Victorian State Budget 2011-12

AMA Victoria submission to the Treasurer, the Hon Kim Wells MLA

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AMA Victoria welcomes the focus on health by the Baillieu Government. The new Victorian Government made several commitments to improve Victoria's health throughout the course of the election campaign in 2010, and the State Budget 2011-12 is the time to start delivering on these commitments.

AMA Victoria recommends that the Victorian Government address its election commitments in the 2011-12 State Budget, and recommends five additional measures — two saving, and three spending — to ensure a focused and planned approach to improving health care.

Patients should have the right care, in the right place, at the right time. This means we need more beds in our public hospitals, but we also need more than more of the same. Sub-acute beds, hospital in the home, and other innovative care options are areas of much-needed investment.

Upon change of Government there is a need to examine existing Departmental programs to ensure that ongoing programs are providing greater value than public hospital beds or proved preventive health measures.

Specialist training places must be guaranteed for every Victorian medical graduate. To ensure the quality of training and quality of medical services, all doctors should have at least twenty per cent of their time dedicated to teaching, training, research and quality assurance.

Victoria lags behind the rest of the world in our use of technology in public hospitals. The lack of suitable information technology means that patient care is compromised.

There is still much more work to be done to prevent ill health. The two most important priorities are obesity and tobacco.

Victoria's health system is in need of a long term vision, a plan for the future. AMA Victoria welcomed the Government's commitment to developing a Health Services Plan 2022 and a Metropolitan Health Plan 2010 to 2022. The profession looks forward to being consulted on a plan for the future of the Victorian healthcare system.

Delivering on commitments

AMA Victoria urges the new Government to maintain transparency around the delivery of their election commitments.

The new Government must deliver on the commitments made to health throughout the election campaign to improve the health of all Victorians. These commitments include:

- Develop the *Health Services Plan 2022* and the *Metropolitan Health Plan 2010* to 2022;
- Develop the *Comprehensive Rural and Regional Health Plan*;
- Establish the $1 *billion Health Infrastructure Fund* for infrastructure and other health commitments made throughout the campaign;
- Fund 800 new beds in the first term of Government;
- Undertake a state-wide audit of existing hospital bed distribution;
- Increase transparency on outpatient waiting lists, including publishing elective surgery data in real time;
- Establish the Outpatient Improvement Fund;
- Set up the Commission for Hospital Improvement to improve hospital procedures;
- Establish the Health Innovation and Reform Council;
- Deliver on the $108.5 million commitment to mental health care in Victoria;
- Deliver on infrastructure commitments, including the new Bendigo Hospital, and deliver on upgrades and/or refurbishments committed to another ten hospitals across the State; and
- Begin rolling out rural and regional workforce initiatives, including setting up GP rural generalist training pathways.

Savings in the Department of Health

AMA Victoria recommends that the Department of Health undertake a rigorous program of evaluation and review – saving $223.4 million over four years.

Upon change of Government there is a need to examine existing Departmental programs to ensure that ongoing programs are providing greater value than public hospital beds or proved preventive health measures.

The Department of Health has had significant funding increases in recent years. An independent, rigorous review process is required to ensure Government programs are meeting their expectations and fit with the priorities of the new Government. There may be examples of programs that have continued without scrutiny for many years past their use-by date. The benchmark should not be simply public benefit, but be compared to the health benefits derived from more hospital beds, increased investment in medical training, and/or preventive health measures.

The target efficiency dividend from the review is set at one quarter of one per cent of Departmental expenditure for each of four years – allowing for less effective programs to be terminated in favour of government priority areas.

Cost ($m)

	2011-12	2012-13	2013-14	2014-15
Review efficiency dividend	-23.54	-47.08	-70.62	-94.16
Rolling review expenditure	5.0	5.0	1.0	1.0
Total	**- 18.5**	**- 42.1**	**- 69.6**	**- 93.2**

Assumptions: DoH expenditure in 2009-2010 was $9416m. It is assumed that 0.25 per cent of the 2009-10 expenditure would be captured as efficiency dividends per annum. The cost of undertaking the necessary reviews and evaluation is estimated at $12m over the four years.

Licensing tobacco vendors

AMA Victoria recommends that all tobacco vendors be licensed, with licensing fees of $2000 per annum, rising by $500 per annum – raising $41.3 million over four years.

Any business may sell tobacco in Victoria without government scrutiny. This makes enforcing tobacco laws difficult, and increases the opportunities for children to procure tobacco. AMA Victoria recommends that the Victorian Government impose a licensing fee for tobacco vendors as a new revenue measure that would both increase revenue, pay for better enforcement of existing laws and improve public health.

