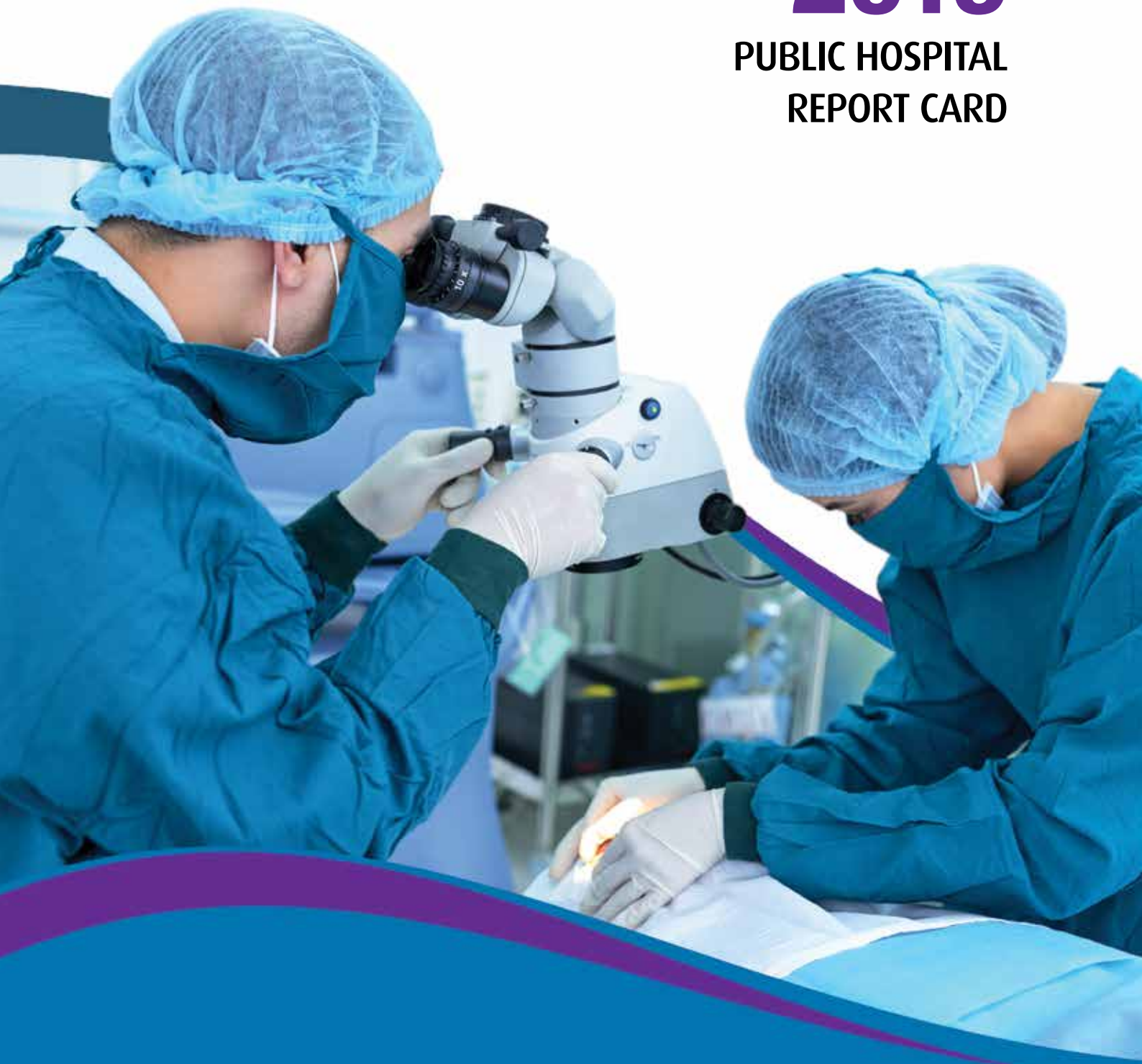


2019

PUBLIC HOSPITAL REPORT CARD



AN AMA ANALYSIS OF AUSTRALIA'S PUBLIC HOSPITAL SYSTEM



AMA

2019

PUBLIC HOSPITAL REPORT CARD

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AMA



President's Introduction

Public hospitals are undoubtedly the bedrock of our health system.

From the most complex lifesaving treatments - transplants, serious burns patients, intensive care, resuscitation, accident and emergency - to the less complex, but equally important, admitted acute treatment so many Australians require to live healthy productive lives – public hospitals are there for all Australians, 24 hours a day, seven days a week.

But admitted and emergency treatment is not all that public hospitals do.

Public hospitals also provide an extensive range of non-admitted care across a number of settings such as hospital clinics, community clinics or patients' homes. Services include: diagnostic services; allied health; chemotherapy; renal dialysis; radiation therapy; ophthalmology; obstetrics, and specialist outpatient consultations. Last, but not least, public hospitals also provide sub-acute and non-acute care such as rehabilitation and palliative care.

Public hospital services are not only wide ranging, they are also high in volume. In 2016-17, public hospitals provided more than 6.5 million (6,587,348) episodes of admitted public hospital treatment and close to 8 million (7,755,606) presentations to accident and emergency departments^{1,2}. In the same year, public hospitals provided about 36.7 million (36,672,013)³ non-admitted patient service events – including 16.2 million services in allied health and/or clinical nurse specialist clinics⁴.

While Australia is changing, our hospital funding structure is not

In many ways, the health and well-being of the Australian population is reflected in the demand shifts for public hospital services. The Australian population is getting larger, older and, as a result, in need of more care.

Over the last decade, the population expanded on average by 1.6 per cent each year⁵. A boy born in 2016 is expected to live to 80.4 years and a girl to 84.6 years⁶. The size of the cohort aged 65 years relative to the total population is on the rise. In 2014, people aged 65 years and older accounted for 14.7 per cent of the total population and by 2018 this had increased to 15.7 per cent⁷. The longer people live, the more likely they will require a hospital admission. In 2016-17, the 15.4 per cent of Australians aged 65 years and over utilised more than 39.2 per cent of all public hospital admitted separations⁸. Not only are people aged 65 years or more likely to be admitted, the duration of their admission is 29 per cent longer compared to all other age cohorts⁹. People aged 65 years and older are similarly over-represented in emergency department presentations. Older people present to emergency more frequently and they are more likely than any other age cohort to require the most urgent care.

Approximately half of all Australians now have a chronic condition¹⁰ – many have multiple chronic conditions. Diabetes affects more than 1.2 million Australians¹¹. Almost two-thirds of Australian adults and more than one quarter (28 per cent) of children are either overweight or obese¹². Chronic respiratory disease affects seven million Australians¹³.

1 Australian Institute of Health and Welfare (AIHW) Australian Hospital Statistics: Admitted patient care 2016-17, Table 2.1 (latest publication available)

2 AIHW Australian Hospital Statistics: Emergency department care 2016-17, Table 2.5

3 AIHW Australian Hospital Statistics: Non-admitted patient care 2016-17, Table 1.1 and p 1

4 AIHW Australian Hospital Statistics: Non-admitted patient care 2016-17, p vii

5 AIHW Health Expenditure Australia 2016-17, Table C5

6 AIHW Australia's Health in Brief 2018, p10

7 Australian Bureau of Statistics Australian Demographic Statistics June 2018, Publication 3101, Table 7

8 AIHW Australian Hospital Statistics: Admitted Patient Care 2016-17, Data tables: Chapter 3: Who used these services? aihw-hse-201-chapter-3-data-table.xls, Table 3.2: Separations, by age group and sex, public hospitals, states and territories, 2016-17 and ABS Australian Demographic Statistics June 2018, Publication 3101.0, Table 59

9 Australian Institute of Health and Welfare Australian Hospital Statistics, Admitted Patient Care 2016-17, Data tables: Chapter 3: Who used these services? aihw-hse-201-chapter-3-data-table.xls, Table 3.1: Separations and patient days, by age group and sex, all hospitals, 2016-17

10 AIHW Australia's Health in Brief 2018, p8

11 AIHW Australia's Health in Brief 2018, p17

12 AIHW Australia's Health in Brief 2018, p21

13 AIHW Australia's Health in Brief 2018, p17

Collectively, chronic conditions are estimated to account for 87 per cent of deaths, 61 per cent of the total disease burden, and 37 per cent of hospitalisations¹⁴. Combined with an ageing population, these demographics explain the increased demand for public hospital services year on year. Over the four years 2012-13 to 2016-17 the number of public hospital admitted patient separations rose by 4.5 per cent on average each year¹⁵. The number of emergency department presentations also rose on average by 2.6 per cent year on year over the same period¹⁶. The number of non-admitted services provided by or on behalf of public hospitals is also rising quickly, jumping from 33,439,723 services in 2015-16 to 36,672,013 services in 2016-17¹⁷. Across all types of public hospital service, the rate of increased demand is outstripping the 1.6 per cent per annum rate of population growth – by a considerable margin.

Overall hospital funding has increased in response to demand

In 2016-17, Commonwealth recurrent funding for public hospitals increased in real terms by 6.2 per cent to \$21,699 billion¹⁸. After an encouraging 3.6 per cent increase in funding from State governments in 2015-16, their funding growth stalled, rising by only 0.1 per cent the following year (2016-17)¹⁹.

While changes in public hospital funding levels from one year to the next are worth noting, funding levels over the longer term are more instructive. In these terms, over the 10 year period 2006-07 to 2016-17, there is less difference in the growth rate of real recurrent hospital funding provided by the Commonwealth compared to the States and Territories. Commonwealth funding increased by 4.6 per cent on average per annum over the decade, compared to 3.4 per cent for States and Territories²⁰.

The challenge for hospitals, the responsibility for governments

This 2019 Public Hospital Report Card shows a public hospital system under pressure.

Although the annual rate of growth in Commonwealth and State hospital funding is tracking at 3-5 per cent per annum over the decade, the rate of growth in Commonwealth funding is in large part determined by the current National Health Reform Agreement.

Under these arrangements, Commonwealth contributions to public hospital funding activity are indexed each year, but the efficiency gains from the previous period are built into it. Meaning, Commonwealth funding is indexed at a rate that reflects public hospital input cost increases, offset by efficiency gains.

But of course, public hospitals are service organisations, and staff salaries account for a large proportion of total input costs. Nurses in particular are a large workforce cohort, comprising about 41 per cent of total hospital staff²¹. As we all know, the talented doctors, nurses, and other staff in our hospitals are what make the system work.

While the annual rate of price indexation applied to the Commonwealth public hospital funding is trending at around 1.6 per cent per annum²², public hospital nursing salaries are rising at a rate of about 2.5 to 3 per cent per annum in most jurisdictions²³. The greater the magnitude of difference between the annual 1.6 per cent price indexation compared to annual hospital input cost increases, the greater the pressure on public hospitals to make up the funding gap via efficiencies. Of course, there is nothing wrong with efficiencies, provided they do not drive staff burn out or reduce the quality of care that our hospitals can afford to provide. But, as you will read in the 2019 AMA Public Hospital Report Card, there is clear evidence, yet again, that public hospital performance and timely access to public hospital services is faltering.

¹⁴ AIHW Australia's Health in Brief 2018 p13

¹⁵ AIHW Australian Hospital Statistics: Admitted Patient Care 2016-17, Table 2.1

¹⁶ AIHW Australian Hospital Statistics: Emergency Department Care 2016-17, Table 2.5

¹⁷ AIHW Australian Hospital Statistics: Non-admitted patient care 2015-16 and 2016-17, Table 1.1

¹⁸ AIHW Health Expenditure Australia 2016-17, Table A10

¹⁹ *ibid*

²⁰ AIHW Australian Hospital Statistics: Health Expenditure Australia 2016-17, Table A10

²¹ AIHW Hospital Resources 2016-17, p viii

²² Independent Hospital Pricing Authority, Infographic IHPA05341 https://www.ihoa.gov.au/sites/default/files/nep_and_nec_determinations_and_the_pricing_framework_infographic.pdf accessed 26 March 2019

²³ Fair Work Commission at <http://www.fwc.gov.au/>; Western Australian Industrial Relations Commission at <http://www.wairc.wa.gov.au/>; SafeWork SA at https://www.safework.sa.gov.au/show_page.jsp?id=2598; Queensland Industrial Relations Commission at: <http://www.qirc.qld.gov.au/>; New South Wales Industrial Relations Commission at: <http://www.industrialrelations.nsw.gov.au/Home.html>; Tasmanian Industrial Relations Commission at: <http://www.tic.tas.gov.au>

The latest data for 2017-18 show the national median waiting time for elective surgery is the worst it has been since 2001-02, and across various other measures of elective surgery performance, in the majority of jurisdictions, the results are deteriorating, not improving.

Likewise, emergency department performance is in decline. In 2017-18, more than one million patients who presented to a public hospital emergency department in need of urgent treatment, waited longer than clinically recommended²⁴.

There is emerging evidence of public hospital bed block. As a consequence, it delays timely patient transition from emergency departments to in-patient ward beds. This delay threatens the safety and quality of patient care, and diverts valuable emergency staff and resources away from patients still waiting for emergency treatment.

This is alarming news for all Australians who turn to the emergency department in their time of need.

We must force all Governments to address this, immediately. It will take time, funding and planning but this is no excuse to delay significant activity in rectifying the situation.

While we support efficient hospitals, we must deliver effective ones. A funding model that indexes Commonwealth contributions per episode of hospital treatment at a rate that is less than annual input cost increases is not sustainable in the long term.

We cannot continue this cycle of under-funding services via this funding model.

When governments underfund and create inadequate hospital capacity, they are making a choice to constrain the supply of public hospital services which can lead to overcrowding in our hospitals and emergency departments. The consequences are significant and include increased deaths for admitted patients, increased complications, delayed care, delayed pain relief and longer length of stay. In other words, denial or delay of access undermines one of the key planks of our universal, world renowned health system.

Not only are our public hospitals chronically underfunded, our health system also needs greater investment in general practice, preventive health, and aged care to resolve upstream and downstream health issues as early as possible. Ideally, we would have a primary health system funded, staffed and appropriately resourced to innovatively deal with all but the high acuity patients. However, this is a long journey that Australia has hardly begun. In the meantime, our public hospitals are struggling to cope with patient demand and require new funding to provide the quality and timely treatments Australians need and deserve.

With a funding agreement that is still not finalised, and an election in the first half of the year, now is the time for both parties to fix this critical issue.

To fund hospitals to be better, not just busier.

To help them to improve the quality of their care, rather than just the quantity of work each staff member must carry.

And to support our medical and health staff with what they need, so they can care for all of us.

Our hard working doctors, nurses and health professionals, like all Australians, do not deserve any less.



Dr Tony Bartone

Federal AMA President

²⁴ AIHW Australian Hospital Statistics: Emergency Department Care 2017–18, Table S5.1: Emergency presentation(a) statistics by public hospital peer group and triage category, public hospital emergency departments, states and territories, 2017–18, data table: Excel spreadsheet, viewed 27 February 2019 <<https://www.aihw.gov.au/getmedia/26f61fe3-8611-4861-8ad2-b32b409b6d95/aihw-hse-194-data-tables.xlsx.aspx>>

1. NATIONAL PUBLIC HOSPITAL PERFORMANCE

Public hospital capacity

One of the best measures of public hospital capacity is to compare the number of available beds with the size of the population.

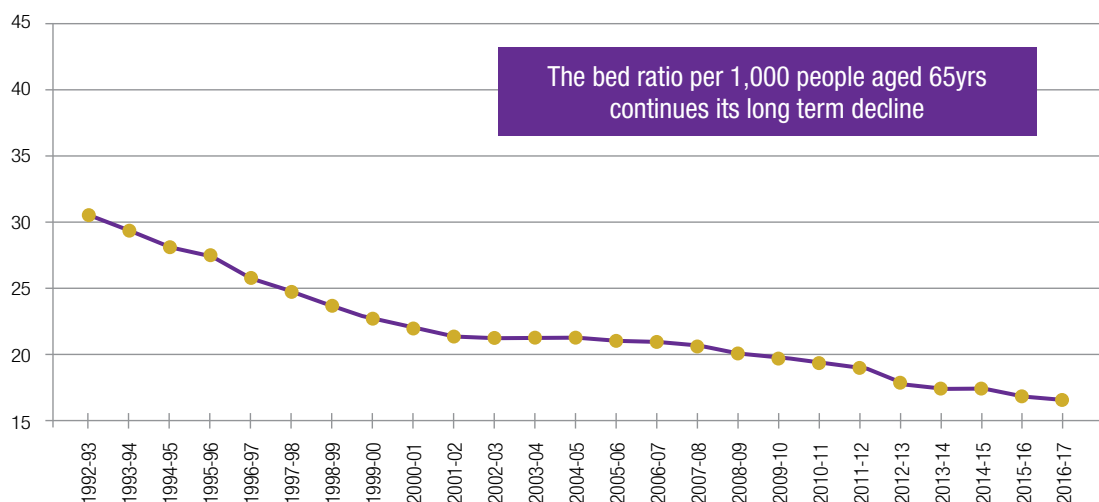
Nationally, the number of public hospital beds grew by 840 between 2015-16 and 2016-17²⁵. However, the Australian resident population also increased over this period, resulting in a static 2.5 (2.51) beds per 1000 of the general population in 2016-17 – practically unchanged from 2.52 the previous year (2015-16)²⁶.

The likelihood of requiring a hospital bed increases with age²⁷. Like many other countries, Australia has an ageing population. In 2016-17 the share of total public hospital separations utilised by people aged 65 years or more was 39.2 per cent despite this cohort accounting for only 15.4 per cent of the population²⁸. Not only are people aged 65 years or more likely to be admitted, the duration of their admission is 29 per cent longer compared to all other aged cohorts²⁹.

The public hospital utilisation rate for this aged cohort has also intensified. In 2009-10, the cohort aged 65 years and older accounted for 37 per cent of total hospital separations. This increased to 38.5 per cent in 2012-13 and rose higher still to 39.2 per cent in 2016-17^{30,31,32}.

In this context, it is noteworthy that in 2016-17 the ratio of public hospital beds for every 1000 people aged 65 years and older dropped to 16.6, down from 16.9 in 2015-16³³. The new low in 2016-17 continues the 24-year trend of year on year decline.

