. However, an older person should be reassessed at any time if their care needs change. These changes will take effect as of 1 July 2009.

The Department is currently reviewing the Accreditation Standards and the accreditation process used by the Aged Care Standards and Accreditation Agency to assess Commonwealth funded residential aged care homes against the Standards. The review of the accreditation process aims to explore opportunities to reduce the administrative burden on aged care providers and facility staff, while promoting a robust, resident centred, accreditation system, which promotes high quality care.

A Business Improvement Strategy is also being developed to reduce administrative burden in community care. This work includes trialling new reduced audit and acquittal requirements, and the potential of e-business to streamline grant reporting.

## **Private Health Insurance Reforms**

On 1 April 2007, the *Private Health Insurance Act 2007* (the Act) came into operation. The Act was designed to clarify and simplify the legislative regime for private health insurance so that organisations can offer private health insurance products with the minimum compliance requirements necessary to achieve government policy objectives and protect the interests of consumers. The Act also allows private health insurance to provide and include in risk equalisation arrangements benefits for some outpatient and out-of-hospital services, including chronic care management for conditions such as diabetes and asthma, and disease prevention programs.

Other reforms have included:

- simplifying regulatory requirements so that health related business operated through a health benefits fund will not be regulated by both the Private Health Insurance Administration Council (PHIAC) and the Australian Prudential Regulatory Authority (now regulated only by PHIAC); and
- amending the requirements for hospital purchaser provider agreements to remove regulatory restrictions regarding payments to hospitals or hospital day facilities for hospital treatment; to remove the requirement for agreements to specify the level of

accommodation to be provided; and to simplify data reporting requirements by hospitals to the Department.

## **Health Reviews**

A number of reviews have recently been undertaken which will help identify improvements in health and aged care services. The Department also continues to provide input to external reviews driven by other agendas (such as those of COAG and the Productivity Commission).

It is recommended that these areas be excluded from the scope of the Productivity Commission's *Annual Review of Regulatory Burdens on Business - Social and Economic Infrastructure Services*, so as to avoid duplicating effort and complicating reform processes currently underway.

### **Health Technology Assessment Review**

In December 2008 the Australian Government announced that a Health Technology Assessment (HTA) Review would be undertaken to examine Commonwealth HTA processes. The HTA Review is one of the first Better Regulation Ministerial Partnerships to be undertaken by the Australian Government, as part of its commitment to deregulation, to reduce costs to business and consumers, and contribute to the government's productivity agenda.

The HTA Review will consider ways of streamlining, increasing timeliness and better co-ordinating arrangements for approving new health technology, and to support innovation without compromising consumer safety. It will also assess ways to ensure that only medical services and devices which are clinically proven and provide value for money attract government funding.

The Review will incorporate the Government's response to the 2006 Banks Review *Rethinking Regulation* and to recent Productivity Commission Regulatory Burden reports which recommended action to reduce fragmentation, duplication and unnecessary complexity in the regulation of medical devices and technologies.

In doing so it will consider processes for:

- regulation of therapeutic goods before they are released for sale, currently undertaken by the Therapeutic Goods Administration insofar as the information and assessment processes used may duplicate HTA processes for public and private funding;
- approval of Medical Benefits Schedule funding, currently advised by the Medical Services Advisory Committee; and
- listing of prostheses and devices for private health insurance coverage, currently advised by the Prostheses and Devices Committee.

The HTA Review will take public submissions and will also consult stakeholders through an independent Stakeholder Reference Group, and is expected to report in late 2009.

## **Review of Commonwealth Funded Rural Health Programs**

The Office of Rural Health was established within DoHA on 1 July 2008 to provide a focus for the reform of federal rural health policy and programs. As a first priority, the Office is reviewing the government's existing rural health programs, as well as the classification systems that determine eligibility for rural health program funding. The review is taking a thematic approach, focusing on programs which target service delivery and access, infrastructure, workforce distribution and workforce education and training.

In addition, the review will examine ways to improve collaboration between the Commonwealth and state and territory governments to improve health outcomes for people in rural and remote communities. Issues such as reducing the administrative and reporting burden on small rural health providers will be considered as part of the review.

## **Review of Prostheses Listing Arrangements**

An independent review of private health insurance prostheses listing arrangements was carried out by Mr Robert Doyle. The review report was released on 15 October 2007.