Tobacco smoking is the largest single preventable cause of death and disease in Australia. Smoking contributes to more deaths and hospitalisations than alcohol and illicit drug use combined. It is a major risk factor for coronary heart disease, stroke, peripheral vascular disease, cancer and a variety of other diseases and conditions.

Licensing tobacco vendors in Victoria is a change that would help address the cost of tobacco to the community as a whole, while providing revenue to the State.

Licensing fees would introduce a barrier to the sale of tobacco. Vendors which currently sell small amounts of tobacco would baulk at the cost of a license to sell tobacco, and would remove themselves from the market. Small volume tobacco vendors often are the only choices available after hours, at convenience stores and service stations. Some of these vendors would prefer to forgo the limited sales they have from tobacco rather than pay a license fee.

Licensing would also ensure that enforcement efforts are targeted. Currently, enforcement agencies have no way of knowing who is selling tobacco, so are compromised in their ability to police current tobacco laws, such as display advertising and laws prohibiting the sale of tobacco to children. Licensing would mean that tobacco vendors would all face scrutiny.

AMA Victoria recommends an initial modest licensing fee of $2000 in the first year, increasing by $500 each year. Substantial fines would be payable by vendors selling tobacco without a license. Tobacco licensing would allow the Victorian Government to commit ten per cent of the license fees to better monitor compliance; discourage some vendors from selling tobacco; and decrease the availability of tobacco to children.

Cost ($m)

	2010-11	2011-2012	2012-2013	2013-2014
Licensing fees	10.0	11.2	12.2	12.4
Administration and enforcement	(1.0)	(1.1)	(1.2)	(1.2)
Total revenue	**9.0**	**10.1**	**11.0**	**11.2**

Costing assumptions: It is assumed that there are 5000 tobacco vendors in Victoria (no data are available), with ten per cent leaving the market per annum. Administration and enforcement costs are assumed to be around ten per cent in the first year, and declining ten per cent per annum.

Improving access to doctors

AMA Victoria recommends $72.5 million over four years to support training for the next generation of doctors.

We have a shortage of doctors in Victoria. Access to health services is compromised by a lack of doctors in many areas. Training places must be guaranteed for every Victorian medical graduate.

Due to earlier decisions of the Victorian and Commonwealth Governments, the number of Victorian medical graduates has been forecast to increase from 347 in 2007 to 768 in 2014, an increase of 121 per cent. These doctors will not be ready to fully serve the community on graduation. They will require a minimum of five to eight years postgraduate training to become specialists. The significant public investment in medical practitioner undergraduate training is wasted if the support is not available for postgraduate training.

Junior doctors will be able to provide needed services in hospitals, but more training is necessary to ensure that patients get the full benefit of specialist trained doctors. We need to support both senior and junior medical staff to build the required capacity for training and development. At a minimum, twenty per cent of doctors' time should be dedicated to teaching, training, quality assurance and research.

We also need to utilise non-public hospital settings, such as private hospitals, community healthcare centres, and Aboriginal medical services to train the next generation of doctors. Allowing more doctors to undertake surgical, physician and other specialist training in private hospitals and community settings will broaden their scope of practice and provide much needed specialist services to those in the community who need it most.

Our hospitals have a high clinical load that commands first priority and yet a reliance on volunteerism by visiting medical officers (VMOs) to cater for the training needs of the next generation of doctors. Ensuring twenty per cent clinical support time for all doctors, including VMOs and doctors in training, will help promote better training opportunities.

AMA Victoria recommends that additional VMOs, drawn from the ranks of recently retired doctors, be employed by hospitals in teaching and mentoring roles. This will ensure that hospitals have the skills and expertise available to help with training and thereby support quality clinical care. It may be appropriate to offer training to these specialist VMOs to assist them with the skills required to teach the current generation of undergraduates and postgraduate trainees.

The Government must deliver on their election campaign commitment to audit doctors' rosters and working hours. The longer-term effects of unsafe working hours for the doctors include poor health and depression. For patients, unsafe working hours mean that their doctor will be less efficient and less effective, leading to poorer patient outcomes.

Cost ($m)

	2010-11	2011-2012	2012-2013	2013-2014
Funding for additional teaching time	4.0	8.0	12.0	16.0
Training the trainer package	4.0	6.0	8.0	10.0
Auditing junior doctor rosters	1.5	1.0	1.0	1.0
Total	**9.5**	**15.0**	**21.0**	**27.0**

Improving patient safety

AMA Victoria recommends $328 million over four years for Information and Communication Technology rollout.

Despite the promises of HealthSMART, Victoria still does not have Information and Communication Technology (ICT) infrastructure that caters adequately for the needs of patients. The potential quality and safety benefits of IT are not being realised, costing time and money, and leading to poorer patient outcomes.

Improved ICT will not solve all the problems in our health system, but these problems cannot be solved without improved ICT.

