

Costs up, services down, safety poor

A new analysis of Tasmanian public hospital performance

Martyn Goddard

Key points

Recently released data on Tasmanian public hospital performance reveal that:

- The numbers of full-time equivalent (FTE) doctors fell by 21% in the two most recent years for which data are available, ending June 2013.
- The average FTE salary of each doctor rose by 32% over the same period, mainly due to special deals negotiated by individual surgeons and physicians.
- FTE nurse positions fell by 6% but the cost of employing each one rose by 12%.
- Overall costs of running Tasmanian hospitals rose substantially faster than the national average.
- Taking population size into account, Tasmania has far fewer public hospital beds than any other state or territory and delivers hospital care to a much smaller proportion of its population.
- Key measures of the safety and quality of care, compiled for the first time, show Tasmanian public hospitals are far more likely than their interstate peers to harm patients.

Costs up, services down, safety poor

A new analysis of Tasmanian public hospital performance

The most recent data on hospital performance from the Australian Institute of Health and Welfare¹ shows the historic decline in relative efficiency of the Tasmanian public system has not only continued but apparently accelerated. Tracking two years of data – for the two years following the the previous government’s 2011 budget cuts – reveals that in contrast to frequent claims by the previous government, the damage of 2011 was not only not being repaired but was instead accelerating.

An exodus of doctors and nurses

Among the most detrimental effects of the budget cuts was an exodus during 2011-12 of experienced doctors and nurses. In that year the number of full-time equivalent (FTE) doctors fell by 120 and the number of nurses by 65, while administrative and domestic staff levels actually increased. Though the previous Health Minister, Michelle O’Byrne, claimed repeatedly that this damage was being reversed, the most recent data show, instead, that it had substantially worsened. In the most recent full financial year, 2012-13, the exodus continued with another 86 doctors and 102 nurses (on an FTE basis) leaving the system.

Over the two years, the system has lost a net total of 206 doctors (or 21%) and 167 nurses (or 6%), again on an FTE basis.

Doctor numbers have been lost both to outright resignations and by senior specialists reducing the hours they make available to their public hospital and spending the rest of their time in private practice. Recruitment of new staff has been utterly inadequate in making up the ongoing shortfall, with the result both that expensive locums must be employed and less-experienced and less-skilled junior doctors must try to fill the gaps left by their missing mentors. This has clear potential impacts for patient safety.

Average full-time equivalent staff, public acute and psychiatric hospitals, Tasmania 2010-11 to 2012-13

FTE staff	2010-11	2011-12 (change yoy)	2012-13 (change yoy)	Change (%) over two years
Salaried doctors	977	857 (-120)	771 (-86)	-206 (-21%)
Nurses	2 801	2 736 (-65)	2 634 (-102)	-167 (-6%)
Diagnostic, allied health	565	554 (-11)	610 (+56)	+45 (+8%)
Administrative, clerical	1 095	1 110 (+15)	1 120 (+10)	+25 (+2%)
Domestic & other staff	1 066	1 092 (+26)	1 089 (-3)	+23 (+2%)
Total staff	6 504	6 349 (-155)	6 224 (-125)	-280 (- 4%)

Although it might be expected that the increased reliance on lower-paid junior doctors would decrease the average cost of each FTE position, the reverse has happened. As the following table shows, average FTE salaries have increased sharply both for doctors and nurses. The cost of employing each doctor rising by 18% in the first year and 11% in the second; and, for each nurse, up 6% in the first year and 5% in the second. As the table shows, this is – particularly for

¹ AIHW, *Australian Hospital Statistics 2012-13*, Australian Institute of Health and Welfare, Canberra, Cat. no. 145. Data are drawn also from the editions of 2010-11 and 2011-12.

doctors – far in excess of the national average.

In two years, FTE doctor costs have gone from well below the average of all states and territories to well above, rising by 32% over the period against a national average of only 7%. Nurses average FTE salaries rose by 12% compared with 7% for all states and territories.

This has almost nothing to do with general wage increases and almost everything to do with the sharply declining efficiency with which Tasmanian public hospitals are being staffed and administered. Large numbers of senior surgeons and physicians have been allowed to negotiate individual ‘special deals’ by which they are paid more for doing less. Too many expensive locums are being employed to fill in for doctors who have either left or are working part-time in private practice. Rather than employing an adequate number of nurses, those who remain are required to work long and expensive periods of overtime.