The report concluded that the current system of prosthesis listing and benefit-setting was working well, but needed some streamlining and refinement. Fifteen recommendations were made for improving the arrangements. The report noted that "some elements of the current arrangements are unsustainable or inefficient" and identified changes that would improve the system while retaining the fundamental principles of payment for clinically effective and appropriate prostheses at a reasonable cost.

In response to the report, the government agreed to progress implementation of 6 recommendations to enhance the prostheses listing arrangements and is now working with the Prostheses and Devices Committee to achieve implementation as quickly as possible. These recommendations are:

- Recommendation number 4 - Finalise the review of comparator groups;
- Recommendation number 5 - Introduce review by exception;
- Recommendation number 8 - Remove items from the List that do not meet the criteria for listing;
- Recommendation number 12 - Improve data quality under the Hospital Casemix Protocol;
- Recommendation number 14 - Better promote access and use of the electronic versions of the List; and
- Recommendation number 15 - Conduct a comprehensive review of existing benefit levels for Human Tissue items.

Further consideration of other recommendations from the review will occur once the Health Technology Assessment (HTA) Review is completed.

## **Review of National Safety and Quality Accreditation Standards**

The Australian Commission on Safety and Quality in Health Care (the Commission) is currently undertaking a review of Australian state and territory legislation and regulation with a view to streamlining private health facility licensing and identifying options for mandatory implementation of Australian Health Standards. This work forms part of the Commission's

Alternative Model for Safety and Quality Accreditation approved in-principle by Australian Health Ministers in April 2008.

The Commission intends providing separate comment to the Productivity Commission's *Annual Review of Regulatory Burdens on Business - Social and Economic Infrastructure Services*.



## **Attachment 1: Legislation administered by the Minister for Health & Ageing**

Aged or Disabled Persons Care Act 1954  
Aged Care Act 1997  
Aged Care (Bond Security) Act 2006  
Aged Care (Bond Security) Levy Act 2006  
Aged Care (Consequential Provisions) Act 1997  
Australian Hearing Services Act 1991, subsections 8(4) to 8(8) inclusive  
Australian Institute of Health and Welfare Act 1987  
Australian Organ and Tissue Donation and Transplantation Authority Act 2008  
Australian Radiation Protection and Nuclear Safety Act 1998  
Australian Radiation Protection and Nuclear Safety (Licence Charges) Act 1998  
Australian Sports Anti-Doping Authority Act 2006  
Australian Sports Anti-Doping Authority (Consequential and Transitional Provisions) Act 2006  
Australian Sports Commission Act 1989  
Cancer Australia Act 2006  
Commonwealth Serum Laboratories Act 1961  
Delivered Meals Subsidy Act 1970  
Dental Benefits Act 2008  
Epidemiological Studies (Confidentiality) Act 1981  
Food Standards Australia New Zealand Act 1991  
Gene Technology Act 2000  
Gene Technology (Licence Charges) Act 2000  
Health and Other Services (Compensation) Act 1995  
Health and Other Services (Compensation) Care Charges Act 1995  
Health Care (Appropriation) Act 1998  
Health Insurance Act 1973  
Health Insurance Commission (Reform and Separation of Functions) Act 1997  
Health Insurance (Pathology) (Fees) Act 1991  
Hearing Services Administration Act 1997  
Hearing Services and AGHS Reform Act 1997  
Home and Community Care Act 1985  
Home Nursing Subsidy Act 1956  
Industrial Chemicals (Notification and Assessment) Act 1989  
Industrial Chemicals (Registration Charge - Customs) Act 1997  
Industrial Chemicals (Registration Charge - Excise) Act 1997