Graph 1: Number of approved/available public hospital beds per 1000 population aged 65 and over



Sources: AIHW Australian Hospital Statistics; ABS; Australian Demographic Statistics

25 AIHW Australian Hospital Statistics: Hospital Resources 2016-17, Table 2.8

26 *ibid*

27 AIHW Australian Hospital Statistics: Admitted Patient Care 2016-17, p49

28 AIHW Australian Hospital Statistics: Admitted Patient Care 2016-17 Data tables: Chapter 3: Who used these services? aihw-hse-201-chapter-3-data-table.xls, Table 3.2: Separations, by age group and sex, public hospitals, states and territories, 2016-17 and ABS Australian Demographic Statistics June 2018, Publication 3101.0, Table 59

29 AIHW Australian Hospital Statistics: Admitted Patient Care 2016-17, Data tables: Chapter 3: Who used these services? aihw-hse-201-chapter-3-data-table.xls, Table 3.1: Separations and patient days, by age group and sex, all hospitals, 2016-17

30 AIHW Australian Hospital Statistics: Admitted Patient Care 2012-13, Data Tables Chapter 6 Admitted Patient Care: Overview, Ch06-AHS-2012-13.XLS, Table 6.36 see <https://www.aihw.gov.au/getmedia/657a6526-1dbb-413b-89a3-d8caf9d48a5f/Ch06-AHS-2012-13.xls.aspx>

31 AIHW Australian Hospital Statistics: Admitted Patient Care 2009-10, Data Tables S711 see http://www.aihw.gov.au/getmedia/df7c6c88-ac5b-48f8-a346-b9dab1e64d8d/12968_chapter7.xls.aspx

32 AIHW Australian Hospital Statistics: Admitted Patient Care 2016-17, Data Tables Chapter 3: Who used these services? aihw-hse-201-chapter-3-data-table.xls, Table 3.2: Separations, by age group and sex, public hospitals, states and territories, 2016-17

33 AAIHW Australian Hospital Statistics: Hospital Resources 2016-17, Table 2.8; and ABS Australian Demographic Statistics June 2018 Publication 3101 Table 7

Emergency department waiting and treatment times

The National Health Reform Agreement - National Partnership on Improving Public Hospital Services was terminated in the 2014-15 Federal Budget with effect from 1 July 2015. The emergency department targets and associated performance payments were also abolished at that time³⁴.

The Australian Health Performance Framework endorsed by the Australian Health Ministers' Advisory Council in late 2017, includes the following two emergency department performance indicators:

- proportion of patients seen within the clinically recommended timeframes set by the Australasian Triage Scale; and
- length of stay for emergency department care - proportion of patients staying for four hours or less.

Patients seen within clinically recommended times

In 2017-18, there were 8,017,492 presentations to Australian public hospital emergency departments³⁵. Emergency presentations rose on average 2.7 per cent per annum over the four years between 2013-14 and 2017-18 – outstripping population growth over the same period³⁶. In the most recent 12-month period to 2017-18, emergency presentations jumped by 3.4 per cent³⁷. The statistical relationship between age and hospital utilisation also applies to emergency presentations. Not only do older people present to emergency more frequently, they are more likely than any other age cohort to require the most urgent care. In 2017-18, 65 per cent of patients aged 75 and over were assigned to one of the three most urgent triage categories³⁸.

The increasing demand stress on emergency resources is reflected in the declining proportion of emergency patients seen on time. Across all triage categories, the proportion of emergency presentations seen on time dropped from 75 per cent in 2013-14 to 72 per cent by 2017-18³⁹.

One of the emergency triage categories is patients who require urgent treatment. Graph 2 is a time series presentation of the proportion of urgent emergency presentations seen within the clinically recommended 30 minutes. The graph shows performance peaked in 2013-14 and since then has continued to decline. In 2017-18 only 64 per cent of urgent patients were seen on time⁴⁰. In practice, this statistic means more than one million patients (1,075,453) who presented to a public hospital emergency department in 2017-18 in need of urgent treatment waited longer than clinically recommended⁴¹.

34 PBO submission to the Senate Select Committee on Health, 3 February 2016, p4

35 AIHW Australian Hospital Statistics: Emergency Department Care 2017-18, Table 2.2

36 *ibid*

37 *ibid*

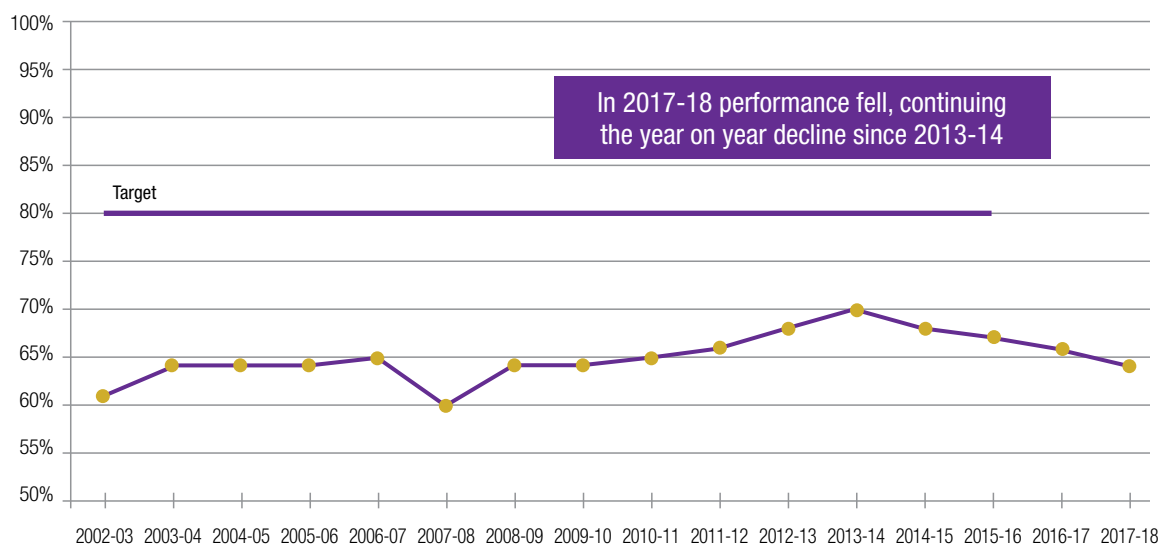
38 AIHW Australian Hospital Statistics: Emergency Department Care 2017-18, web report accessed on 27 February 2019 pp. <https://pp.aihw.gov.au/reports/hospitals/emergency-dept-care-2017-18/contents/summary>

39 AIHW Australian Hospital Statistics: Emergency Department Care 2017-18, Table 5.1

40 AIHW Australian Hospital Statistics: Emergency Department Care 2017-18, Table 5.2

41 AIHW Australian Hospital Statistics: Emergency Department Care 2017-18, Table S5.1: Emergency presentation(a) statistics by public hospital peer group and triage category, public hospital emergency departments, states and territories, 2017-18, data table: Excel spreadsheet, viewed 27 February 2019 <https://www.aihw.gov.au/getmedia/26f61fe3-8611-4861-8ad2-b32b409b6d95/aihw-hse-194-data-tables.xlsx.aspx>

Graph 2: Percentage of Category 3 (urgent) emergency department patients seen within recommended time



Source: The State of our Public Hospitals (DoHA 2004-2010); AIHW Australian Hospital Statistics: Emergency Department Care (2010-11 – 2017-18)

Note: National Emergency Admission Targets were abolished with effect from 1 July 2015

Patients leaving within four hours

The proportion of emergency department presentations completed within four hours is considered indicative of whether Australians receive appropriate high quality and affordable hospital and hospital-related care⁴².

Patients are considered to have completed their visit to the emergency department when they physically leave (regardless of whether they were admitted to the hospital, were referred to another hospital, were discharged, or left the hospital at their own risk), not when the non-admitted component of care ends⁴³.

Graph 3 shows that in 2017-18, the percentage of people (all triage categories) who completed their emergency presentation within four hours or less, fell to 71 per cent⁴⁴. This is down from 72 per cent in the previous year and two percentage points lower than the 73 per cent peak performance achieved in 2014-15 and 2015-16.

Patients least likely to leave emergency within four hours are the sickest - only 55 per cent of patients assigned to the triage category *Resuscitation* left within four hours, 58 per cent of *Emergency* patients and 63 per cent of *Urgent* patients. In contrast, 79 per cent of patients assigned to the triage category *Semi-urgent* left within four hours, as did 92 per cent of *Non-Urgent* patients⁴⁵.

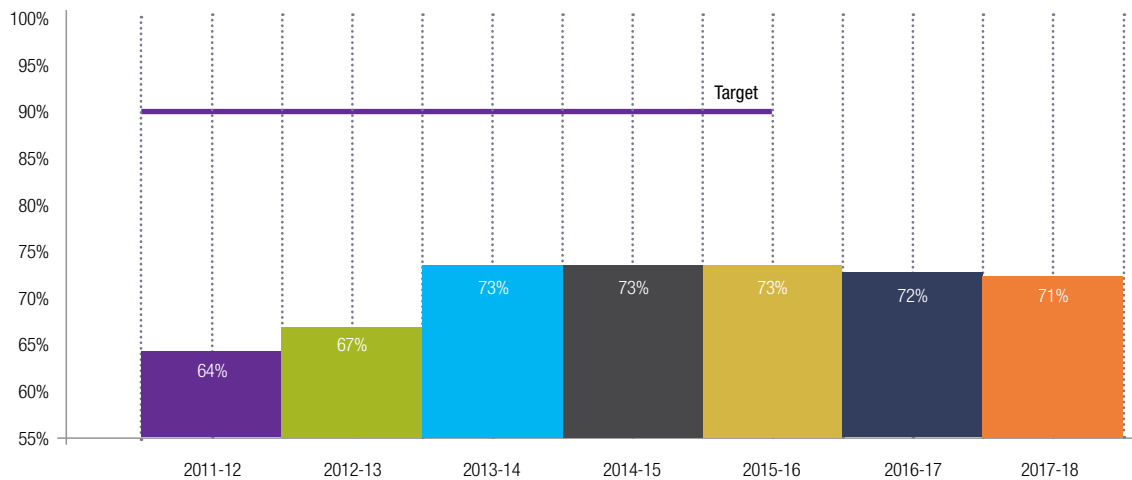
42 AIHW Australian Hospital Statistics: Emergency Department Care 2017-18, Part 6 p49

43 AIHW Australian Hospital Statistics: Emergency Department Care 2017-18, p50

44 AIHW Australian Hospital Statistics: Emergency Department Care 2017-18, Table 6.4

45 *ibid*

Graph 3: National performance – proportion of presentations to emergency with a length of stay four hours or less



Source: AIHW Australian Hospitals Statistics: Emergency department care 2011-12 to 2017-18
National Emergency Admission Targets were abolished with effect from 1 July 2015

In 2017-18, approximately 31 per cent of emergency presentations (all States and Territories) were subsequently admitted to hospital at the end of their emergency treatment⁴⁶. Nationally, less than 50 per cent (48.5 per cent) of this cohort transition from emergency to an in-patient bed within four hours⁴⁷.

As expected, performance varies by jurisdiction. In Victoria 53 per cent of emergency patients who need a subsequent admission transition within four hours, along with Queensland 55 per cent and Western Australia 54 per cent. New South Wales only manages to transition 43 per cent within four hours; South Australia 41 per cent; Tasmania 28 per cent; Australian Capital Territory 40 per cent; and Northern Territory 31 per cent⁴⁸.

The delayed transition of patients to admitted ward beds threatens the safety and quality of patient care and diverts valuable emergency staff/resources away from patients still waiting for emergency treatment. It strongly suggests in-patient bed block and/or other resource shortages on public hospital wards.

⁴⁶ AIHW Australian Hospital Statistics: Emergency Department Care 2017-18 web report accessed on 27 February 2019 pp. <https://pp.aihw.gov.au/reports/hospitals/emergency-dept-care-2017-18/contents/summary>

⁴⁷ AIHW Australian Hospital Statistics: Emergency Department Care 2017-18, Table 6.3

⁴⁸ *ibid*

Elective surgery waiting and treatment times

Elective surgery is any form of surgery considered medically necessary, but which can be delayed for at least 24 hours.

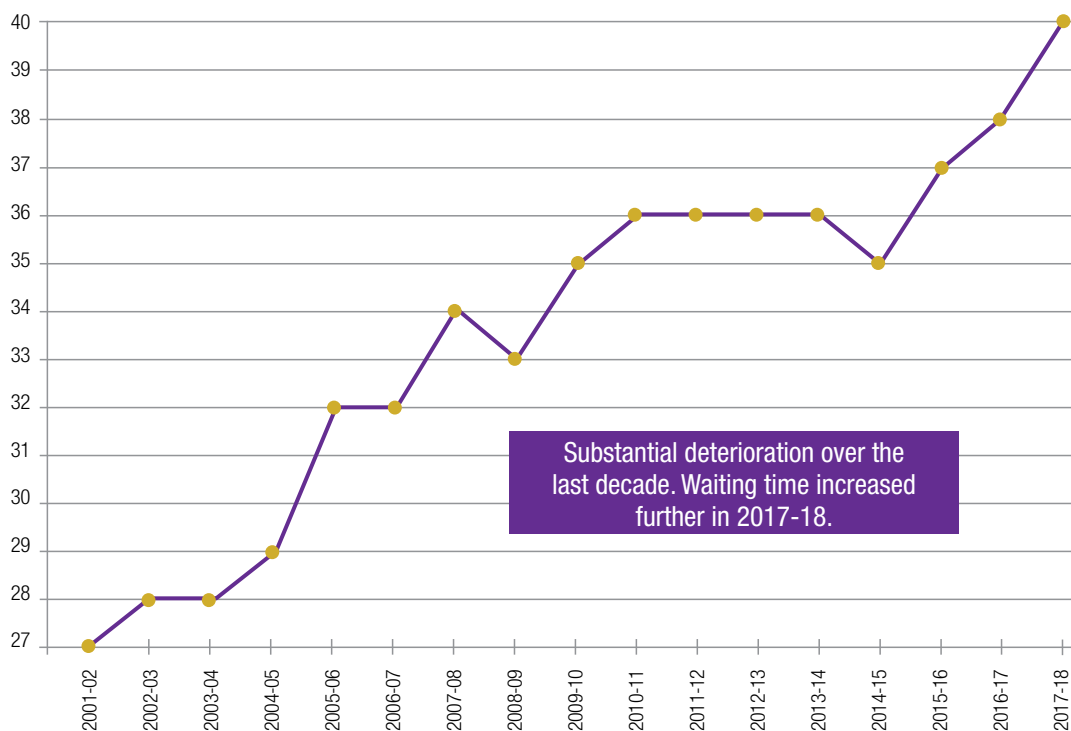
The Australian Health Performance Framework was finalised by COAG in late 2017. It includes the following two performance indicators that measure the provision of timely elective surgery:

- the median waiting time for elective surgery; and
- the percentage of patients treated within the clinically recommended times.

Median waiting time

The median waiting time indicates the number of days within which 50 per cent of patients were admitted for their elective procedure. Half of the patients had a shorter wait time than the median, and half had a longer waiting time.

Graph 4: Median waiting time for elective surgery (days) – national



AIHW elective surgery data cubes (2001-02 to 2006-07); AIHW Australian Hospitals Statistics: Elective Surgery Waiting Times (2007-08 to 2017-18)

In 2017-18, across all three clinically indicated elective surgery categories, the median waiting time for elective surgery deteriorated, increasing to 40 days⁴⁹ – the worst performance against this measure since 2001-02.

⁴⁹ AIHW Australian Hospital Statistics: Elective Surgery Waiting Times 2017-18, Table 4.1

Elective surgery within clinically recommended timeframes

There are three elective surgery clinical urgency categories:

Category 1 – procedures that are clinically indicated within 30 days;

Category 2 – clinically indicated within 90 days; and

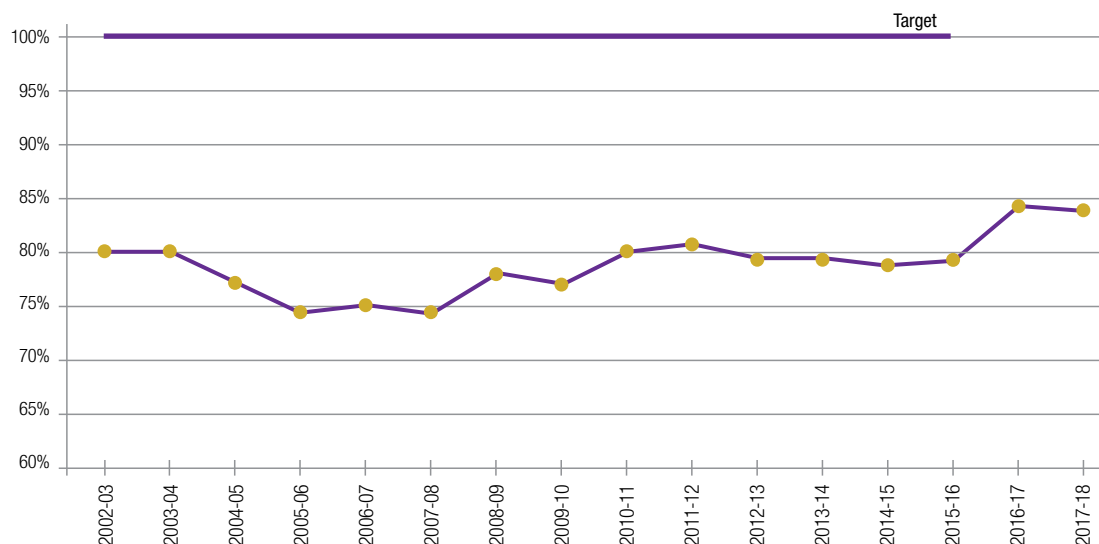
Category 3 – clinically indicated within 365 days.

In 2017-18, at a national level (all States and Territories), the allocation of elective surgery admissions across the three clinically indicated categories was relatively even. Category 1 accounted for 27.5 per cent of elective surgery admissions compared with Category 2 (38.2 per cent) and Category 3 (34.3 per cent)⁵⁰.

Graph 5 shows that in 2017-18 around 83 per cent of elective surgery patients allocated to Category 2 (all States and Territories) were admitted within the clinically recommended timeframe (90 days)⁵¹. This is a slight decline in performance compared to the previous year (2016-17) when 84 per cent were admitted on time.

Performance against this measure varies substantially between jurisdictions (see Part 2 of this report).

Graph 5: Percentage of Category 2 elective surgery patients admitted within the recommended time (90 days) – all States and Territories



Sources: 2004-10 The State of Our Public Hospitals (DoHA); 2011 FOI request reference 253-1011 lodged June 2011; 2011-12 estimate based on State and Territory Government published data; State and Territory data for 2012 calendar year published by AIHW in Australian Hospital Statistics: National Emergency Access and Elective Surgery Targets 2012; AIHW Australian Hospital Statistics 2015-16 to 2017-18: Elective Surgery Waiting Times

The full picture on time waited for public hospital elective surgery requires the inclusion of the hidden wait list. This is the time patients wait to see an outpatient specialist before they are assessed and added to the official public hospital surgery waitlist. Some States and Territories have started to publish hidden waitlist data but it is not consistent or easily compared. The AMA is pleased to note the Australian Institute of Health and Welfare (AIHW) is working with jurisdictions towards a future publication in this area.