Average FTE salaries (\$), public acute and psychiatric hospitals, Tasmania and Australia 2010-11 to 2012-13

<i>FTE staff</i>	<i>2010-11 Tas</i>	<i>2010-11 Aust</i>	<i>2011-12 Tas (% increase)</i>	<i>2011-12 Aust (% increase)</i>	<i>2012-13 Tas (% increase)</i>	<i>2012-13 Aust (% increase)</i>
Salaried doctors	152 978	170 009	180 466 (18%)	181 950 (7%)	201 237 (11%)	182 609 (0%)
Nurses	81 908	83 705	86 968 (6%)	89 235 (7%)	91 611 (5%)	89 971 (1%)
Diagnostic, allied health	83 238	77 112	86 607 (4%)	80 094 (4%)	89 570 (3%)	79 961 (0%)
Administrative clerical	59 155	60 715	62 744 (6%)	66 205 (9%)	64 595 (3%)	68 122 (3%)
Domestic & other	50 053	62 014	53 536 (7%)	63 289 (2%)	56 485 (6%)	63 405 (0%)
Total staff	83 653	87 090	89 578 (7%)	92 841 (4%)	94 005 (5%)	93 762 (1%)

Value for money

Another measure of the poor value for money delivered by Tasmanian public hospitals compared with their peers around the nation is a much faster growth in health expenditure. Over the four years to 2012-13, Tasmanian hospital funding rose by an annualised rate of 5.9% against a national average of 4.7%. In the final year, coinciding with the slump in staff use and employment efficiency, Tasmanian costs rose by 1.7% against 0.4% for all states and territories.

Recurrent expenditure (\$ million, constant prices), public hospitals Tasmania and Australia, 2008-09 to 2012-13

	<i>2008-09</i>	<i>2009-10</i>	<i>2010-11</i>	<i>2011-12</i>	<i>2012-13</i>	<i>Av change since 2008-09</i>	<i>Av change since 2011-12</i>
Tasmania	762	874	925	941	957	5.9%	1.7%
Australia	34 715	35 994	38 982	41 567	41 741	4.7%	0.4%

The available measures also show that as well as being exceptionally expensive, Tasmanian public hospitals deliver far fewer services than their interstate peers. Taking population size into account, this state ties with Western Australia as having fewer hospital beds than any other state or territory.

Average available beds per 1 000 population, states and territories, 2012-13

<i>NSW</i>	<i>Vic</i>	<i>Qld</i>	<i>WA</i>	<i>SA</i>	<i>Tas</i>	<i>ACT</i>	<i>NT</i>	<i>Aust</i>
2.9	2.4	2.6	2.4	3.0	2.3	2.5	3.0	2.6

And, again taking population into account, Tasmanian hospitals treat fewer patient, by a wide margin: 91.7 overnight separations per 1,000 population, compared with the average of 115.4. This is not because Tasmanians require less care: our older, sicker, poorer population in fact requires more care and is more reliant on the public system. So even these very poor figures are likely to mask a very high, but largely undocumented, level of unmet demand. The story is the same for overnight and same-day patients.

**Overnight acute separations per 1 000 population, public hospitals, states and territories
2010-11 to 2012-13**

	<i>NSW</i>	<i>Vic</i>	<i>Qld</i>	<i>WA</i>	<i>SA</i>	<i>Tas</i>	<i>ACT</i>	<i>NT</i>	<i>Aust</i>
2010-11	114.5	111.3	103.8	111.4	118.7	92.2	128.2	189.4	112.0
2011-12	120.4	113.4	109.6	114.9	122.4	89.7	128.2	190.7	116.2
2012-13	121.3	107.7	112.0	114.4	122.5	91.7	122.9	188.6	115.4

**Same-day separations per 1 000 population, public hospitals, states and territories
2010-11 to 2012-13**

	<i>NSW</i>	<i>Vic</i>	<i>Qld</i>	<i>WA</i>	<i>SA</i>	<i>Tas</i>	<i>ACT</i>	<i>NT</i>	<i>Aust</i>
2010-11	171.6	244.0	225.0	249.5	190.1	89.3	144.8	329.3	212.3
2011-12	178.1	252.8	233.6	259.1	198.9	89.2	147.1	363.7	219.5
2012-13	182.5	238.6	242.6	268.0	204.3	n.p	n.p	n.p	220.9

Poor safety indicators

Tasmanian hospitals also appear to be more likely than their interstate peers to harm their patients. As part of the previous federal government’s national health reform agenda, data on several safety-related benchmarks became available nationally for the first time this year. According to these benchmarks, Tasmanian hospitals are second only to the Northern Territory as the most unsafe in the country.

In one measure – the rate of hospital-associated *Staphylococcus aureus* (golden staph) infection – Tasmania performs fairly well overall against national norms. This is a direct result of a hand-washing regime led by some infectious diseases physicians. But this masks the differences between the two hospitals doing well – the Royal Hobart and North-West Regional Hospitals – and the one which is not, the Launceston General. In 2012-13 the RHH had a *S. aureus* infection rate of 0.85 per 10,000 patient bed days against a national peer-group average of 1.35; and the NWRH had 0.30 against 1.05 for its peers. In contrast, the Launceston General’s figures were 1.47 against 0.92 for its peers.²

Another key measure of safety and quality in health care is the rate at which someone receiving care for one problem finds another happening while they’re still being treated. Tasmania has the second-worst record in the nation.

