Submission to the National Commission of Audit

For those of us who have worked in the Health sector for any length of time it is patently obvious that there is a real problem with waste of the Health dollar.

For the lay person it can be difficult to ascertain the true cost of Health care in terms of dollars to the Australian taxpayer but it is clear that it runs into many billions. Perhaps a working estimate of $140 billion + is provided by http://www.aihw.gov.au/publication-detail/?id=60129544658

If we could save even 1% of the cost by reducing waste then the result would be meaningful. I don't have figures but common experience tells me that at least 1% and probably considerably more could be saved by reducing spending at a micro level.

Summary: The responsibility for decisions as to whether or not an expense will be incurred by the Health sector at a micro level is spread very widely across the sector. Put at its most simplistic, very junior clinical and non-clinical staff are making decisions which result in a cost to the service and many of them are not good at it. Across Australia large amounts of money are being spent on utilities with little comprehension of cost/benefit. A serious tightening of the rules on spending is needed. *There needs to be a systemic, structured programme which causes service providers, including administrators, to consider what they are spending with either a penalty for poor quality performance or better still an incentive for getting it right.*

Anecdote: Anecdotes can be open to criticism but I will relate one anecdote which gives some insight to the greater problem. An [redacted] Mackay resident with end-stage cardiovascular insufficiency was referred to a Cardiologist who visited Rockhampton on a Sunday. The patient was sent to Rockhampton by taxi (700 km return) because the rules meant that he was not eligible for a flight which was both available and cheaper. The whole notion of this exercise is questionable as the old man soon died of his obviously irretrievable disease state. *Control of micro-spending needs to be upgraded. Rules which apply in capital cities need to be modified for the Regions.*

Referrals: Referrals are costly and all too often are patient driven. Patients commonly demand a referral to a Specialist for minor disorders which could easily be managed by their GP. The GP is under pressure to give the referral. Huge expense can commonly arise from a simple referral. *The system of referrals remains useful but needs to be overhauled.*

Travel and accommodation: For Provincial patients to travel to the city often requires a spouse to take time off work and for children to miss school. Costs to the individual include travel, accommodation and the time off work. Time off work is a cost to the employer.

Sometimes the visit to the doctor is for nothing more than to tell him/her the operation has been a success. There is a notion among the public that city medicine is better medicine. When they push for referrals to the city (throughout Australia) they can generally get assistance with travel and accommodation. A significant percentage of this is wasted with particular reference to 'come back and see me in six weeks for a post-op check'. *Guidelines on the costs of travel and accommodation need to be greatly improved.*

Consultation: From a Government point of view, Bulk Billing is a mechanism which provides affordable Health care to the disadvantaged. From the point of view of an entrepreneur Bulk billing is all about making money out of the government. The higher the throughput the higher the return. Practice owners, who are often not clinicians, become quite expert at training their doctors, who are commonly sponsored, overseas doctors to limit the content of a consultation and arrange for the next visit to discuss the results of tests. *There needs to be a practical solution to this problem.*

Investigations: Vast amounts of dollars are being spent by junior doctors both in the private and public sectors on investigations. Very many of these investigations are questionable as to the benefit they may confer upon the patient. Imaging services in particular are expensive. Corporatisation of imaging where the doctors are in the employ of a company seems to have encouraged the ordering of further costly imaging. *Guidelines on the costs of ordering of pathology and imaging and ways to minimise those costs need to be greatly improved.*

Non-invasive treatment: Not all management results in surgery. Clearly medication is to the fore. It is common for patients to cease a medication after a few days and throw away the rest of the tablets. The Mirena intra-uterine device is heavily subsidised by the Government. Mirena is designed to last up to five years but quite a few devices are removed after a short time. *Guidelines on the costs of medicines and ways to minimise those costs need to be greatly improved.*

Invasive treatment: There is a very wide range of surgical (invasive) management. Generally, the pre-operative process is well recognised such that most procedures under anaesthetic may be justified. There are probably few savings to be made here. There is however a lot of waste of resources with particularly disposable, sterile instruments being opened and either scarcely being used or not used at all before being scrapped. *There needs to be significant education of theatre staff on the careful consideration of deploying theatre resources.*

Return visits: This week I happened to be at the front desk when a patient tried to book a post-operative appointment after a sterilisation operation. This would have meant a 1200 km round trip to tell me she is well. I negated the visit and we will talk on the phone. Substantial amounts of tax dollars are lost through this scenario. *There needs to be*

education of clinical and administrative staff to question the needs for long distance travel for post-operative visits in particular.