50 AIHW: Australian Hospital Statistics: Elective Surgery Waiting Times 2017-18, Table 4.10

51 AIHW Australian Hospital Statistics: Elective Surgery Waiting times 2017-18, Table 4.11 to 4.18

In the meantime, existing AIHW data shows a large slowdown in the rate of public hospital elective surgery admissions per 1,000 population in the 12 months to 2017-18. A very small rise was recorded for New South Wales (0.1 per cent) and the Australian Capital Territory (1.8 per cent). All remaining jurisdictions posted negative growth: Victoria (-0.1 per cent); Queensland (-3.4 per cent); Western Australia (-1.9 per cent); South Australia (-4.3 per cent); Tasmania (-9.3 per cent); and Northern Territory (-5.9 per cent)⁵².

Hidden waitlist data is needed to identify whether the slow-to-negative growth in public hospital elective surgeries per 1,000 population is the result of public patients pushed onto hidden wait lists or the result of patients using private hospitals for their elective procedure.

The positive correlation between delayed hospital treatment and patient mortality/morbidity makes the disclosure of nationally consistent hidden wait data urgent.

Commonwealth funding

The Commonwealth Government makes a substantial contribution to fund public hospital activity, although the formula that determines the quantum of federal funding for public hospitals has been subject to considerable change. For many years, Commonwealth hospital funding was negotiated with States and Territories and documented in various iterations of the National Healthcare Specific Purpose Payment.

In 2011, the Commonwealth and State governments signed the National Health Reform Agreement, which changed Commonwealth public hospital funding from indexed specific purpose payments to activity-based funding (ABF) with effect from 1 July 2012 wherever possible. By 2014-15, most public hospitals were funded under ABF, although smaller regional hospitals continue to be partially block funded. Under the National Health Reform Agreement, the Commonwealth agreed to meet 45 per cent growth in the efficient cost of public hospital activity for the period 2014-15 to 2016-17, rising to 50 per cent after 1 July 2017. This growth in funding was over and above the amount the Commonwealth would have paid through the former National Healthcare Specific Purpose Payment. The agreement also included a \$16.4 billion guaranteed growth in Commonwealth funding between 2014-15 and 2019-20.

These arrangements were changed in the 2014-15 federal budget. The Commonwealth Government abolished the public hospital growth funding guarantee, cancelled previously negotiated Commonwealth payments linked to public hospital performance,⁵³ and proposed revised Commonwealth public hospital funding arrangements from 1 July 2017.

In April 2016, the Council of Australian Governments (COAG) signed an interim *Heads of Agreement on Public Hospital Funding* setting out arrangements for public hospital funding up to June 2020. It included a one-off Commonwealth funding boost of \$2.9 billion⁵⁴ and commits the Commonwealth to meet 45 per cent of growth in the efficient cost of public hospital services, capped at 6.5 per cent per annum from 1 July 2017. Financial penalties for safety and quality events were also introduced. These include zero Commonwealth funding for sentinel events from 1 July 2017 and reduced Commonwealth funding for all hospital acquired conditions from 1 July 2018. Financial incentives will also be attached to avoidable hospital readmissions, although the exact date of effect is yet to be finalised. States and Territories are also responsible for implementing strategies to boost coordinated care for patients with chronic and complex disease.

Negotiations on the next public hospitals funding arrangement for 2020-25 began in 2017 but will now not be finalised until after the 2019 federal election.

52 AIHW Australian Hospital Statistics: Elective Surgery Waiting Times 2017-18, Table 2.4

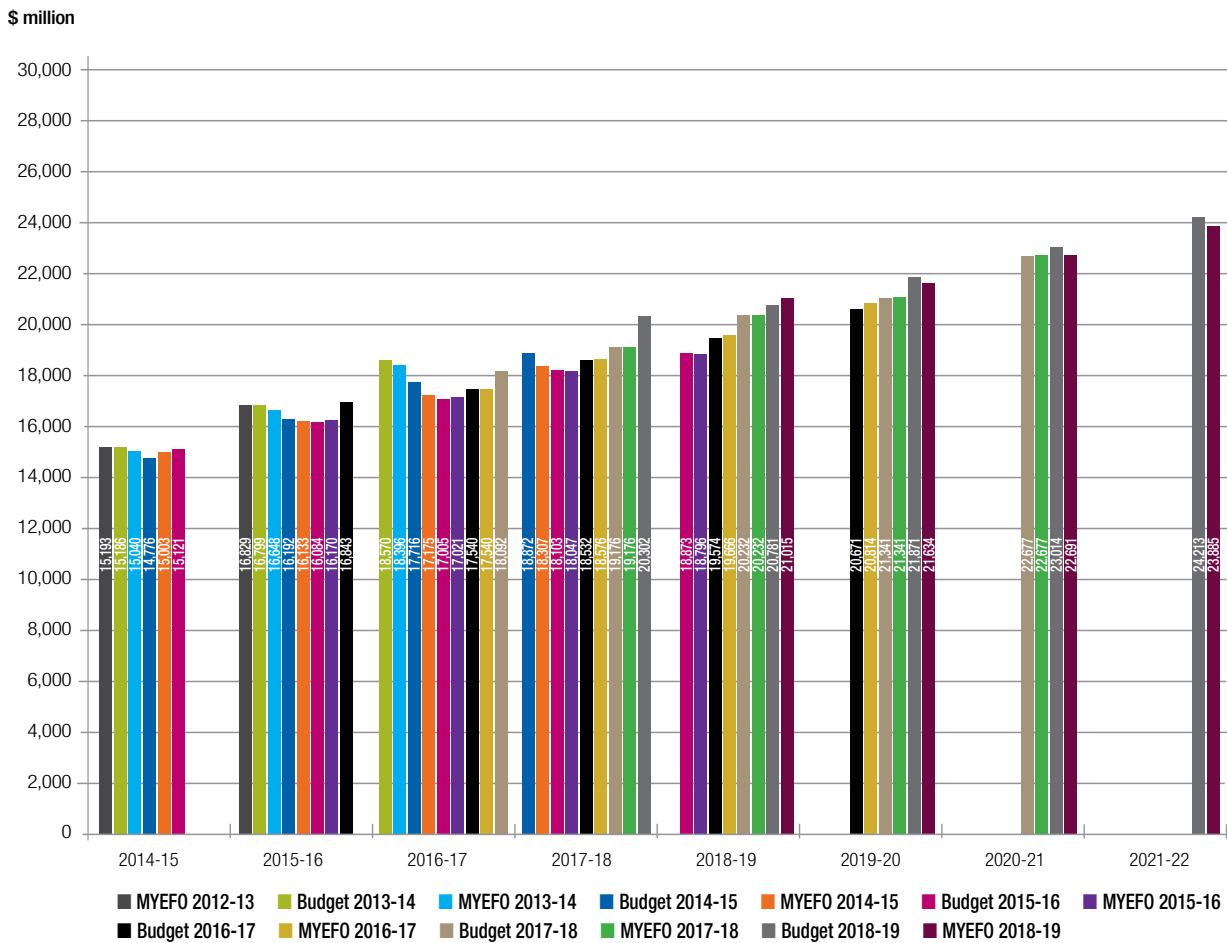
53 Parliament of Australia Parliamentary Budget Office, *Submission to the Senate Select Committee on Health regarding Commonwealth funding of public hospitals*, February 2016

54 COAG Health Council Communique 8 April 2016

Graph 6 tracks the Commonwealth public hospital funding contribution as reported in the Commonwealth Budget and Mid-Year Economic Financial Outlook (MYEFO) papers. Under the activity-based funding arrangements, these figures remain prospective estimates until the end of each financial year and the finalisation of all reconciliation calculations. The finalised quantum of Commonwealth funding for public hospitals is published two years later in the annual publication of the AIHW Healthcare Expenditure Report.

The Budget estimates for 2017-18 includes an adjustment of \$774.6 million related to a delayed reconciliation for public hospital services provided by jurisdictions in previous years⁵⁵.

Graph 6: Commonwealth funding for public hospitals



Sources: Commonwealth Budget and MYEFO papers, Commonwealth funding for public hospitals

The Budget estimates for 2017-18 includes an adjustment of \$774.6 million related to services provided in previous years⁵⁶.

⁵⁵ Federal Budget 2018-19, Federal Financial Relations Budget Paper No.3 2018-19, p15

⁵⁶ *ibid*

2. STATE-BY-STATE PUBLIC HOSPITAL PERFORMANCE

This section includes performance information for each State and Territory using available data sources.

A summary of State and Territory performance is shown in Table 1. It represents 2017-18 performance compared to the previous year.

Table 1: State and Territory performance 2017-18 compared to previous year

State/Territory	Improved access to emergency treatment – urgent category (within 30 mins) 2017-18	Improvement in proportion of patients leaving emergency within 4 hours	Improvement in median wait time for elective surgery (all categories) 2017-18	Improvement in Elective Surgery Category 2* – patients seen on time 2017-18	MYEFO 2018-19 increased Commonwealth funding for 2018-19 over budget 2018-19
NSW	static	✗	✗	static	✓
VIC	✗	✗	✓	static	✗
QLD	✗	✗	✗	✗	✓
WA	static	✓	✗	static	✗
SA	✗	✗	✗	✗	✗
TAS	✗	✗	✓	static	✓
ACT	✗	✗	✗	✗	✓
NT	✗	✗	✓	✓	✗

AIHW Australian Hospital Statistics: elective surgery waiting times 2016-17 to 2017-18; AIHW Australian Hospital Statistics: Emergency Department Care 2016-17 to 2017-18

*Treating patients within clinically recommended time – Category 2 (within 90 days)

✓ or ✗ indicates a change of 1% or more compared to 2016-17

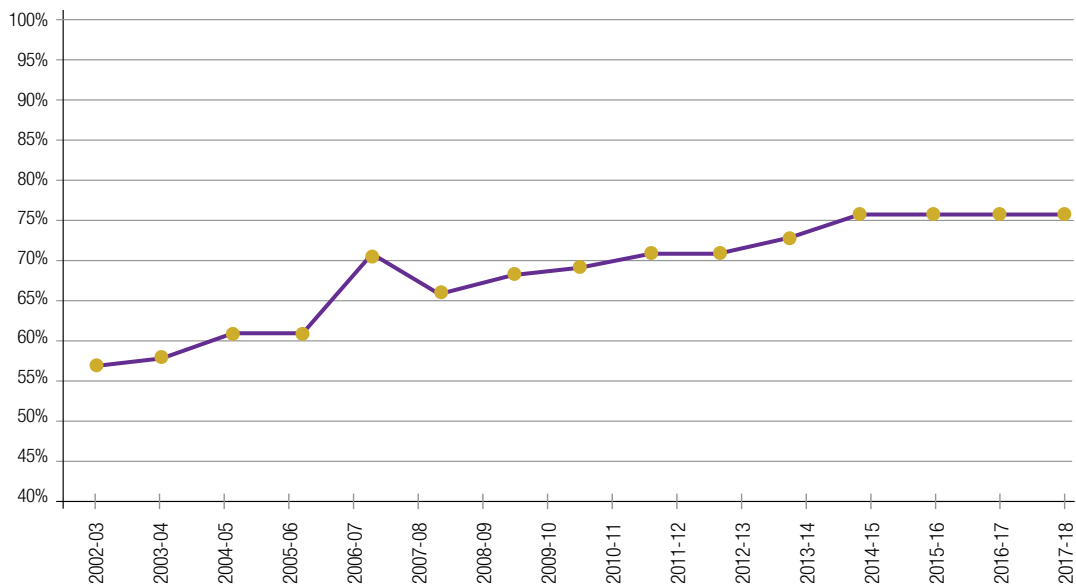
Total Commonwealth payments for public hospital activity for the full 2018-19 year remain an estimate until after the activity-based funding reconciliation occurs – most likely in late 2019

NEW SOUTH WALES

Emergency department

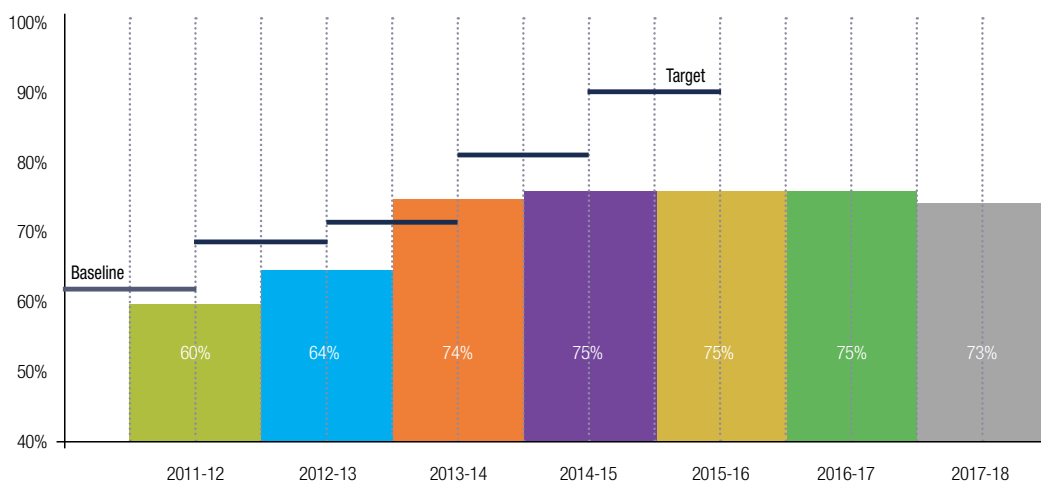
Waiting times

Percentage of Triage Category 3 (urgent) emergency department patients seen within recommended time (<30 minutes) – NSW



Sources: The State of our Public Hospitals (DoHA, 2004 to 2010); AIHW Australian Hospital Statistics: Emergency Department Care (2010-11 to 2017-18)

Percentage of emergency department visits completed in four hours or less – NSW

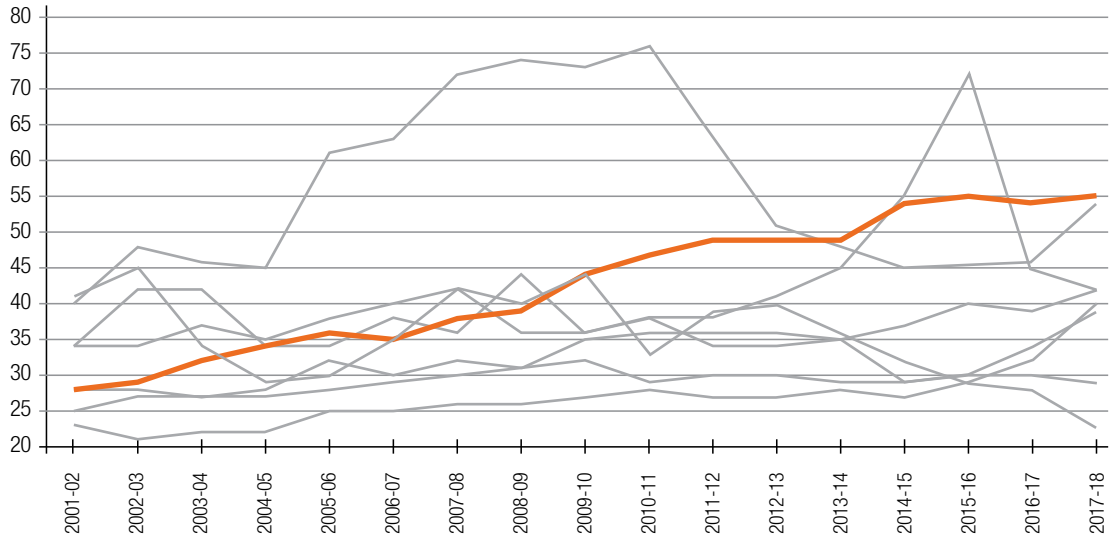


Source: AIHW Australian Hospital Statistics: Emergency Department Care 2011-12 to 2017-18 National Emergency Access Targets were abolished with effect from 1 July 2015

Elective surgery

Waiting times

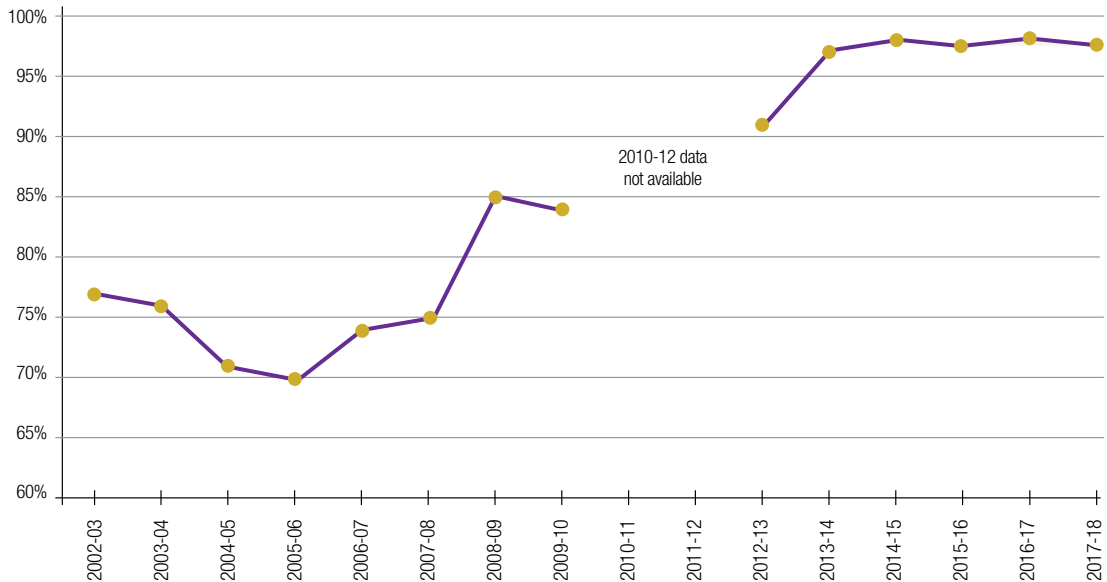
Median waiting time for elective surgery (days) – NSW (compared to other states)



Sources: AIHW elective surgery data cubes (2001-02 to 2006-07); AIHW Australian Hospitals Statistics: Elective Surgery Waiting Times (2007-08 to 2017-18)