² *Healthcare-associated Staphylococcus aureus bloodstream infections in 2012-13*, National Health Performance Authority, Canberra 2014.

**Proportion (%) of separations with a condition arising during the episode of care,
public hospitals, states and territories, 2012-13**

	<i>Vic</i>	<i>Qld</i>	<i>WA</i>	<i>SA</i>	<i>Tas</i>	<i>ACT</i>	<i>NT</i>	<i>Aust</i>
Overnight	26.9	18.1	16.0	18.8	24.0	21.6	11.4	21.1
Same day	0.9	1.1	0.5	1.7	1.0	1.7	0.4	1.0
Total	12.6	9.6	7.6	10.9	12.0	11.1	4.0	10.5

NB: Data for NSW are not published

According to a second benchmark – the rates of unplanned readmission within 28 days – Tasmanian hospitals are also relatively unsafe. If someone has to go back unexpectedly to hospital so soon after surgery, there is a high probability that something has gone wrong as a result of treatment. These rates are recorded for seven surgical procedures: Tasmanian data are available for six of these. For appendicectomy the state’s 28-day readmission rate is 26.5 per 1000 separations (against a national average of 23.1); for cataract extractions, 4.4 (against 3.4); hysterectomy, 52 (30.6); hip replacement 29.6 (17.6); prostatectomy 57.8 (31.1) and tonsillectomy/adenoidectomy 51.9 (33.1).

Falls by patients are a significant cause of treatment-associated harm and of how well hospitals look after their patients. Tasmania’s result is the worst in the nation.

**Separations for falls resulting in patient harm, per 1,000 separations,
states and territories, 2012-13**

<i>NSW</i>	<i>Vic</i>	<i>Qld</i>	<i>WA</i>	<i>SA</i>	<i>Tas</i>	<i>ACT</i>	<i>NT</i>	<i>Aust</i>
4.8	3.5	3.5	3.6	4.3	5.3	3.8	1.6	4.0

Conclusions

By all the main measures of hospital performance – cost efficiency, availability and responsiveness of care, use of staff and resources, and safety – Tasmanian public hospitals have a lamentable record. The state is less capable of dealing with the health needs of its population than any other state or territory – going far beyond the financial problems all which beset all states. The unique situation in Tasmania points to incompetent administration and an almost total absence of responsible political leadership.

Given the dismal and even dangerous state of Tasmanian hospital administration, it is doubtful whether, at the time examined by the data in this paper, the former Minister for Health and the previous state government had even made themselves fully aware of what was going on. Certainly, the public statements emanating from the Minister and the Department of Health and Human Services at the time gave no suggestion that there was anything seriously wrong with the system and that anything that was wrong was being fixed. The truth was the precise opposite of this.

At the core of this issue is the basic trust a democratic community must place in the people it elects and the officials upon whom it relies to provide essential services to safeguard life and health. By presiding over such a chaotic system, and then misleading the public about that reality, that trust has been betrayed.

Though the situation has been developing for many years, it is in the two years following the government’s budget cuts of 2011 that the deficit of competence and responsiveness accelerated to a point of crisis. The fact that such a crisis exists provides, or should provide, impetus for a new government to insist on radical and far-reaching change. As the Bansemer report noted, the very

culture in which our hospital system operates must change. It is difficult to see how this can happen if the people previously in charge simply continue at their posts.

But a change of personnel will not provide the solution unless there is a coherent, evidence-based program of reform for almost every aspect of hospital care and administration in Tasmania. Fortunately, that evidence is readily available: we know what to do. Measures such as the more rigorous application of activity-based funding, redesigning the patient 'journey' through hospital under the leadership of the doctors and nurses involved, and strengthening purchasing power for drugs and supplies by teaming up with other states have been shown to work many times in Australia and around the world.

The impetus for this change can only come from the top: from the Minister for Health himself. Without active and determined political leadership, such fundamental change will not occur. We have seen the results of the absence of such leadership by the previous administration.

As well as changing what happens on the wards, we need to fundamentally restructure governance arrangements. At the moment – with three hospital systems for a population of half a million, with unclear and dysfunctional lines of responsibility between hospital administrators, Tasmanian Health Organisation, the Department and the Minister, nobody can be said to be in charge. That must change. Rather than circulating endlessly, the buck must be made to stop somewhere: and that can only be with the elected Minister.

Martyn Goddard

martyng@netspace.net.au

June 2014

Martyn Goddard is an independent health policy analyst based in Hobart.