

3. Providing Queenslanders with value in health services

Objectives

- Queenslanders expect that money provided for healthcare is spent wisely.
- Public, private and not-for-profit partnerships will improve the healthcare system to meet the needs and choices of Queenslanders.
- Replacing a system concerned with inputs with one that values outcomes.
- Contestability and new measures for financial accountability will improve performance.
- Cutting waste.

Key performance indicators

- Proportion of goods and services procured through standing offer agreements.
- Year-on-year growth in own source revenue.
- Variance between the average cost per weighted activity unit in Queensland and the benchmark set by the Independent Hospital Pricing Authority.
- Number of wards adopting the productive wards program.
- Compliance with the Independent Hospital Pricing Authority data reporting requirements.
- Percentage of clinical redesign projects delivered on time and within budget +/-2 per cent (target=100 per cent).

Healthcare funds spent wisely

Value in purchasing decisions

The department is responsible for purchasing public hospital services for the population of Queensland. This is primarily done through service agreements between the department and each HHS.

Each year, the department consults with HHSs regarding purchasing priorities and intentions for the coming financial year. Estimations of future health service activity requirements for the relevant population group underpins purchasing decisions made under the service agreements. During 2012–13, HHSs, HHB chairs and key stakeholders were actively engaged through three rounds of consultation and industry briefings to inform these purchasing decisions. Healthcare purchasing actively promotes models of care that are evidenced as patient-centred, safe, effective and good value-for-money. Examples include Hospital in the Home and the Acute Stroke Unit.

To drive ongoing value-for-money, HHS performance is measured against the national efficient price for hospital services. These performance measures are published quarterly—in line with the commitment made by the Queensland Government in the *Blueprint for better*

healthcare in Queensland. In addition, the *Hospital and Health Service Performance Framework* enables a high level of accountability over the healthcare budget through the monitoring of HHS performance to ensure that the services funded by the department are delivered at agreed price and quality.

In 2013–14, Queensland will adopt the key parameters of the National ABF Model for the funding of the largest 34 public hospitals. To reflect the unique characteristics of some Queensland facilities, the Queensland Healthcare Purchasing Model will include a number of modifications to the national model.

The *Blueprint for better healthcare in Queensland* sets a goal to improve the efficiency of the healthcare system to match the national average by mid-2014. It is expected this goal will be achieved, with most HHSs projected to have costs below the Queensland efficient price of \$4660 in 2013–14. The Queensland efficient price is equivalent to the national efficient price, adjusted to reflect the differences in the Queensland ABF Model compared to the national model.

Value through health support services

The department has supported HHSs in achieving increased efficiency and savings.

In 2012–13, HSSA delivered savings through the following initiatives:

- Radiology Support helped HHSs to optimise radiology own source revenue to achieve around \$60 million. This is a 33 per cent increase from the 2011–12. The number of facilities billing for eligible radiology services has also increased from 65 in 2011–12 to 71 in 2012–13.
- HHSs were supported through the transition to online claiming of reimbursements for all Pharmaceutical Benefits Scheme (PBS) medicines via PBS Online. Queensland Health claims approximately \$170 million per year in reimbursement. Previously paid monthly, reimbursement is now paid on a weekly basis.
- Central Pharmacy's ongoing collaboration with Queensland Health Medicines Advisory Committee and Procurement Logistics and Health Technology has resulted in a saving of \$5.885 million in pharmaceutical expenditure.
- A Clinical Imprest Management System was implemented at the Royal Brisbane and Women's Hospital. This system freed up clinical staff time and delivered cost savings through reduced product wastage and other efficiencies of around \$1 million.
- The Patient Choice Program was implemented to improve own source revenue for pathology. Under the program, patients are advised of their option to have their pathology tests bulk-billed to Medicare. This program achieved savings of more than \$8 million for HHSs.
- The time taken to undertake a whole-of-Queensland Health procurement process for goods or services was reduced by an average of 20 per cent through streamlining processes and increasing productivity.

- Savings delivered through more efficient procurement activities continued to increase, with \$18 million saved in the purchasing of pharmaceuticals, clinical consumables and prostheses since February 2013.
- Operational savings of more than \$900,000 per annum was achieved by consolidating purchase orders for clinical goods, reducing the number of product lines and merging freight deliveries across Queensland.

Partnering to improve the healthcare system

Queensland has a long and well established relationship with private partners and is exploring and expanding partnership arrangements in areas, such as aged care, home and community care services and hospital services.

Public dental services

Provision of funding under the National Partnership Agreement on Treating More Public Dental Patients has allowed HHS oral health services to expand partnerships with private dental providers. During the agreement period from 27 February to 30 June 2013, more than \$8.4 million of private dental treatment was provided to eligible patients, including approximately 14,000 emergency courses of care, 7000 patients requiring general dental care and 620 patients requiring dentures. A further \$1 million was claimed during the remainder of 2012–13.