Category 2 patients

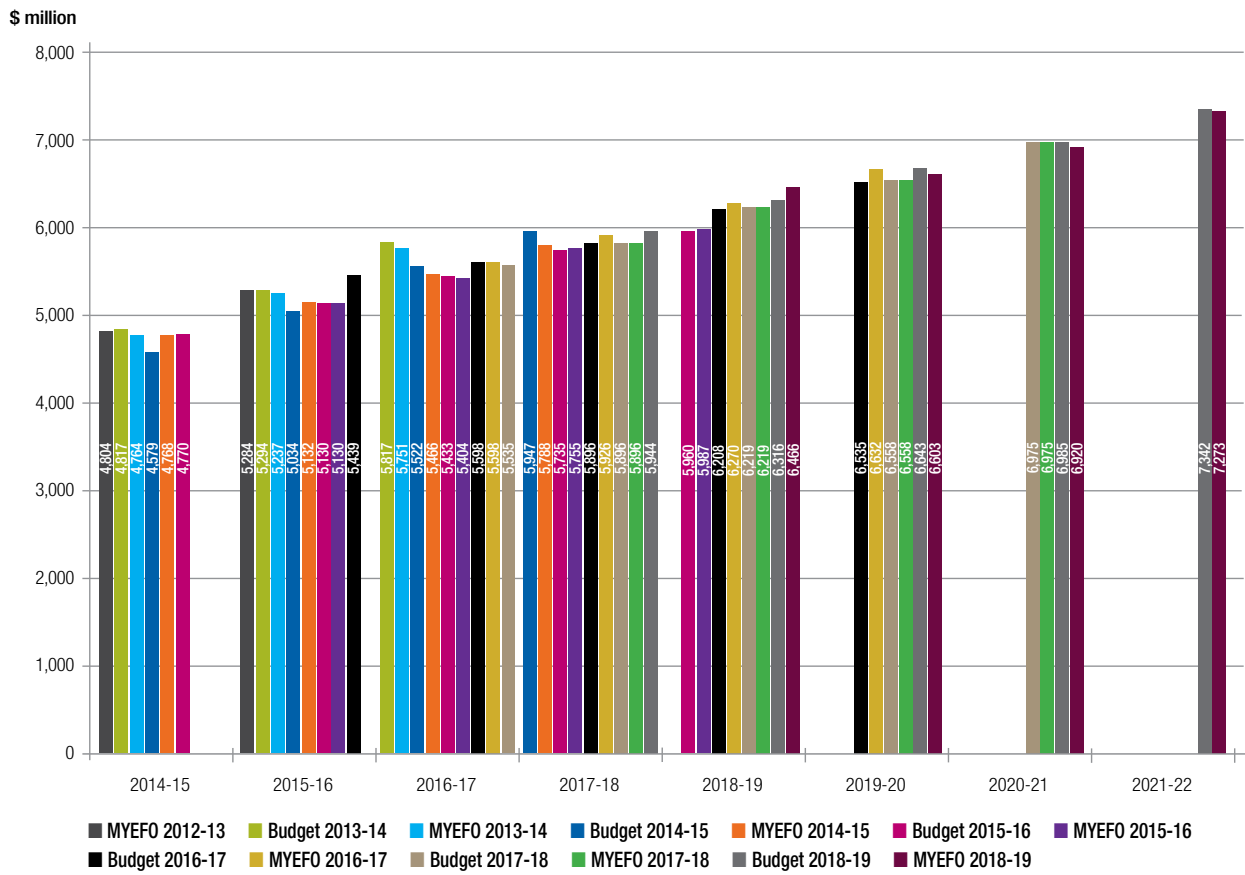
Percentage of Category 2 elective surgery patients admitted within the recommended time (90 days) – NSW



Sources: 2004-10 The State of Our Public Hospitals (DoHA); 2011 FOI request reference 253-1011 lodged June 2011; 2011-12 estimate based on State and Territory Government published data; State and Territory data for 2012 calendar year published by AIHW in Australian Hospital Statistics: National emergency access and elective surgery targets 2012; AIHW Australian Hospital Statistics: Elective Surgery Waiting Times 2015-16 to 2017-18

Commonwealth funding

Public hospitals – NSW



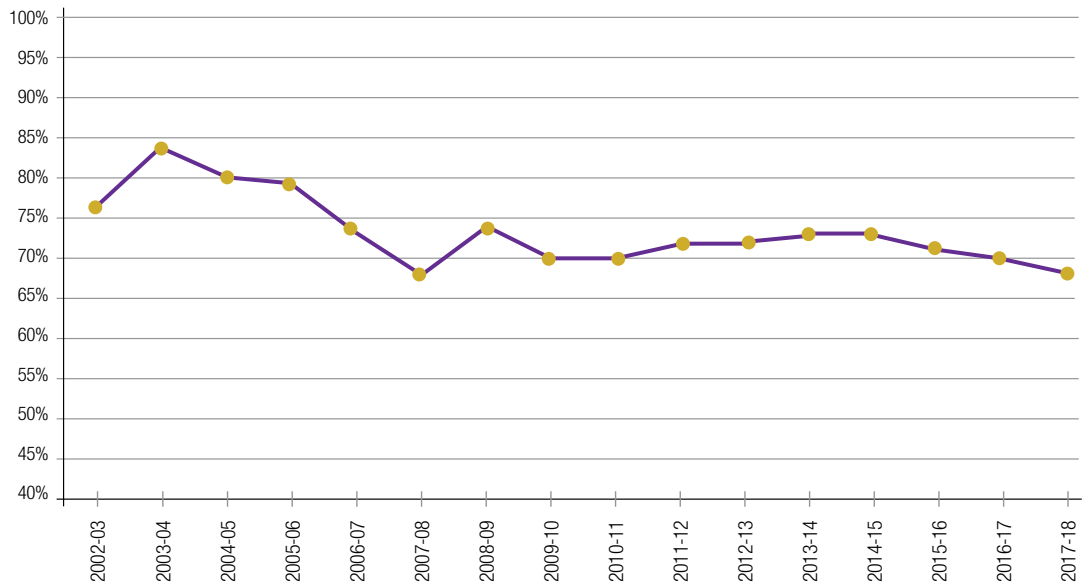
Source: Commonwealth Budget and MYEFO papers, Commonwealth funding for public hospitals

VICTORIA

Emergency department

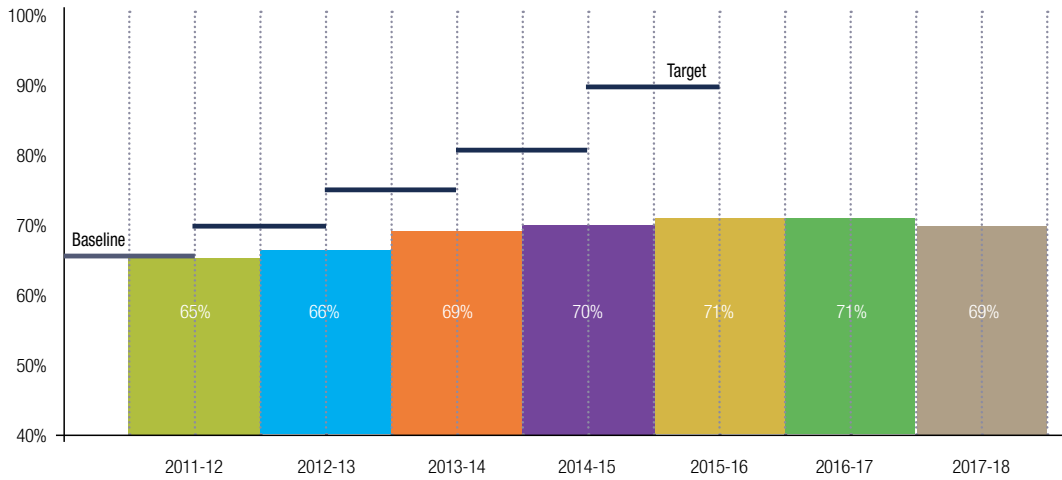
Waiting times

Percentage of Triage Category 3 (urgent) emergency department patients seen within recommended time (<30 minutes) – VIC



Sources: The State of our Public Hospitals (DoHA, 2004-2010); AIHW Australian Hospital Statistics: Emergency Department Care (2010-11 to 2017-18)

Percentage of emergency department visits completed in four hours or less – VIC

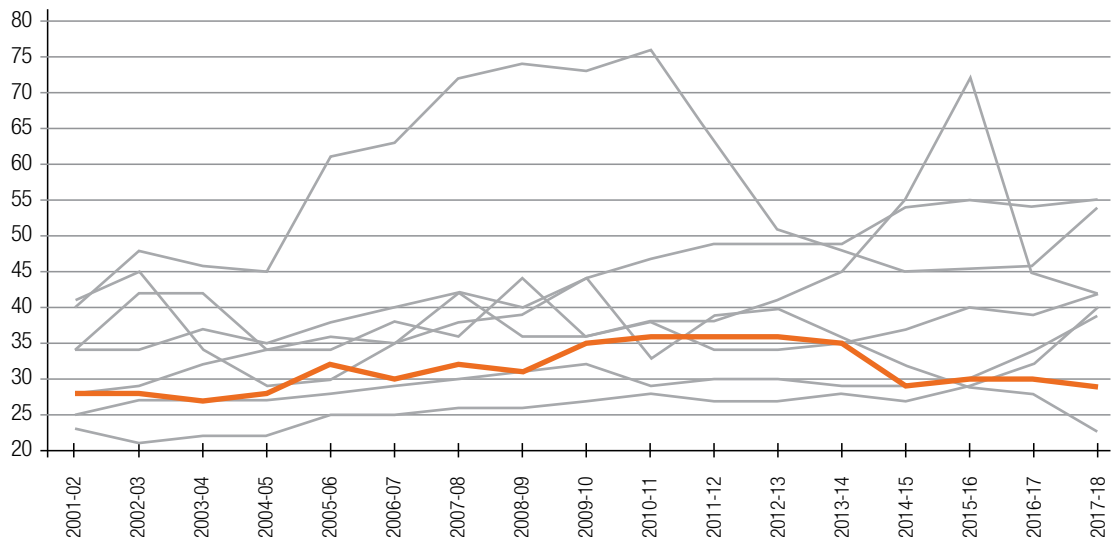


Source: AIHW Australian Hospitals Statistics: Emergency Department Care 2011-12 to 2017-18: National Emergency Access Targets were abolished with effect from 1 July 2015

Elective surgery

Waiting times

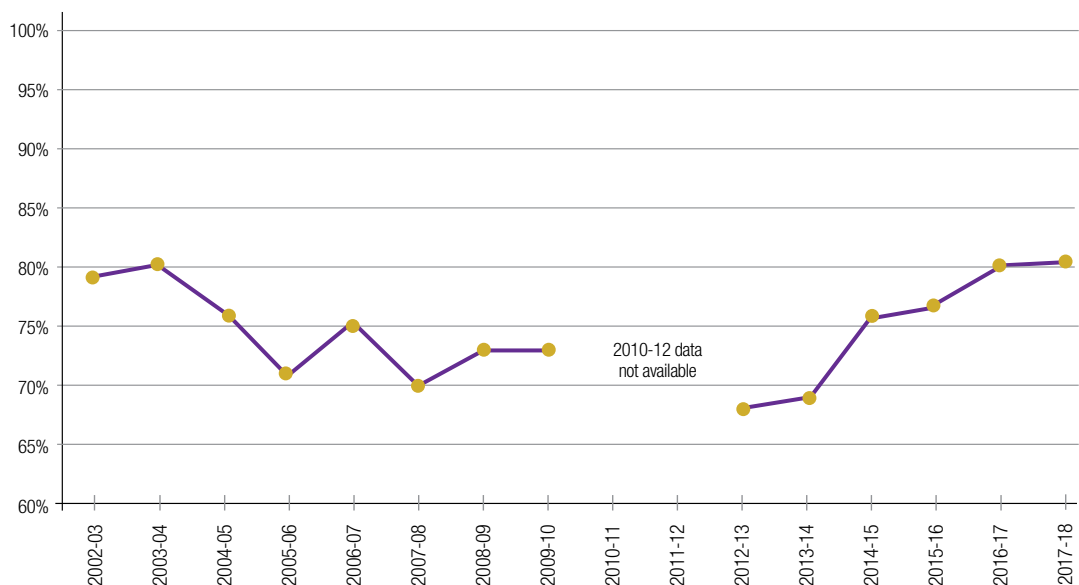
Median waiting time for elective surgery (days) – VIC (compared to other states)



Sources: AIHW elective surgery data cubes (2001-02 to 2006-07); AIHW Australian Hospitals Statistics: Elective Surgery Waiting Times (2007-08 to 2017-18)

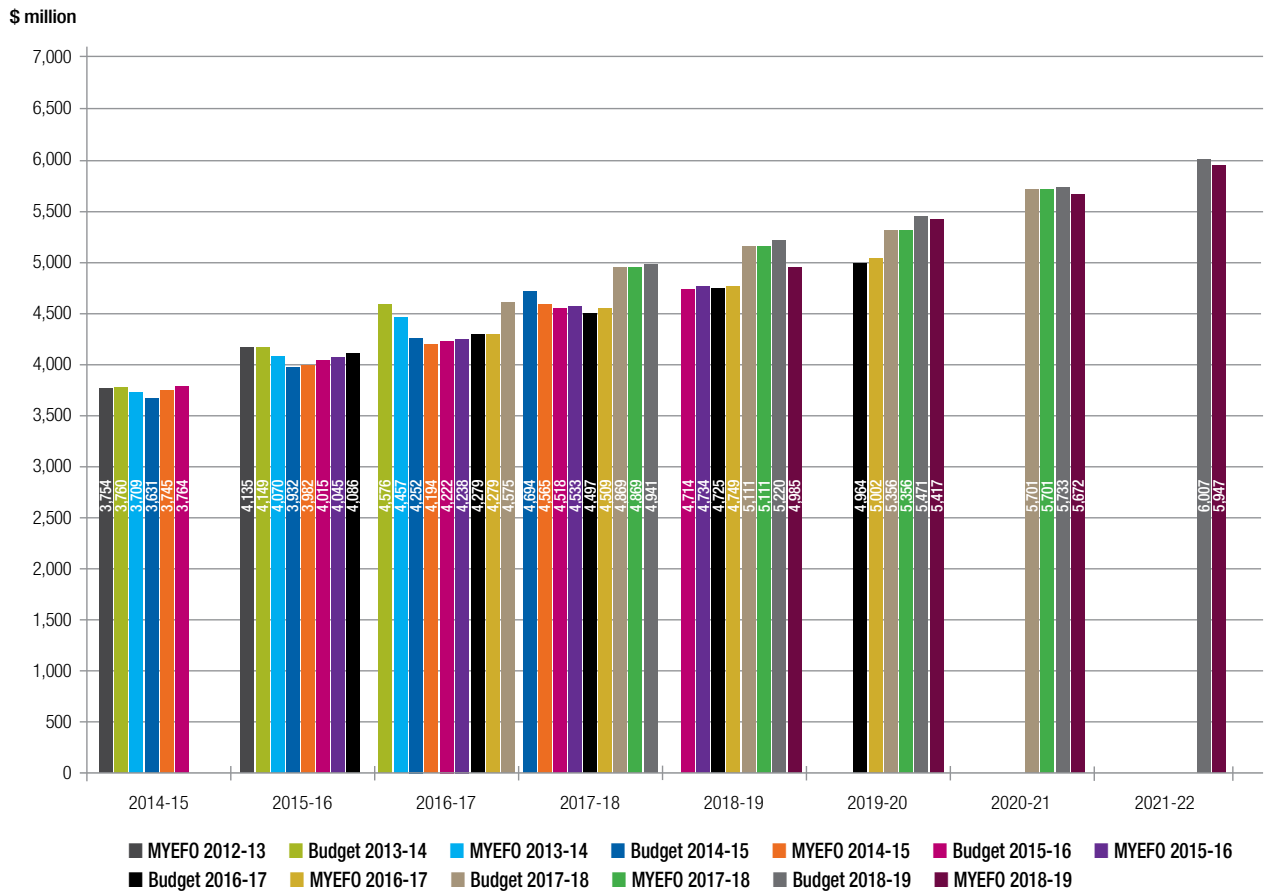
Category 2 patients

Percentage of Category 2 elective surgery patients admitted within the recommended time (90 days) – VIC



Sources: 2004-10 The State of Our Public Hospitals (DoHA); 2011 FOI request reference 253-1011 lodged June 2011; 2011-12 estimate based on State and Territory Government published data; State and Territory data for 2012 calendar year published by AIHW in Australian Hospital Statistics: National emergency access and elective surgery targets 2012; AIHW Australian Hospital Statistics: Elective Surgery Waiting Times 2015-16 to 2017-18

Commonwealth funding Public hospitals – Victoria



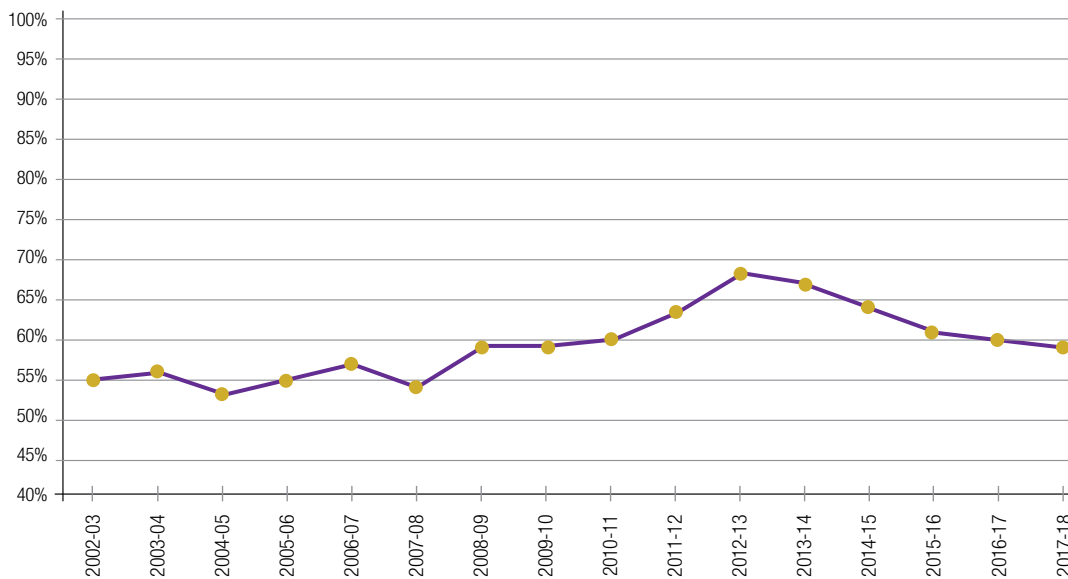
Source: Commonwealth Budget and MYEFO papers, Commonwealth funding for public hospitals