Problems (alphabetic):

1. **Best practice:** In recent times someone has come up with the notion of 'best practice' and it has become something of a mantra. Basically it implies that 'my practice is better than yours'. No-one really knows how best practice has been defined but it is a great tool to use if you are furthering your own career or selling something to the Health sector. *Checks and balances are required particularly on the content of websites which extoll the virtues of individual practitioners or hospitals.*
2. **Cancellation of clinics:** This is largely a public sector problem where people can travel long distances to find that their clinic has been cancelled. *There needs to be better planning of clinics and back-up to cover unforeseen circumstances.*
3. **Cancellation of theatres:** Again this is largely a public sector problem but it is costly. It is rare for a private sector clinic or theatre to be cancelled. *There needs to be better planning of theatres and back-up to cover unforeseen circumstances.*
4. **Defensive medicine**: A significant percentage of the Health dollar is simply wasted because of defensive medicine. A tiny fraction of the money spent on defensive medicine, which is broad-reaching but includes voluminous record collection, is ever justified in a lawsuit. Even meticulous record keeping may not prevent a successful suit so the money may be wasted anyway. The legal profession has worked towards laws which force doctors and other Health-care givers to remove a goodly proportion of the Health dollar from patient care. *The whole area of medico-legal and the approaches of the Health sector to it need a close examination.*
5. **Duck shoving:** The best way for a desk clerk to get rid of someone is to find fault with the referral details and block the progress. Thus if a patient has managed to get to a clinic desk and their referral details are in some way incomplete they are sent away to come back at some future date. *This is common, costly and the system needs to be changed.*
6. **Inappropriate opening and waste of clinical material resources:** There has developed a throw-way mentality which equates single-use items as being cheap or inconsequential. Staff in theatres often open disposable materials 'just in case' and the equipment goes straight to the bin without being seen by the surgeon. This happens every day across Australia and the taxpayer pays. There is a notion that because an item is 'rebatable' it doesn't matter if it is used appropriately or wasted. By clever marketing*, the profit margins of companies may depend on what hospitals throw away and this needs to be addressed.*
7. **Inappropriate ordering of bulk pathology:** Commonly patients arrive with sheafs of paper showing the results of much testing for problems which seem trivial and non-

threatening. Pathology referrals commonly are inappropriate and, though costly, do not contribute to the outcome. *Specific diseases need Green/Yellow/Red cost banding for Pathology testing.*

8. **Inappropriate ordering of imaging:** Imaging (X-rays, CT scans, ultrasound and MRI) can greatly enhance early diagnosis and treatment. All too commonly inappropriate imaging is ordered. All too commonly we see imaging reports which in the past would have been clear and decisive and yet are now incomplete and uncertain. The report will either say to repeat the scan after an elapsed period of time or indeed that further, costly imaging be done such as MRI. *Specific diseases need Green/Yellow/Red cost banding for Imaging.*
9. **Marketing:** There is a burgeoning market for 'clip-ons' where a company sells an item which they have been able to persuade hospitals to buy on the grounds of spurious need, e.g. 'best practice'. There may be a tiny niche for their product but they know that once in the door it will rapidly become the norm to use it. There are many examples but a good one is the white stockings used to minimise the risk of thrombosis in an 'at-risk' group. We are now seeing young patients who are having very short procedures, wearing white stockings. Good marketing but poor Health Care Governance. *There needs to be a clear set of guidelines on the use of a range of clip-on accessories.*
10. **Micro-decisions:** Large numbers of Healthcare givers, often with minimal insight, are allowed to spend money every day with little regard to their capacity to make quality decisions. There is substantial waste here. *A quantum leap in the quality of management is needed.*
11. **Privacy:** Desk clerks have become very good at quoting privacy requirements when they are asked to forward results to an active clinic even if the patient is sitting with the doctor who needs the information. This means they don't have to go and get the results and instead the clinic seeking the results has to write a letter countersigned by the patient whose results are sought. This immediately creates costs for letter writing and for the patient to come back on another day. Thus the most junior person can add to costs. *Clear, practical guidelines on the release of patient information to another clinic need to be produced.*
12. **Quality Assurance:** This was an American idea which took off here in the 1990's. The essence of Quality Assurance could be written on a couple of pages of A4 but instead, careers were forged on the back of Quality Assurance and libraries were filled with Quality Assurance literature. Vast amounts of money went into Quality Assurance and related activities but it is clear to real Health care providers that the introduction of Quality Assurance has resulted in a decrease in the quality of Health care provided to people. *Quality Assurance is important but the gravy train which it spawned needs to be recognised and brought to a halt,*
13. **TeleHealth:** Heavily pushed by the last Government, TeleHealth will push costs up. Entrepreneurs are organising banks of computers in the cities, staffed by whomever

they can get. They will organise pathology, imaging and pharmacy through preferred providers and will require patients to travel to the city for services despite those services being available in the provinces. *Telehealth needs to be rapidly regulated before it becomes a cash cow for entrepreneurs.*

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