Reducing the elective surgery waiting list using private providers

Commencing in 2012–13, the Queensland Government committed \$55 million across 27 hospitals over four years to reduce pressure on elective surgery waiting lists in public hospitals by engaging private providers to treat long wait patients through the Surgery Connect Program.

In 2012–13, more than \$30.4 million was spent via the Surgery Connect Program to reduce elective surgery waiting lists. Private providers carried out 3562 procedures at an estimated cost of \$15.8 million. Additionally, \$14.6 million was allocated to public hospitals to treat long wait elective surgery patients internally.

Hospital in the Home

Hospital in the Home is a service which allows patients to be treated in their own home for acute conditions which would have otherwise required treatment in a hospital environment. The program supports the rights of Queenslanders to choose their preferred way to meet their healthcare needs.

In 2012–13:

- program use increased, including the commencement of three new services
- a statewide advisory committee and working group was established
- processes were developed to streamline the journey of patients who are admitted to the program and then require transfer back to hospital

- a suite of clinical tools was developed to support patient safety, including patient selection criteria, governance requirements, Adult Deterioration Detection System for Hospital in the Home, home visiting screening tool and standard work instructions in relation to anticoagulation management and anaphylaxis.

Queensland Regional Training Networks

The department, in partnership with Health Workforce Australia, supports the activities of the Queensland Regional Training Networks (QRTN) and the Clinical Supervisor Support Program (CSSP) to enhance clinical placements and clinical supervision within the Queensland healthcare system.

The main aim of QRTN is to increase clinical education and clinical placement capacity within Queensland. In 2012–13, QRTN funded 22 local projects that provided innovative solutions to expand capacity of clinical training placements.

The main aim of CSSP is to enhance clinical supervision activity and capacity across all health professions. In 2012–13, 962 supervisors across the state took part in CSSP training initiatives.

Improving partnership arrangements

Throughout 2012–13, existing contractual arrangements with non-government providers were subjected to review by a grants review committee which assessed all arrangements for value and alignment with the department's strategic objectives. Any future arrangements entered into with non-government providers will be subject to the same level of scrutiny and regulated by funding guidelines which have been developed to improve the value realised from both grants and procurement of services. The future challenges lie in accurately measuring and subsequently demonstrating the value of these types of funding arrangements to the Queensland public healthcare sector.

The introduction of the department's Contestability Branch will further assist in the improvement of partnerships across the Queensland healthcare system. Contestability is a process of reviewing the delivery of our services, to ensure all Queenslanders get the best services, when and where they need them, for generations to come. It encourages innovation and smarter thinking and focuses on building partnerships to improve access to public services, for all Queenslanders. This will involve creating opportunities and partnerships with the public, private and not-for-profit sectors. The money saved through increased efficiencies, alternative service delivery models and improved performance will be returned to local communities, enabling improved performance.

In 2012–13, the Sunshine Coast Public University Hospital became the department's first public-private partnership (PPP) project. Contracts were signed with Exemplar Health in July 2012 for the delivery of the hospital and provision of certain facilities, including security, pest control, grounds maintenance and car parking services, over a 25-year operating term. The department also completed a preliminary assessment to determine alternate health-related uses for the Royal Children's Hospital site, potentially via a public-private partnership. A business case is being prepared by Projects Queensland, in close cooperation with the department.

Replacing a system concerned with inputs with one that values outcomes

Queensland Health Renewal Taskforce

The Queensland Health Renewal Taskforce (QHRT) was established in August 2012 to provide targeted assistance to Queensland Health in realising the policy and service delivery reforms of the Queensland Government. Led by Dr Brett Heyward as Chief Executive and comprised of senior officers from Department of Premier and Cabinet, Treasury, and the Public Service Commission, the QHRT worked closely with the Minister, Director-General, the department and the 17 HHSs to redesign processes and systems to improve the sustainability of public health care.

The QHRT assisted the Minister in the development of the *Blueprint for better healthcare in Queensland*. In addition, the QHRT guided the department in the establishment of the Contestability Branch, which provides strategic oversight and coordination of contestability reforms and builds commercial capability and capacity across the entire health system.

QHRT continues to work with Queensland Health on the delivery of key elements of the blueprint, including:

- financial efficiency and sustainability—reviewing non-activity based funding and block funded activity, such as funding for community health care
- reforming strategic sourcing practices—achieving more efficient and effective sourcing arrangements, including alignment with the implementation of the whole-of-government procurement review
- infrastructure and assets—implementing strategic asset management practices, and overseeing selected infrastructure projects to promote greater levels of public-private partnerships.

The QHRT conducted a strategic analysis of HSIA, and assisted the department in implementing changes in HSIA's operational focus and governance. In a similar exercise, QHRT is currently reviewing HSSA to provide further direction to the strategic commissioning practices of the department.