QUEENSLAND

Emergency department

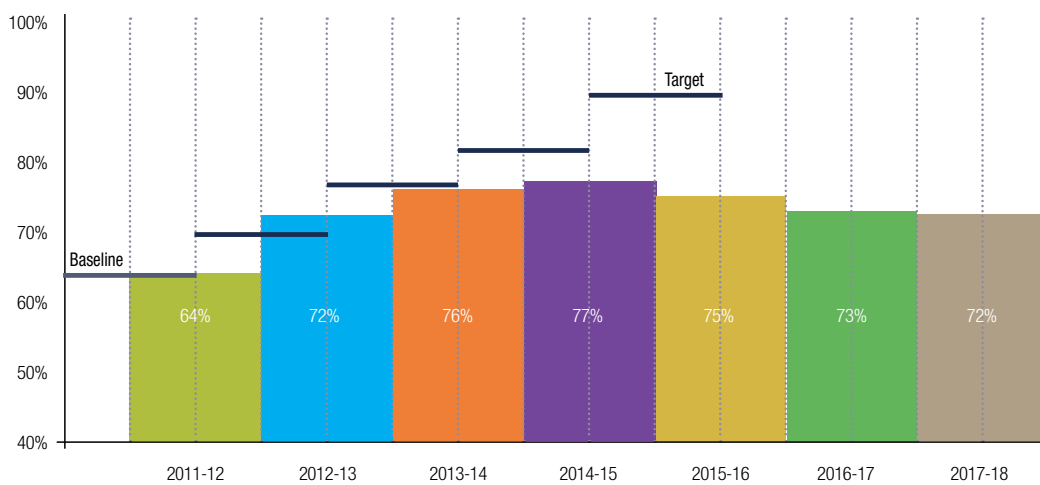
Waiting times

Percentage of Triage Category 3 (urgent) emergency department patients seen within recommended time (<30 minutes) – QLD



Sources: The State of our Public Hospitals (DoHA, 2004-2010); AIHW Australian Hospital Statistics: Emergency Department Care (2010-11 to 2017-18)

Percentage of emergency department visits completed in four hours or less – QLD

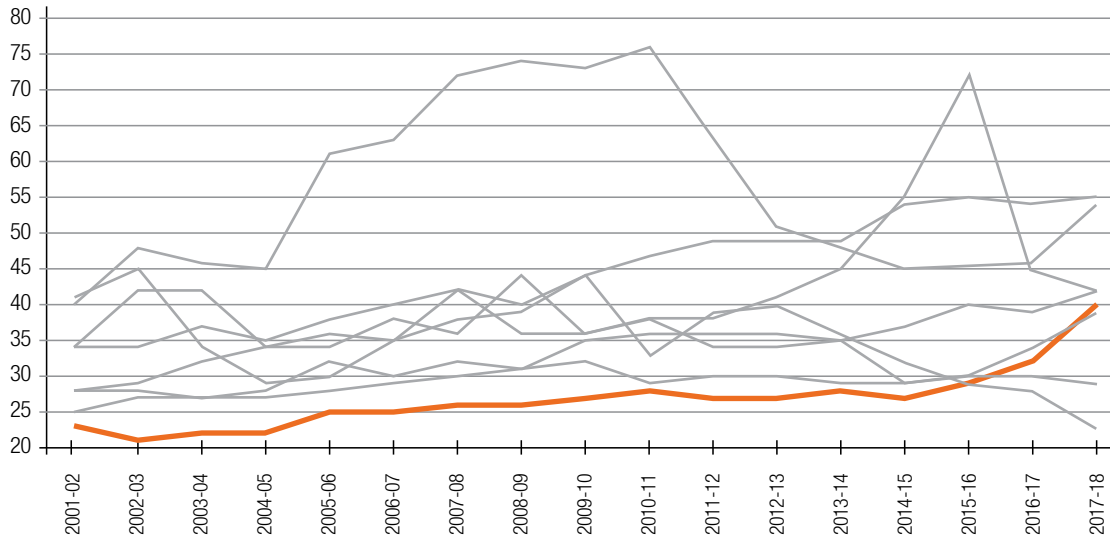


Source: AIHW Australian Hospitals Statistics: Emergency Department Care 2011-12 to 2017-18; National Emergency Access Targets were abolished with effect from 1 July 2015

Elective surgery

Waiting times

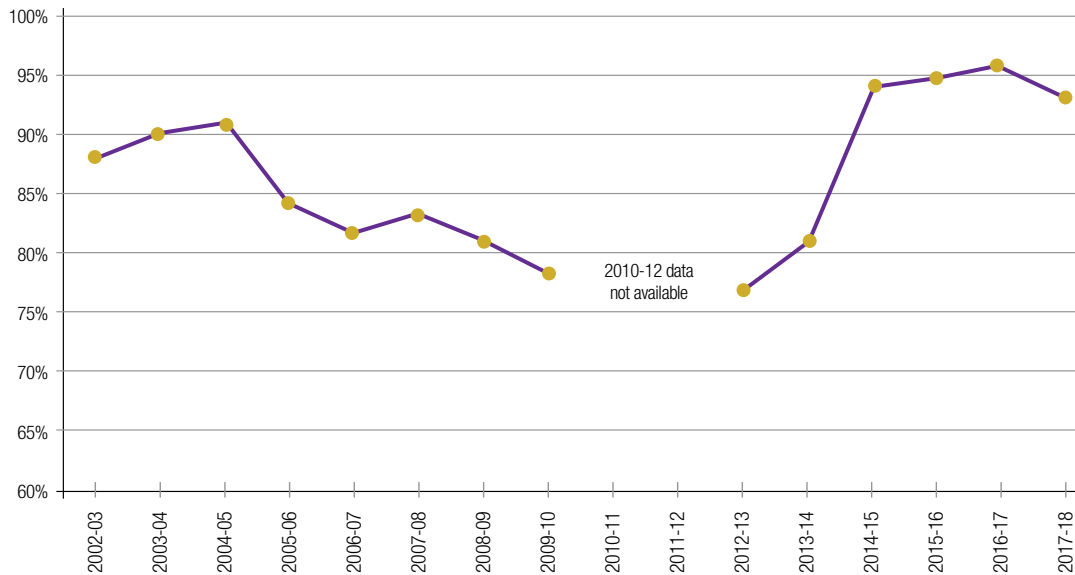
Median waiting time for elective surgery (days) – QLD (compared to other states)



Sources: AIHW elective surgery data cubes (2001-02 to 2006-07); AIHW Australian Hospitals Statistics: Elective Surgery Waiting Times (2007-08 to 2017-18)

Category 2 patients

Percentage of Category 2 elective surgery patients admitted within the recommended time (90 days) – QLD

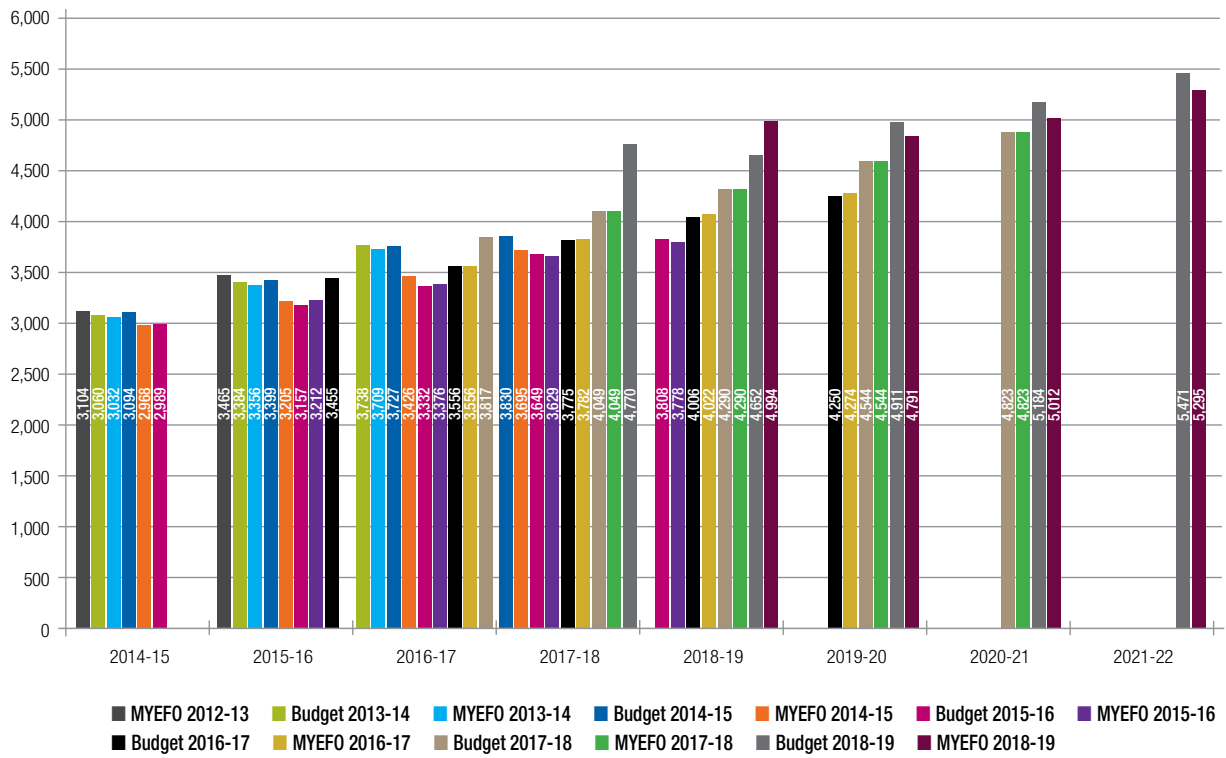


Sources: 2004-10 The State of Our Public Hospitals (DoHA); 2011 FOI request reference 253-1011 lodged June 2011; 2011-12 estimate based on State and Territory Government published data; State and Territory data for 2012 calendar year published by AIHW in Australian Hospital Statistics: National emergency access and elective surgery targets 2012; AIHW Australian Hospital Statistics: Elective Surgery Waiting Times 2015-16 to 2017-18

Commonwealth funding

Public hospitals – QLD

\$ million



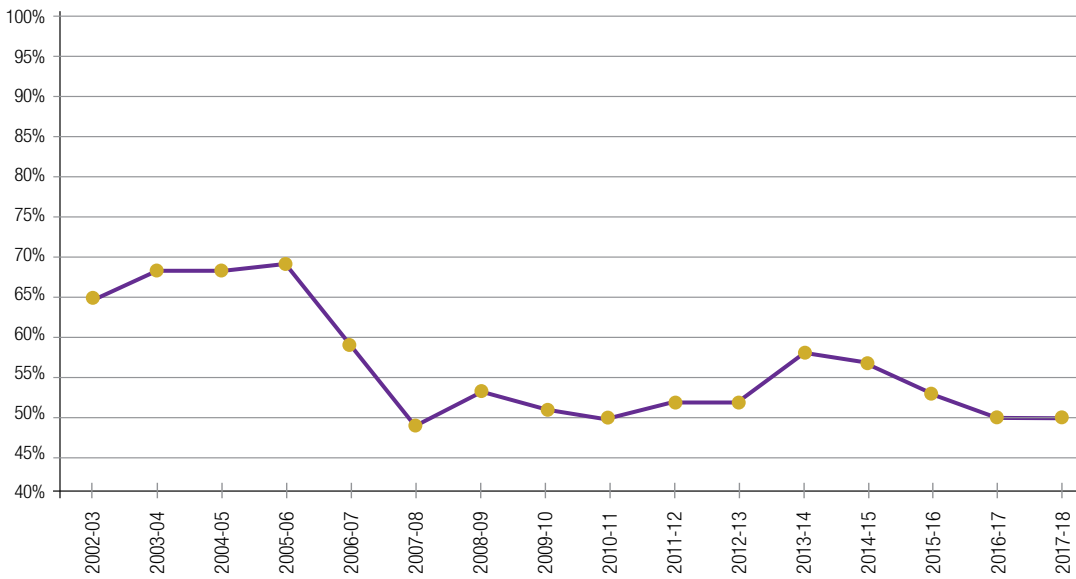
Source: Commonwealth Budget and MYEFO papers, Commonwealth funding for public hospitals

WESTERN AUSTRALIA

Emergency department

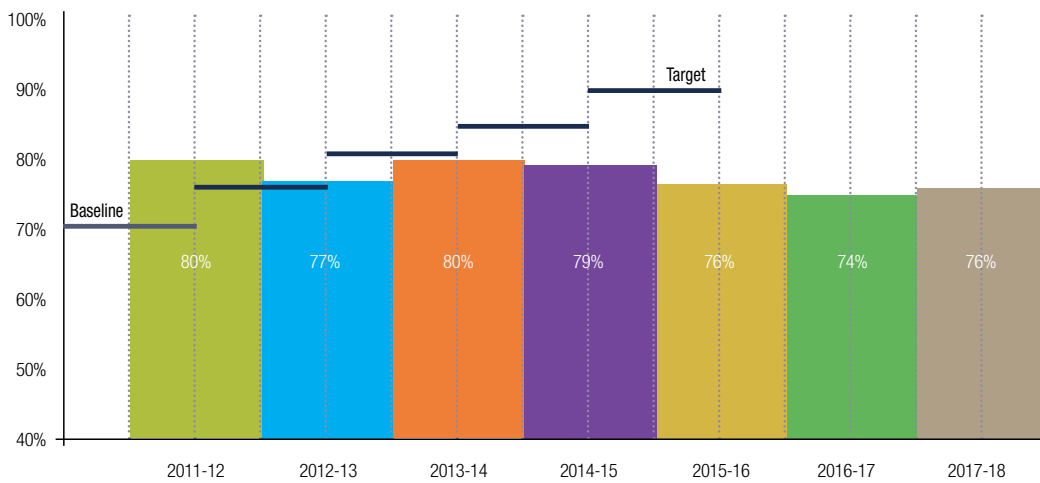
Waiting times

Percentage of Triage Category 3 (urgent) emergency department patients seen within recommended time (<30 minutes) – WA



Sources: The State of our Public Hospitals (DoHA, 2004-2010); AIHW Australian Hospital Statistics: Emergency Department Care (2010-11 to 2017-18)

Percentage of emergency department visits completed in four hours or less - WA

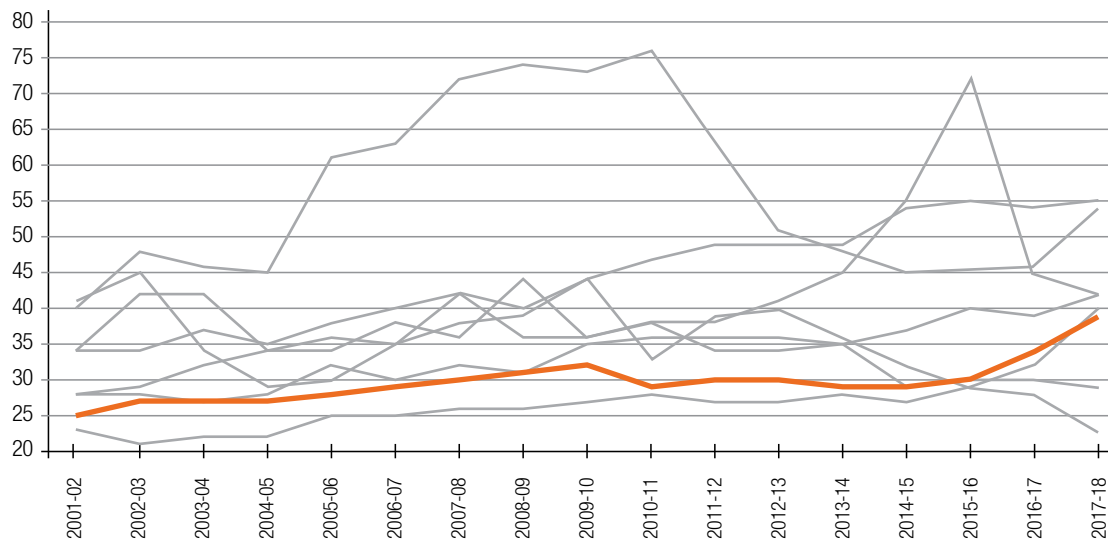


Source: AIHW Australian Hospitals Statistics: Emergency Department Care 2011-12 to 2017-18: National Emergency Access Targets were abolished with effect from 1 July 2015

Elective surgery

Waiting times

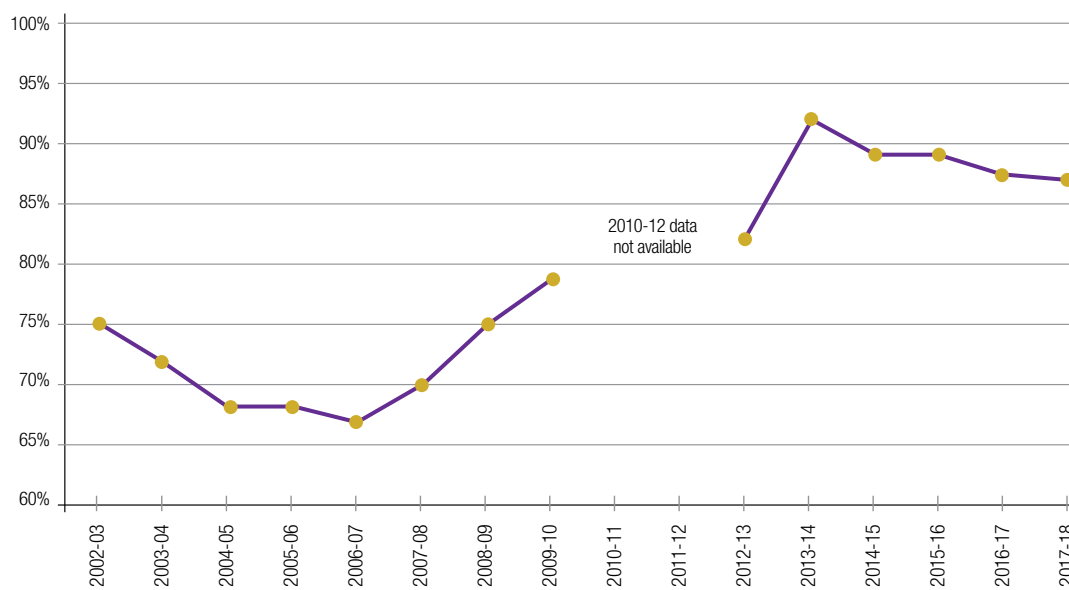
Median waiting time for elective surgery (days) – WA (compared to other states)



Sources: AIHW elective surgery data cubes (2001-02 to 2006-07); AIHW Australian Hospitals Statistics: Elective Surgery Waiting Times (2007-08 to 2017-18)