The HealthSMART ICT program has run over time and over budget. It's time to take a new approach to health ICT, delivering funding to hospitals to improve ICT as part of the core business of health care, not an optional add-on.

Every public hospital doctor should have a hand held computer or similar device. Hand held devices that can be used by the bedside will benefit patient care. Electronic drug charts, medication management systems, and patient records could all be held on secure, portable devices.

A key ingredient that is missing from a patient-based ICT system is medication management. Medication errors are uncommon, but significant, affecting patient outcomes and contributing to higher readmission rates. With the right IT support, medication errors could be virtually eliminated, improving efficiency, quality and safety.

The second core task of ongoing funding for ICT is promoting better continuity of care across the GP-hospital-aged care interface. The transition from GP to hospital and back to community care is being recognised as a key determinant of better patient outcomes. Maintaining continuity of care improves the uptake of preventive care and adherence to treatment plans. This has been shown to:

- Result in fewer emergency department visits;
- Reduce the likelihood of hospitalisations;
- Reduce the incidence of adverse events following hospitalisation; and
- Improve the cost-effectiveness of patient care.

To build these missing links in Victoria's ICT systems we need to ensure that there is adequate ongoing investment. AMA Victoria recommends recurrent funding of $60 million per annum to ensure an adequate level on ongoing investment.

Steady recurrent funding would address several key issues including the lack of functional up to date computers available for use by medical staff and the lack of standardised software between hospital networks. It would also allow for replacement of sub-standard hardware and software systems.

AMA Victoria recommends that the Victorian Government set a target of 1 January 2012 for a robust medication management system, and 1 July 2012 for a robust interface system.

Cost ($m)

	2011-12	2012-13	2013-14	2014-15
Sustainable funding for ICT	50.0	55.0	60.0	65.0
Specific funding for medication management systems	10.0	15.0	15.0	15.0
Specific funding for GP-hospital-aged care IT interface	10.0	5.0	5.0	5.0
iPads for all doctors, wireless support for hospitals	8.0	2.0	6.0	2.0
Total	**78.0**	**77.0**	**86.0**	**87.0**

A long term obesity strategy

AMA Victoria recommends that the Victorian Government implement a long term obesity strategy, including an advertising campaign and a trial of bariatric surgery units at five public hospitals to treat chronically obese Victorians – cost $62.9 million over four years.

Obesity is the most pressing public health issue in Victoria. AMA Victoria recommends the Victorian Government launch an advertising campaign which details the negative health effects of obesity on the body. More Victorians are overweight and obese than ever and this epidemic is leading to growing preventable diseases and rising health costs.

Healthy weight messages which educate Victorians about nutrition, portion control and regular exercise are essential but do not necessarily reach the target audience. We need to consider new and innovative ways to deliver the healthy weight message to individuals, families and parents.

The Victorian Government should develop an anti-obesity advertising campaign that promotes healthy weight in a different way. AMA Victoria sees two possible alternatives: a Quit-style advertising campaign which educates about the bodily harms of obesity, or a New York City-style campaign which offers a humorous but shocking take on junk food consumption (for example, see http://www.youtube.com/watch?v=0mt-i2aypew).

While preventing obesity is critical, thousands of Victorians are already living with morbid obesity. Evidence demonstrates that bariatric surgery (gastric banding surgery) is an effective and safe treatment for morbid obesity which has been unresponsive to other treatment measures.

AMA Victoria recommends a trial of gastric banding survey in five public hospitals across the State. The selected hospitals should be funded to provide two hundred operations each for a three year trial period.

For a proportion of morbidly obese Victorians, bariatric surgery is the best treatment option.

Gastric bypass surgery is the only intervention to date that has been shown to be cost-effective for treating severe obesity. It results in lower morbidity, mortality and cost, in operated compared with non-operated patients.

Obesity is more prevalent in lower socio-economic groups, but only about 10 per cent of bariatric surgery is carried out in public hospitals. A significant proportion of the Victorian population who would most benefit from the treatment currently miss out. Funding bariatric surgery is an economically efficient decision for the community and will help promote equity of access to health care.

The costs of treating morbidly obese people in hospital is greater, and investments must be made into equipment, such as operating tables, hoists and ambulances to manage very heavy patients. This equipment will be needed whether or not obese patients are admitted for bariatric surgery.

Cost ($m)

	2011-12	2012-13	2013-14	2014-15
Obesity advertising campaign	8.4	4.0	8.0	4.0
Obesity campaign evaluation	0.4	0.2	0.2	0.6
Bariatric surgery infrastructure	8.0	1.0	1.0	
Bariatric surgery service costs	10.0	10.0	10.0	
Bariatric surgery evaluation		0.1	0.4	
Total	**26.4**	**15.3**	**19.6**	**4.6**