An external evaluation of the QHRT was undertaken in first quarter of 2013 which found the initiative was a strong catalyst in the renewal processes currently underway within Queensland Health. In 2013–14, QHRT will continue to work with the department on a range of renewal activities designed to establish best practice governance and service arrangements across the public health system.

Health Innovation Fund to support local models of care

The Health Innovation Fund was established to support locally driven and innovative models of care which are economically sustainable and have the potential to deliver improved outcomes on a statewide level, such as reductions in morbidity/mortality and improvements in patient quality-of-life.

In addition, the key performance indicators used to track HHS performance are shifting to outcomes rather than input-based measures.

Contestability and new measures for financial accountability

Contestability encourages innovation and creates opportunities and partnerships that support positive outcomes and a focus on improved performance rather than just delivery and regulation. By identifying key contestability capabilities required, the skills of staff will be developed to identify and assess opportunities for improving performance across the healthcare system. In addition to empowering staff, they will be provided with specific tools and support to identify and deliver business improvements in their workplace to maximise existing potential. The money saved through increased efficiencies, alternative service delivery models and improved performance will be returned to local communities, enabling improved performance.

In the past, the focus of the healthcare system has been on hospital bed numbers or the number of patient admissions, with limited assessment of the impact on outcomes. Contestability is part of a long-term process of changing how Queensland Health does business. It changes the focus from inputs to outcomes that meet the health needs of Queenslanders. Contestability involves an evidence-based decision-making process that looks at alternative value-for-money service options that reflect contracting for outcomes.

Cutting waste

The department is committed to finding efficiencies in the provision of healthcare while delivering improvements in the safety and quality.

Payroll improvements

In 2012–13, the department continued to operate, maintain and enhance the Queensland Health payroll and rostering environment to:

- improve the pay outcomes for Queensland Health staff
- reduce the level of fortnightly overpayments
- reduce recurrent operational payroll costs.

Initiatives undertaken in 2012–13 included:

- changing the staff pay date by one week to enable more time to submit, approve and process payroll forms for each roster period
- implementing a payroll forms lodgement campaign to encourage timely submission of payroll forms by staff and managers
- recovery of overpayments
- preparation for the progressive introduction of automated recovery of any new overpayments from July 2013
- progressive implementation of Payroll Self Service to provide staff with online access to payslips, payment summaries and overpayment records, and to allow staff to lodge and track payroll enquiries
- improvements in workforce management practices
- rostering and payroll system changes and upgrades.

These initiatives have led to a more than 50 per cent reduction in the time taken to produce the fortnightly pay and a 52 per cent reduction in the incidences of new overpayments.

Health service support improvements

In 2012–13, efficiencies were achieved within pathology operations through:

- the rationalisation of pathology laboratories—the Central Microbiology Laboratory is now providing all bacteriology testing for eight metropolitan and two non-metropolitan hospitals and all blood culture processing for 12 hospitals, creating greater economies of scale
- the centralisation of automated blood-borne virus testing, resulting in savings from reduced staff and fewer service contracts
- the implementation of business improvement plans to eliminate waste in laboratories.

The Biomedical Technology Services:

- introduced online service requests and report generation, reducing paper-based requests and reports
- improved activity reporting resulting in greater achievement against key performance indicators, including revenue targets, high-risk device maintenance backlog and productivity.

The department's Group Linen Services:

- improved efficiency and achieved cost savings by streamlining production work flows and processing for core items
- achieved cost savings by removing pyjamas from linen supply—pyjamas were costly to replace and required labour intensive processing
- eliminated the need for regular weekend overtime by restructuring operational hours and shift times to maximise production within standard operating hours.

Financial process improvements

In 2012–13, the department identified and implemented several financial process improvements, including:

- implementation of the Budget Planning Tool, allowing a consistent methodology and improved controls for HHSs and the department for budget build processes
- provision of access to management reporting and analysis of business data via the Decision Support System
- the Central Coordination of the Annual Asset Revaluation Program, in relation to land and buildings assets, on behalf of the department and HHSs. This resulted in cost savings through having a single point of contact and engagement with the external valuers. The program was undertaken in collaboration with the HHSs and proved to be more efficient than multiple engagements between the HHSs and the external supplier
- the procurement of software from an external vendor to help facilitate the preparation of HHS annual financial statements. This approach provides cost efficiencies across Queensland Health and ensures consistency in the style and approach to the preparation of financial statements
- the continued implementation of the Automated Accounts Payable System to significantly reduce invoice payment processing times through improved processing accuracy
- development and delivery of the *Internal Control Framework*, *Control Framework for Expenditure*, *Financial Delegations Framework* and *Gifts and Benefits Framework* to strengthen the control and compliance environment of the department
- provision of a standardised HHS *Finance Management Practice Manual* to guide and assist HHS compliance and controls
- contributing to the HHSs' and the department's positive financial outcomes through analysis and advice provided within the *Queensland Health Performance Management Framework*
- developing policies, processes and systems to enable funding flows under the new national health reform funding arrangements.