Category 2 patients

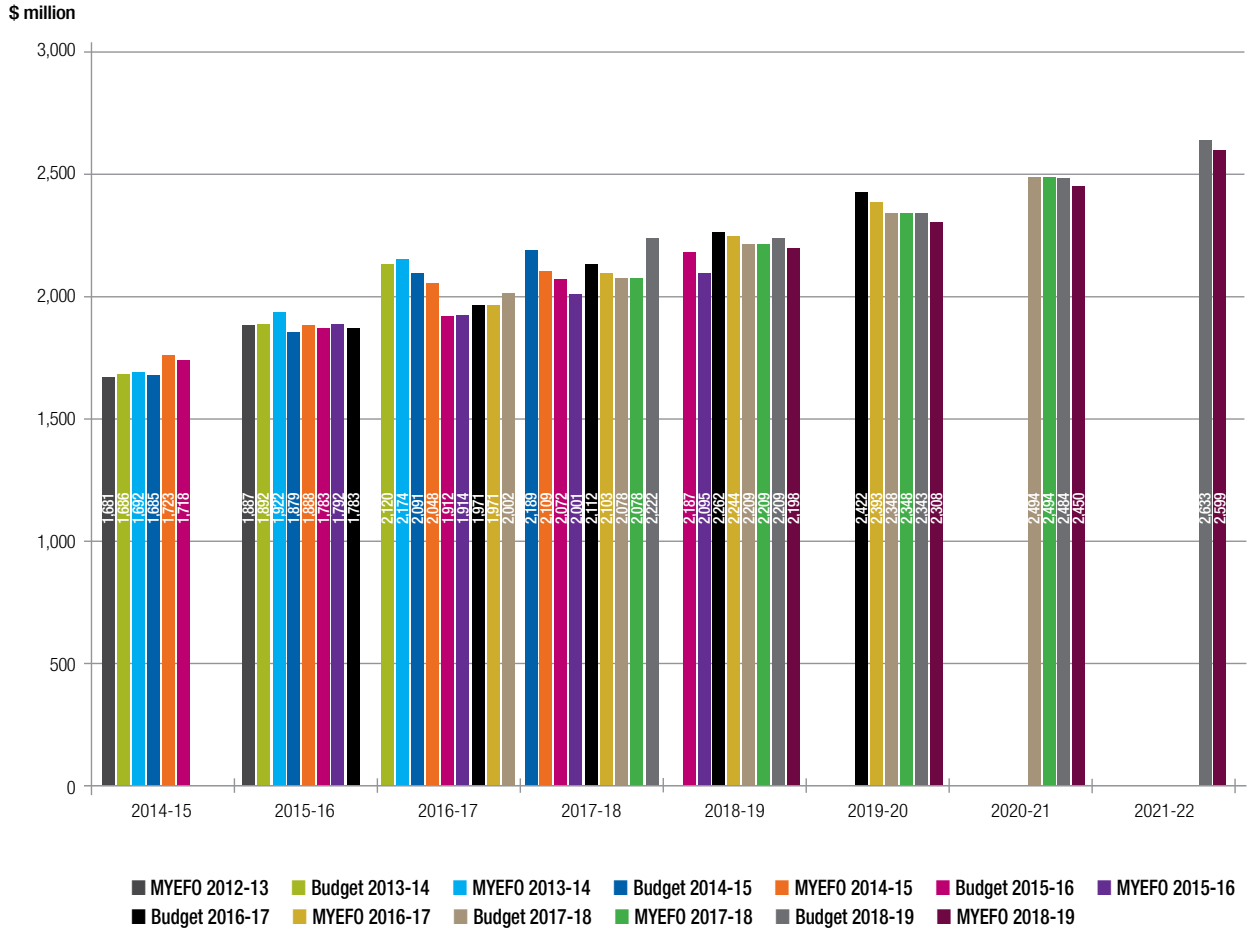
Percentage of Category 2 elective surgery patients admitted within the recommended time (90 days) – WA



Sources: 2004-10 The State of Our Public Hospitals (DoHA); 2011 FOI request reference 253-1011 lodged June 2011; 2011-12 estimate based on State and Territory Government published data; State and Territory data for 2012 calendar year published by AIHW in Australian Hospital Statistics: National emergency access and elective surgery targets 2012; AIHW Australian Hospital Statistics: Elective Surgery Waiting Times 2015-16 to 2017-18

Commonwealth funding

Public hospitals – WA



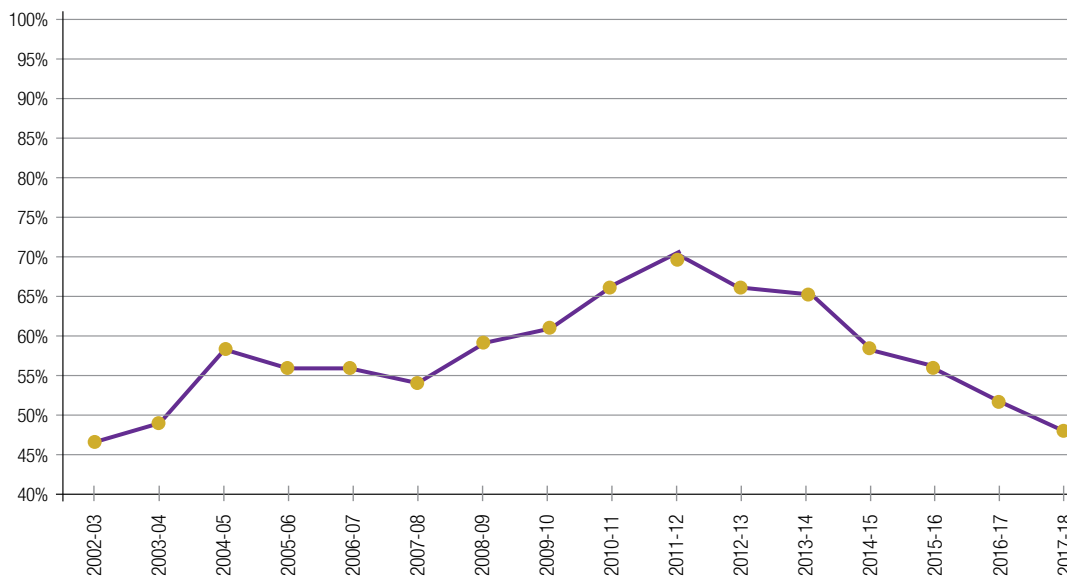
Source: Commonwealth Budget and MYEFO papers, Commonwealth funding for public hospitals

SOUTH AUSTRALIA

Emergency department

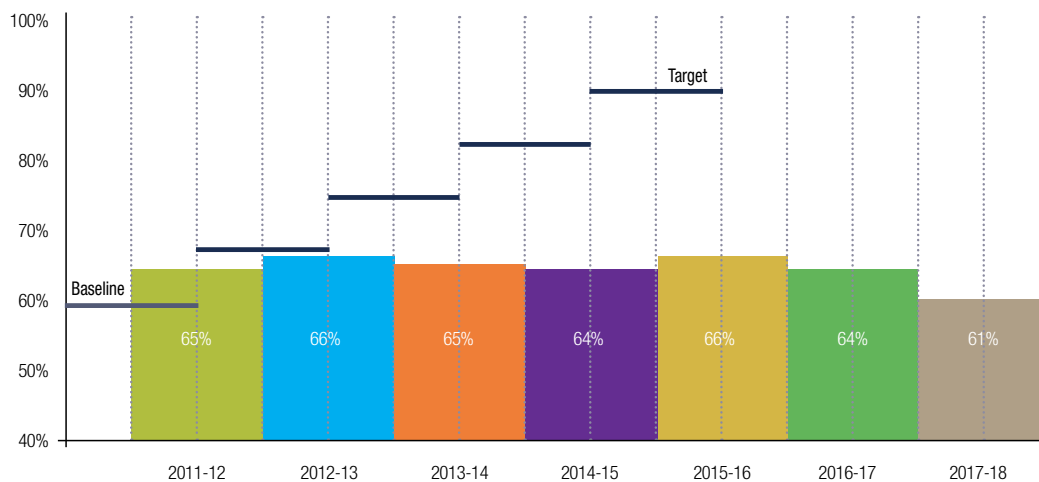
Waiting times

Percentage of Triage Category 3 (urgent) emergency department patients seen within recommended time (<30 minutes) – SA



Sources: The State of our Public Hospitals (DoHA, 2004-2010); AIHW Australian Hospital Statistics: Emergency Department Care (2010-11 to 2017-18)

Percentage of emergency department visits completed in four hours or less – SA

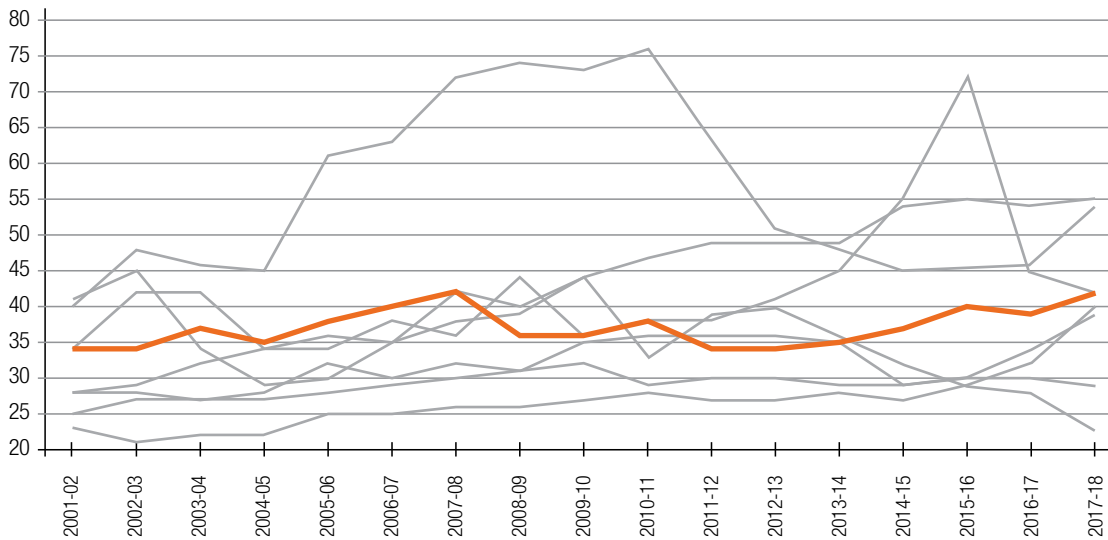


Source: AIHW Australian Hospitals Statistics: Emergency Department Care 2011-12 to 2017-18 National Emergency Access Targets were abolished with effect from 1 July 2015

Elective surgery

Waiting times

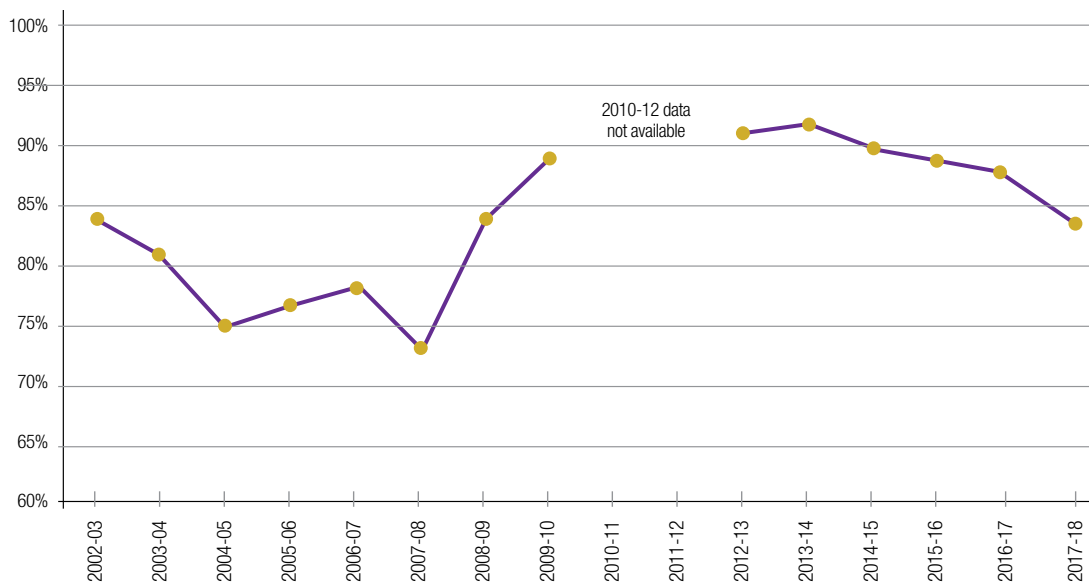
Median waiting time for elective surgery (days) – SA (compared to other states)



Sources: AIHW elective surgery data cubes (2001-02 to 2006-07); AIHW Australian Hospitals Statistics: Elective Surgery Waiting Times 2007-08 to 2017-18

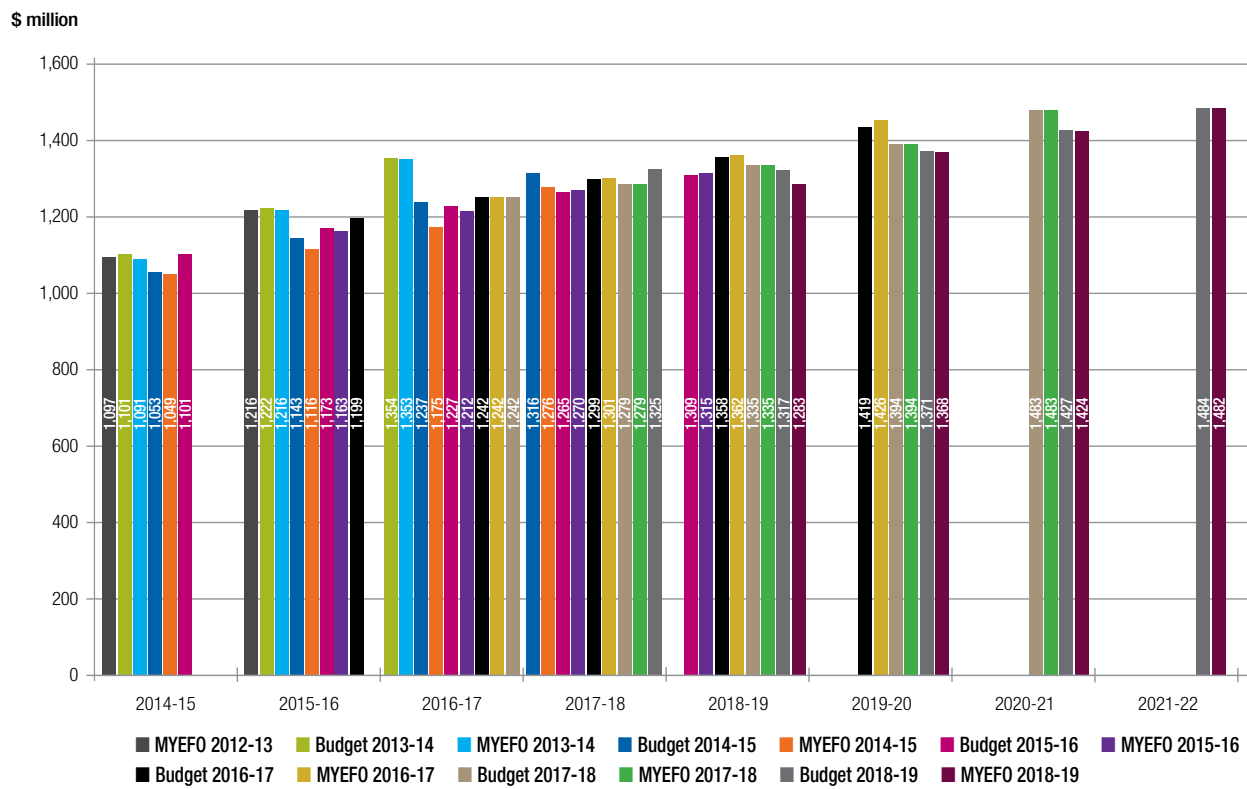
Category 2 patients

Percentage of Category 2 elective surgery patients admitted within the recommended time (90 days) – SA



Sources: 2004-10 The State of Our Public Hospitals (DoHA); 2011 FOI request reference 253-1011 lodged June 2011; 2011-12 estimate based on State and Territory Government published data; State and Territory data for 2012 calendar year published by AIHW in Australian Hospital Statistics: National emergency access and elective surgery targets 2012; AIHW Australian Hospital Statistics: Elective Surgery Waiting Times 2015-16 to 2017-18

Commonwealth funding Public hospitals – SA



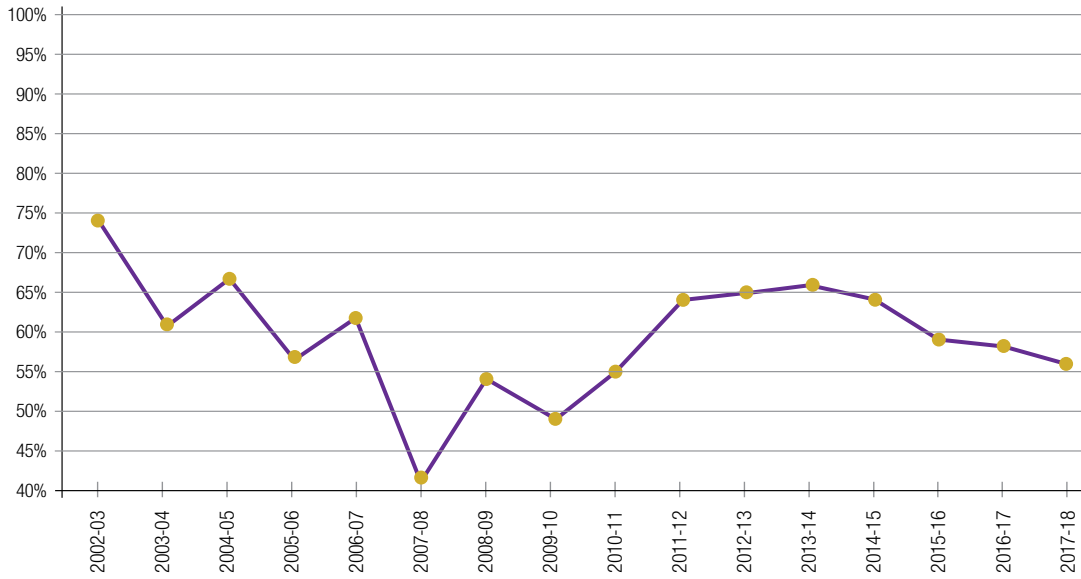
Source: Commonwealth Budget and MYEFO papers, Commonwealth funding for public hospitals