Industrial Chemicals (Registration Charge - General) Act 1997  
 Medical Indemnity Act 2002  
 Medical Indemnity (Competitive Advantage Payment) Act 2005  
 Medical Indemnity (Prudential Supervision and Product Standards) Act 2003, Part 3, Division 2A  
 Medical Indemnity (Run-off Cover Support Payment) Act 2004  
 Medical Indemnity (UMP Support Payment) Act 2002  
 Medical Indemnity Agreement (Financial Assistance – Binding Commonwealth Obligations) Act 2002  
 Narcotic Drugs Act 1967, sections 9, 10, 11, 13, 19 and 23 and subsection 24(1), and so much of the remaining provisions of the Act (other than sections 12 and 22 and subsection 24(2)) as relates to powers and functions under those sections  
 National Blood Authority Act 2003  
 National Health Act 1953  
 National Health and Medical Research Council Act 1992  
 National Health Security Act 2007  
 Nursing Home Charge (Imposition) Act 1994  
 Nursing Homes Assistance Act 1974  
 Private Health Insurance Act 2007  
 Private Health Insurance (Collapsed Insurer Levy) Act 2003  
 Private Health Insurance Complaints Levy Act 1995  
 Private Health Insurance (Council Administration Levy) Act 2003  
 Private Health Insurance (Prostheses Application and Listing Fees) Act 2007  
 Private Health Insurance (Risk Equalisation Levy) Act 2003  
 Private Health Insurance (Transitional Provisions and Consequential Amendments) Act 2007  
 Prohibition of Human Cloning Act 2002  
 Research Involving Human Embryos Act 2002  
 Quarantine Act 1908, in relation to human quarantine  
 Quarantine (Validation of Fees) Act 1985, in relation to human quarantine  
 States Grants (Home Care) Act 1969  
 States Grants (Nurse Education Transfer Assistance) Act 1985  
 States Grants (Paramedical Services) Act 1969  
 Therapeutic Goods Act 1989  
 Therapeutic Goods (Charges) Act 1989  
 Tobacco Advertising Prohibition Act 1992  
 World Health Organization Act 1947

## **Attachment 2: Industry associations and other key stakeholder groups**

The following is a list of stakeholders identified by the Department who may have an interest in the Review:

Government Research Organisations (Commonwealth and State)

- CSIRO
- State Departments of Primary Industry/Agriculture
- Queensland Institute of Medical Research)

Biotechnology companies and industry associations (in agriculture and medical industries)

- CSL
- AusBiotech
- CropLife Australia

Australian Health Insurance Association (AHIA)

Health Insurance Restricted Membership Association of Australia (HIRMAA)

Institute of Actuaries of Australia

Australian registered private health insurers

Australian Private Hospitals Association (APHA)

Aged Care Commissioner

Aged Care Standards and Accreditation Agency

Ageing Consultative Committee

Aged Care Association Australia

Aged and Community Services Australia (ACSA)

Australian Medical Association

Health Services Union of Australia

Australian and New Zealand Society for Geriatric Medicine

Allied Health Professions Australia

Royal College of Nursing Australia

Australian Nursing Federation (ANF)

Australian Council of Community Nursing Services

Australian Association of Gerontology (AAG)

Australian Council of Social Services (ACOSS)

Australian Meals on Wheels Association

Commonwealth Respite and Carelink Centres

Federation of Ethnic Communities Councils of Australia

Mental Health Council of Australia

National Industry Association for Disability Services

Physical Disability Council of Australia

Veterans' Home Care

Red Cross

Liquor, Hospitality and Miscellaneous Workers Union

National Seniors Australia

Carers Australia

Alzheimer's Australia

COTA Over 50s

Medical Technology Association of Australia

Committee of Presidents of Medical Colleges Hearing Care Industry Association

Audiological Society of Australia

Australian College of Audiology

Hearing Aid Audiometrist Society of Australia

Hearing Care Industry Association

Providers of pathology services

- Australian Association of Pathology Practices (AAPP)
- National Coalition of Public Pathology (NCOPP)
- Royal College of Pathologists of Australasia (RCPA)

Providers of diagnostic services

- Australian Diagnostic Imaging Association (ADIA)
- Royal Australian and New Zealand College of Radiologists (RANZCR)
- Royal Australian and New Zealand College of Obstetricians and Gynaecologists (RANZCOG)
- Cardiac Society of Australia and New Zealand (CSANZ)
- Australian and New Zealand Association of Physicians in Nuclear Medicine (ANZAPNM)

Consumers

Universities

Hospitals

Medicines Australia

Association of Australian Medical Research Institutes (AAMRI)

Australian General Practice Network (AGPN)

Rural Doctors Association of Australia (RDAA)

Australian College of Rural and Remote Medicine (ACRRM)

Rural Health Workforce Australia

The Pharmacy Guild of Australia

National Rural Health Alliance

Australian Dental Association

Australian Dental Prosthetists Association