TASMANIA

Emergency department

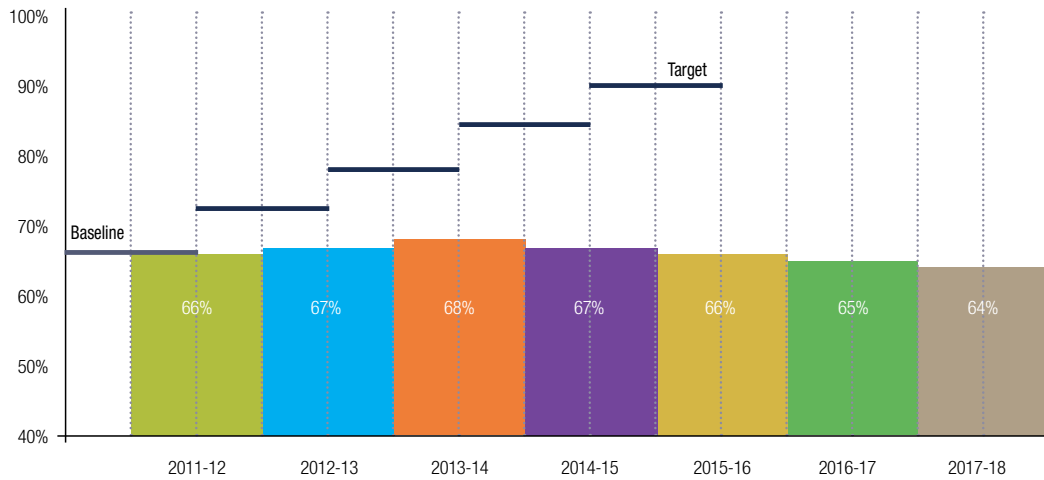
Waiting times

Percentage of Triage Category 3 (urgent) emergency department patients seen within recommended time (<30 minutes) – TAS



Sources: The State of our Public Hospitals (DoHA, 2004-2010); AIHW Australian Hospital Statistics: Emergency Department Care 2010-11 to 2017-18

Percentage of emergency department visits completed in four hours or less – TAS

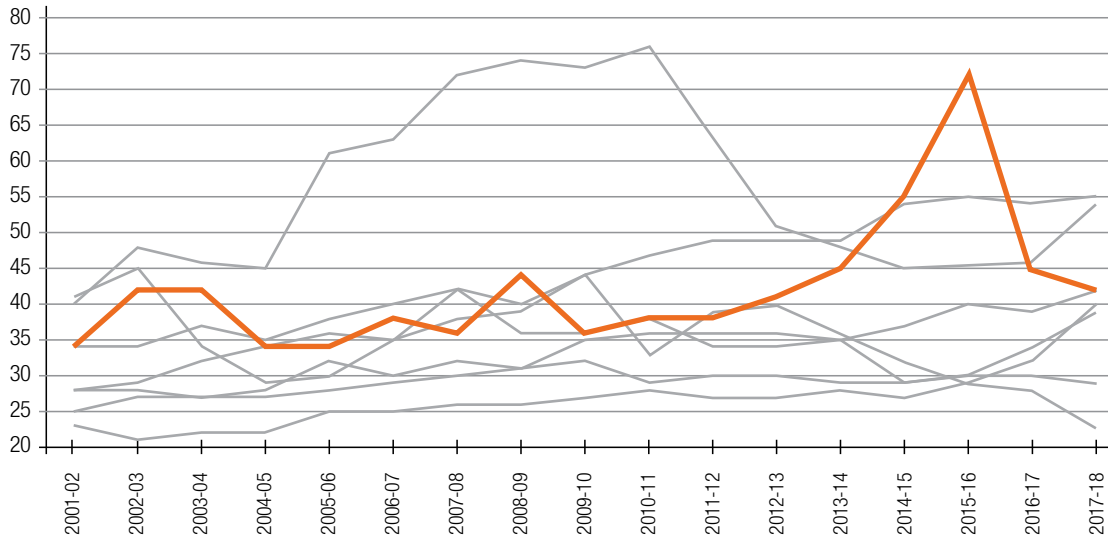


Sources: AIHW Australian Hospitals Statistics: Emergency Department Care 2011-12 to 2017-18 National Emergency Access Targets were abolished with effect from 1 July 2015

Elective surgery

Waiting times

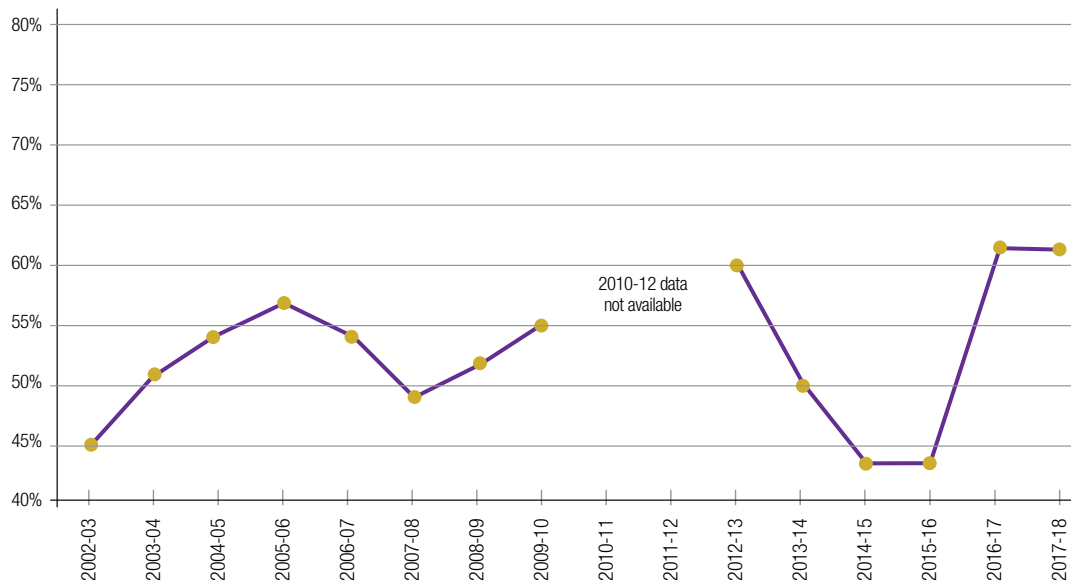
Median waiting time for elective surgery (days) – TAS (compared to other states)



Sources: AIHW elective surgery data cubes (2001-02 to 2006-07); AIHW Australian Hospitals Statistics: Elective Surgery Waiting Times 2007-08 to 2017-18

Category 2 patients

Percentage of Category 2 elective surgery patients admitted within the recommended time (90 days) – TAS

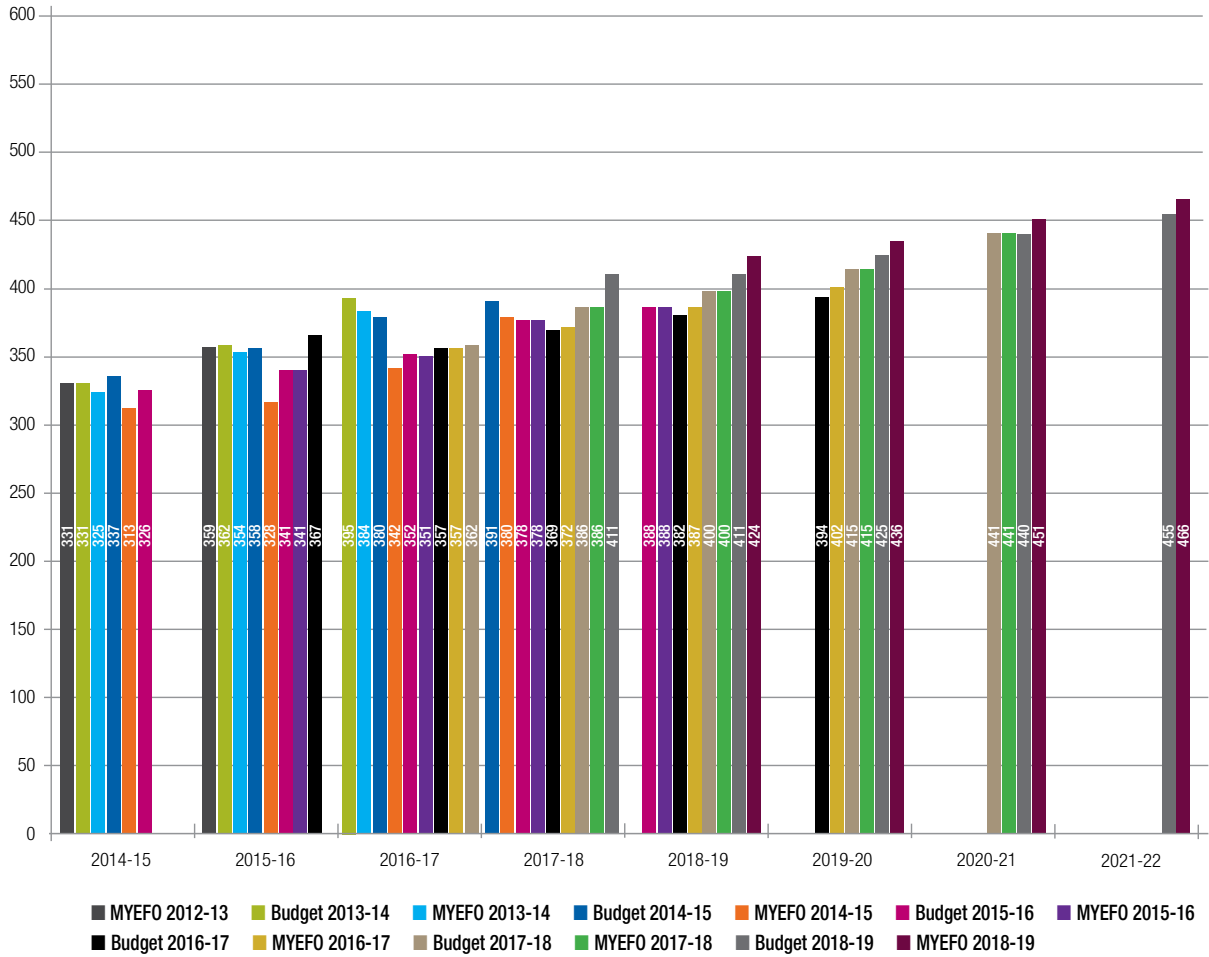


Sources: 2004-10 The State of Our Public Hospitals (DoHA); 2011 FOI request reference 253-1011 lodged June 2011; 2011-12 estimate based on State and Territory Government published data; State and Territory data for 2012 calendar year published by AIHW in Australian Hospital Statistics: National emergency access and elective surgery targets 2012; AIHW Australian Hospital Statistics: Elective Surgery Waiting Times 2015-16 to 2017-18

Commonwealth funding

Public hospitals – TAS

\$ million



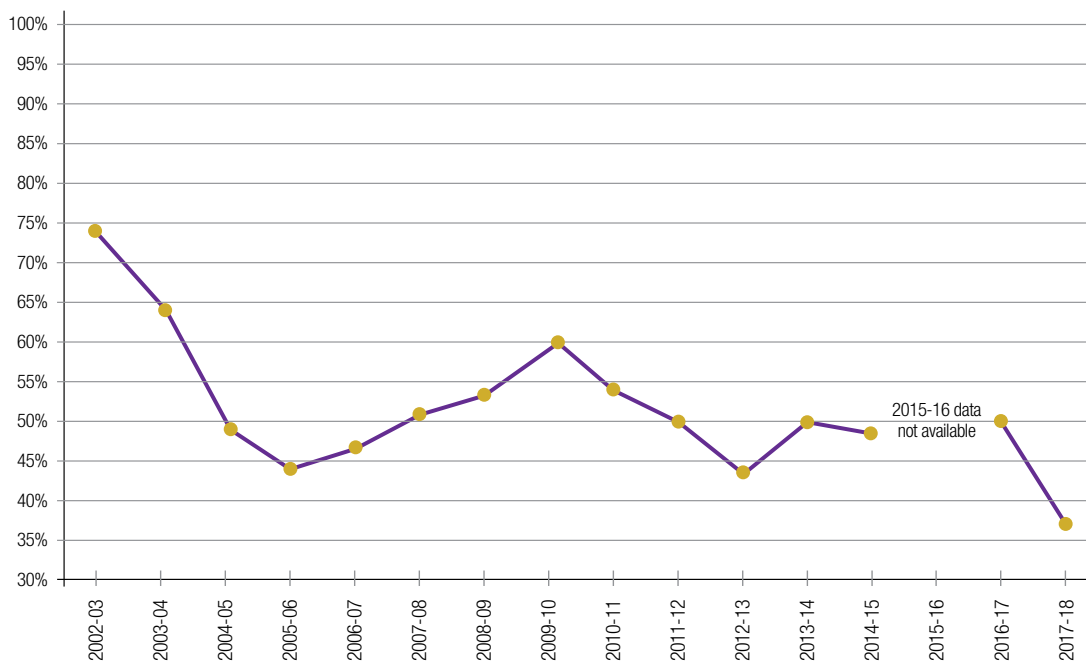
Source: Commonwealth Budget and MYEFO papers, Commonwealth funding for public hospitals

AUSTRALIAN CAPITAL TERRITORY

Emergency department

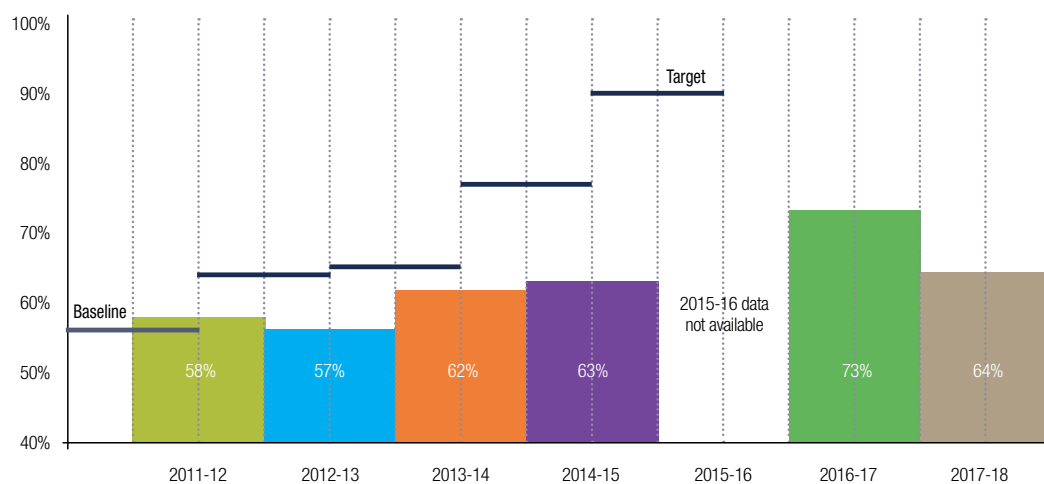
Waiting times

Percentage of Triage Category 3 (urgent) emergency department patients seen within recommended time (<30 minutes) – ACT



Sources: The State of our Public Hospitals (DoHA, 2004-2010); AIHW Australian Hospital Statistics: Emergency Department Care 2010-11 to 2017-18

Percentage of emergency department visits completed in four hours or less – ACT

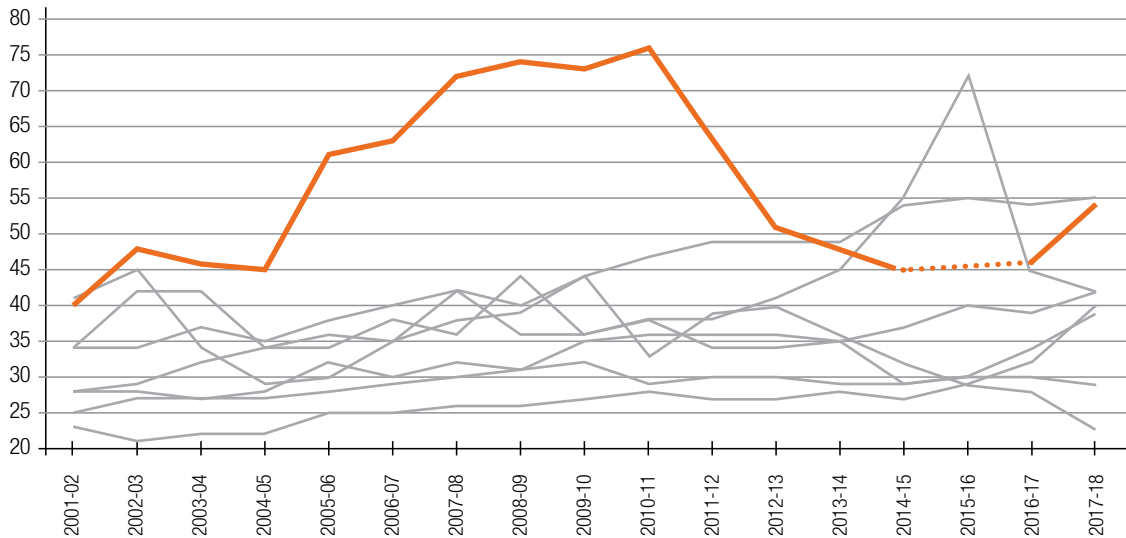


Source: AIHW Australian Hospital Statistics: Emergency Department Care 2011-2012 to 2017-18 National Emergency Access Targets were abolished with effect from 1 July 2015

Elective surgery

Waiting times

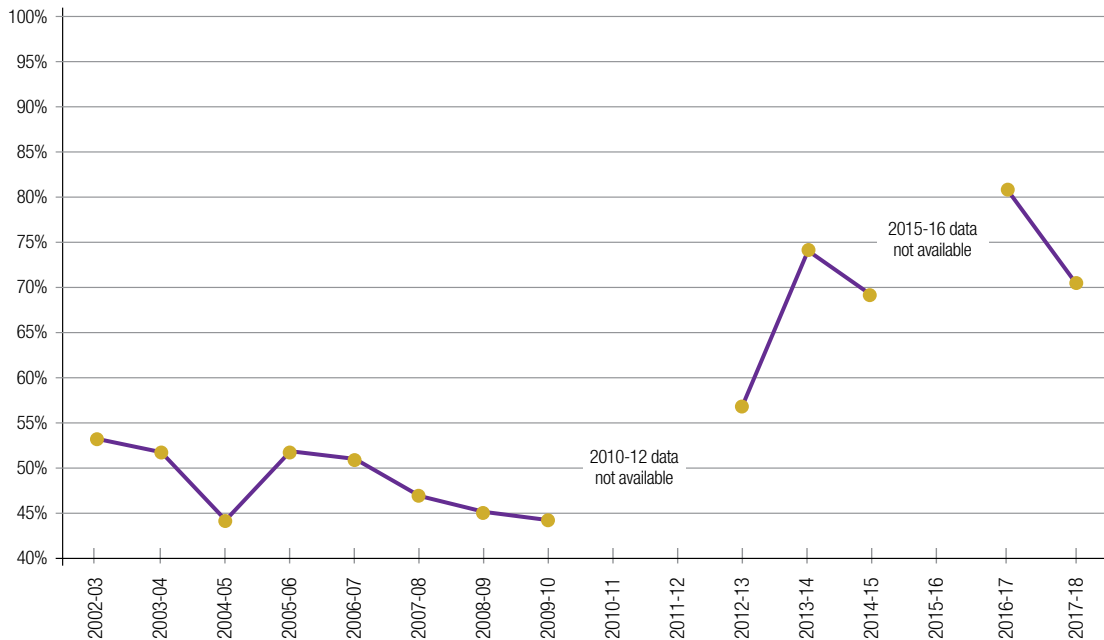
Median waiting time for elective surgery (days) – ACT (compared to other states)



Sources: AIHW elective surgery data cubes (2001-02 to 2006-07); AIHW Australian Hospitals Statistics: Elective Surgery Waiting Times 2007-08 to 2017-18

Category 2 patients

Percentage of Category 2 elective surgery patients admitted within the recommended time (90 days) – ACT

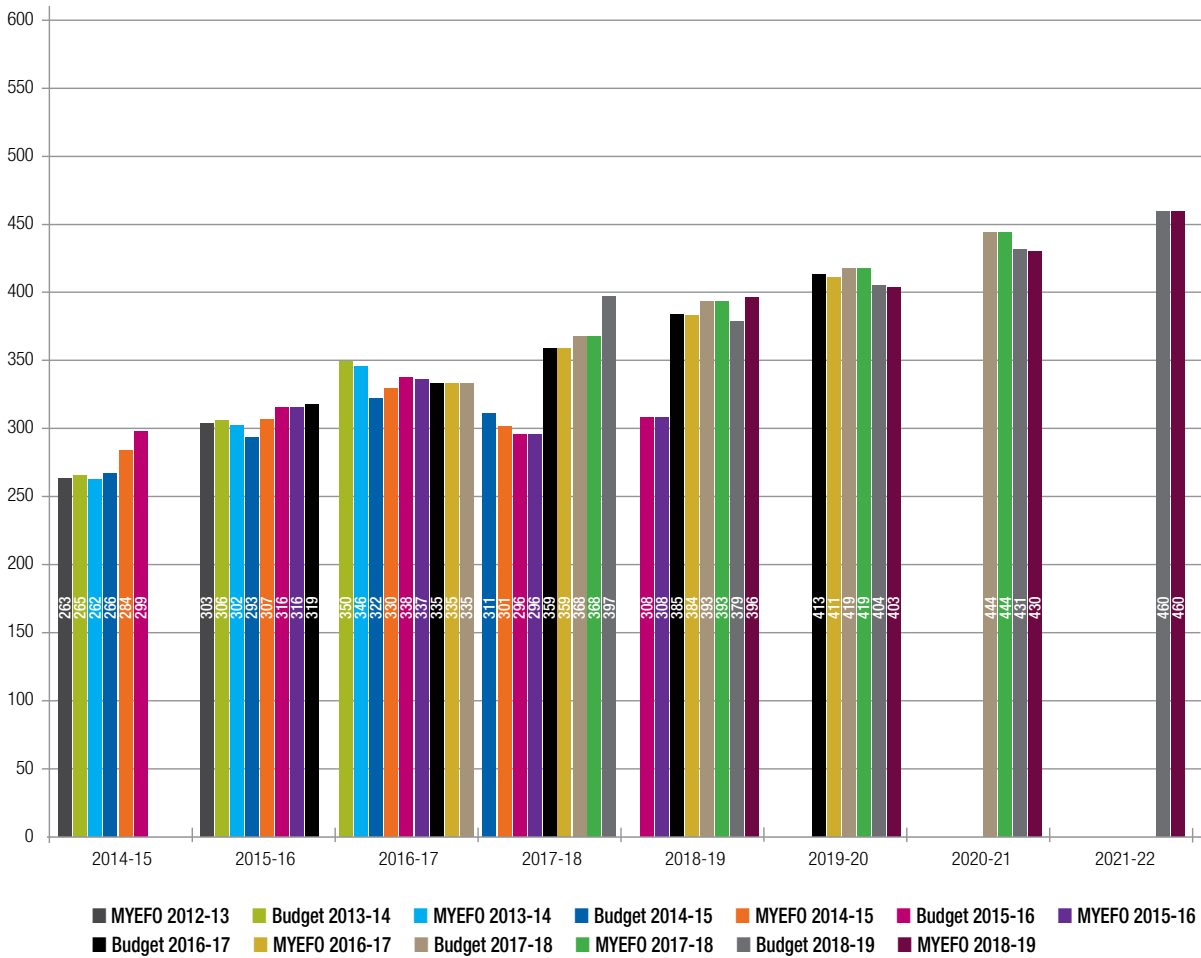


Sources: 2004-10 The State of Our Public Hospitals (DoHA); 2011 FOI request reference 253-1011 lodged June 2011; 2011-12 estimate based on State and Territory Government published data; State and Territory data for 2012 calendar year published by AIHW in Australian Hospital Statistics: National emergency access and elective surgery targets 2012; AIHW Australian Hospital Statistics: Elective Surgery Waiting Times 2015-16 to 2017-18

Commonwealth funding

Public hospitals – ACT

\$ million



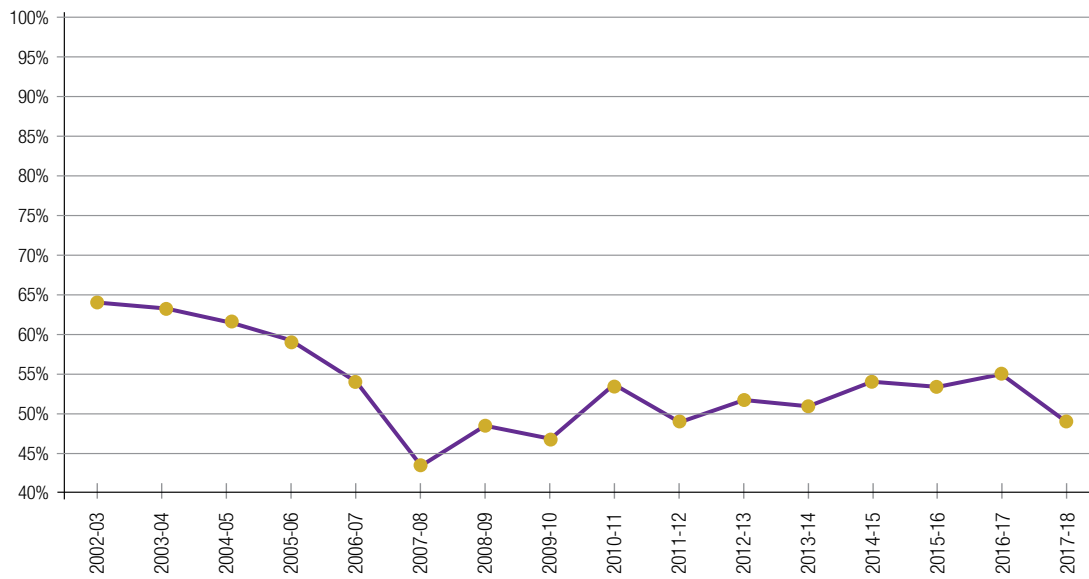
Source: Commonwealth Budget and MYEFO papers, Commonwealth funding for public hospitals

NORTHERN TERRITORY

Emergency department

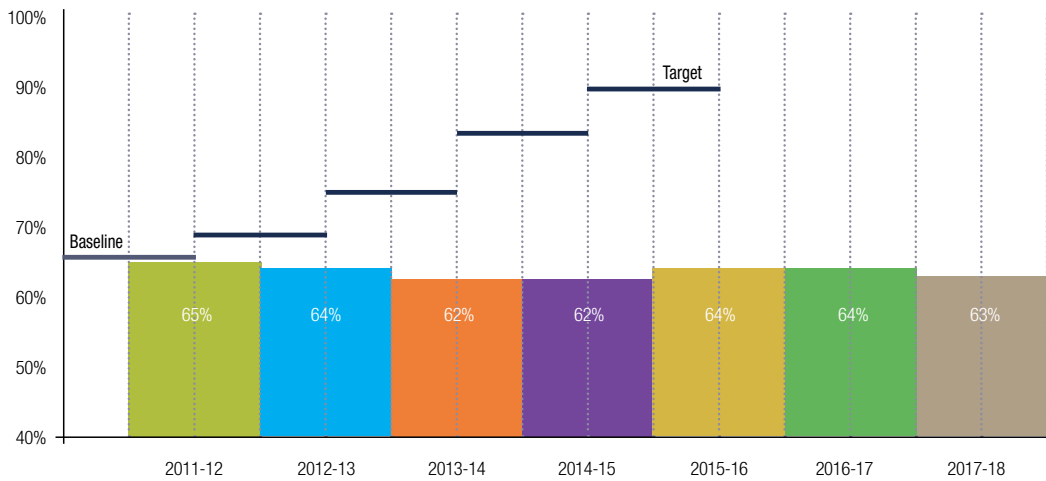
Waiting times

Percentage of Triage Category 3 (urgent) emergency department patients seen within recommended time (<30 minutes) – NT



Sources: The State of our Public Hospitals (DoHA, 2004-2010); AIHW Australian Hospital Statistics: Emergency Department Care (2010-11 to 2017-18)

Percentage of emergency department visits completed in four hours or less – NT

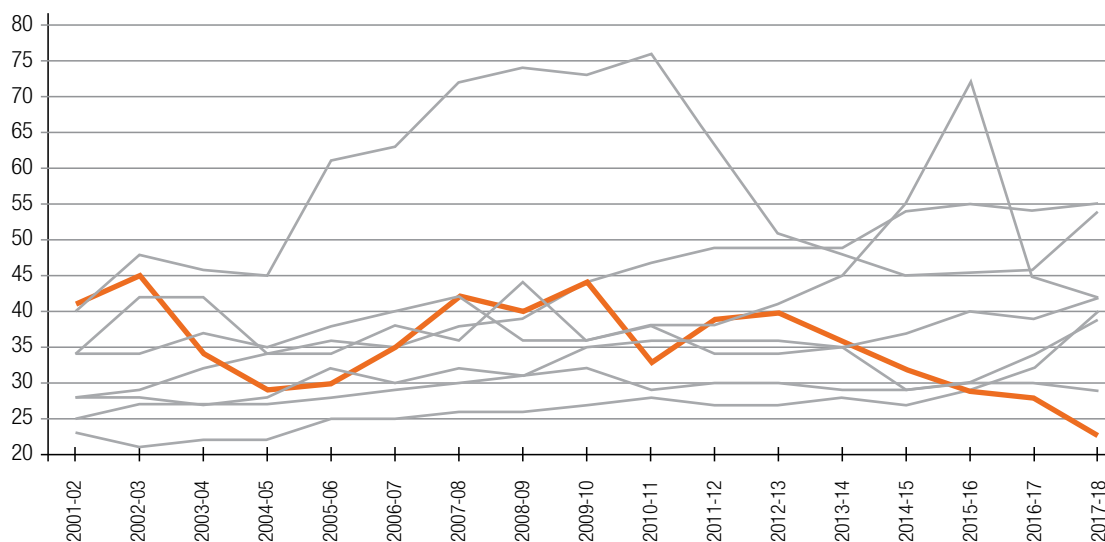


Source: AIHW Australian Hospitals Statistics: Emergency Department Care 2011-12 to 2017-18 National Emergency Access Targets were abolished with effect from 1 July 2015

Elective surgery

Waiting times

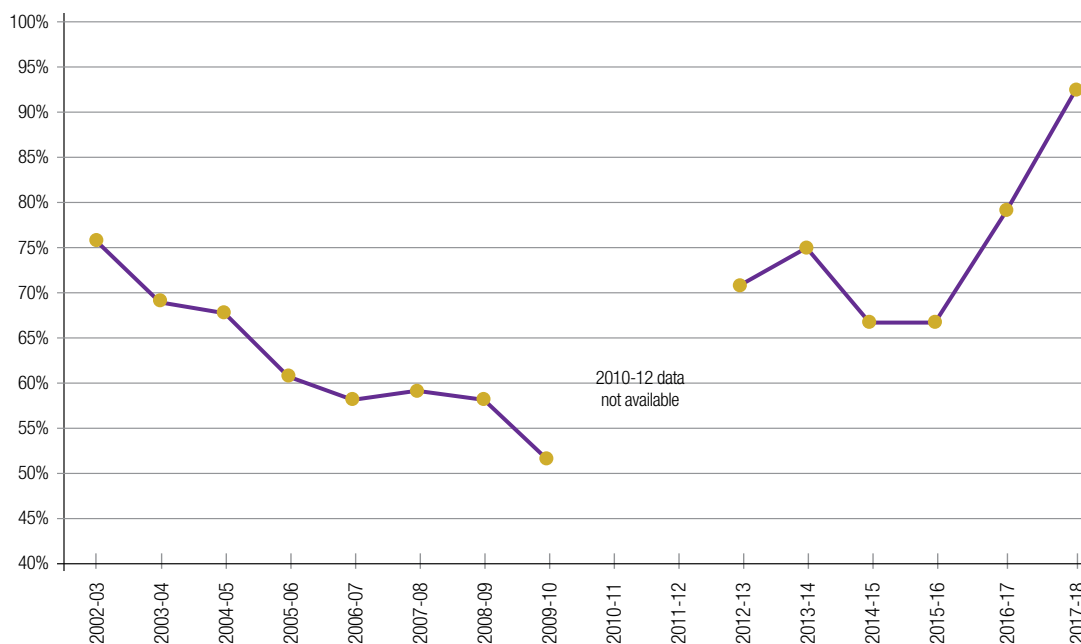
Median waiting time for elective surgery (days) – NT (compared to other states)



Sources: AIHW elective surgery data cubes (2001-02 to 2006-07); AIHW Australian Hospitals Statistics: Elective Surgery Waiting Times 2007-08 to 2017-18

Category 2 patients

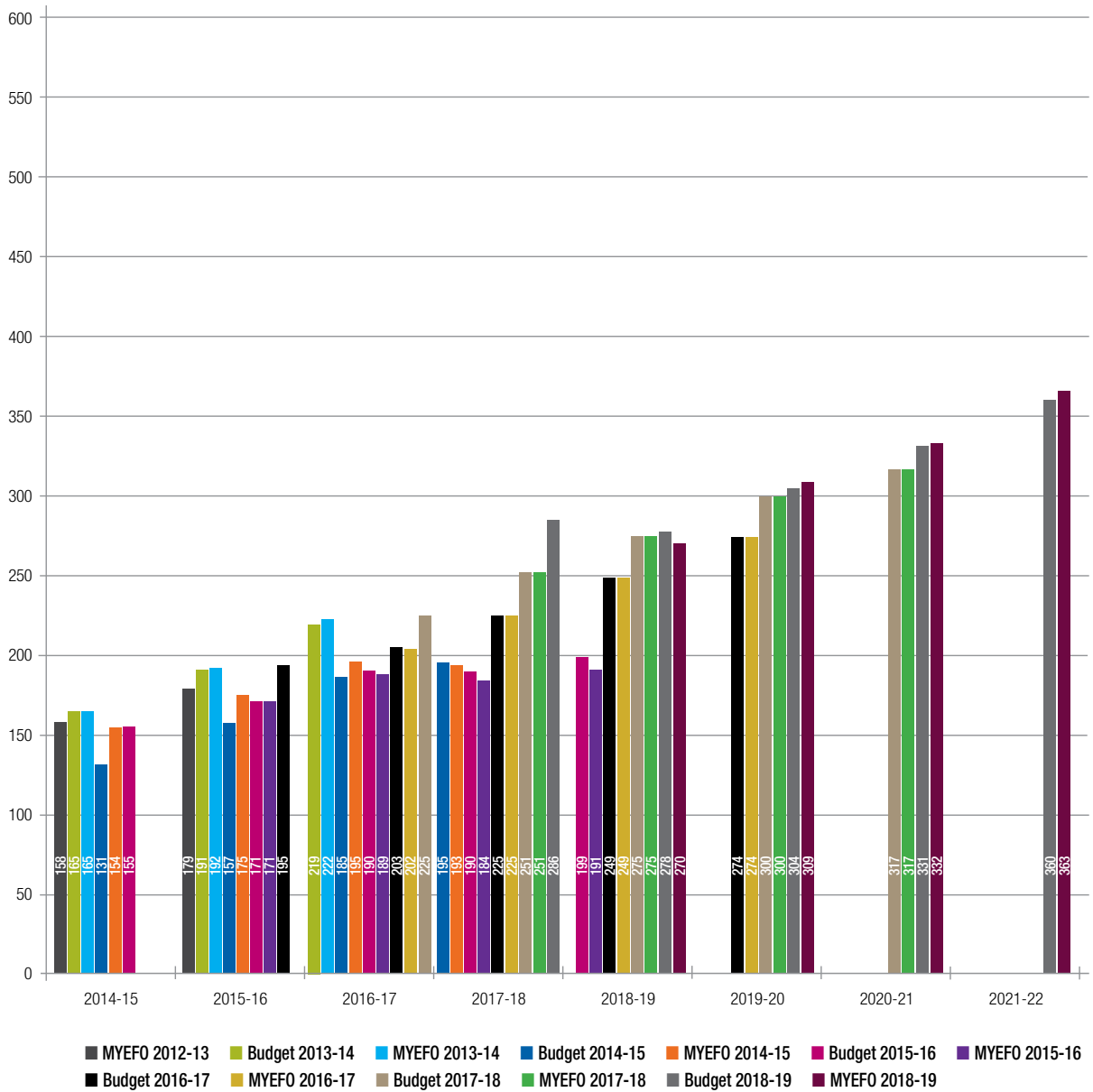
Percentage of Category 2 elective surgery patients admitted within the recommended time (90 days) – NT



Sources: 2004-10 The State of Our Public Hospitals (DoHA); 2011 FOI request reference 253-1011 lodged June 2011; 2011-12 estimate based on State and Territory Government published data; State and Territory data for 2012 calendar year published by AIHW in Australian Hospital Statistics: National emergency access and elective surgery targets 2012; AIHW Australian Hospital Statistics: Elective Surgery Waiting Times 2015-16 to 2017-18

Commonwealth funding Public hospitals – NT

\$ million



Source: Commonwealth Budget and MYEFO papers, Commonwealth funding for public hospitals

DATA SOURCES

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