

21 July 2016

Human Services Inquiry  
Productivity Commission  
Locked Bag 2, Collins Street East  
Melbourne VIC 8003

**Submitted via website:** <http://www.pc.gov.au/inquiries/current/human-services/make-submission>

To whom it may concern

The Royal Australian College of General Practitioners (RACGP) thanks the Productivity Commission for the opportunity to contribute to its inquiry in relation to increased competition, contestability, and informed user choice for human services (the inquiry).

In responding to *Human Services: Identifying sectors for reform – Productivity Commission Issues Paper* (the Issues Paper), the RACGP has considered the application of competition, contestability and user choice principles in the health sector. As such, comments in this letter are restricted to health services.

#### ***Overall comments on the Issues Paper***

The RACGP notes that the issues paper is broad in scope and therefore difficult to provide specific comment on the topics it covers. It is important that subsequent papers provide further detail regarding proposed actions, to allow the health profession, patients and the general community to provide meaningful input on any recommendations before they are provided to the Australian government.

In general, while supporting the concept of improved health service delivery (potentially achieved through competition, contestability and informed user choice), it is important that Australia does not seek to import failed overseas models and apply them locally. Australia has a high performing health system when compared internationally. Total Australian healthcare spending accounts for around 10% of Australia's GDP, close to the OECD average, while life expectancy is one of the highest in the world.<sup>1</sup>

#### ***Seeking to further apply competition, contestability and user choice in the general practice sector***

The RACGP supports the acknowledgement in the Competition Policy Review Final Report that governments need to recognise that choice is not the only important objective in the human services sector.<sup>2</sup>

We also note the Productivity Commission's acknowledgement in the Issues Paper that some services are "not well suited to the application of competition principles..." (p.8).

Given the above, the RACGP recommends caution when seeking to apply increased competition and contestability to the health sector. The concept of competitive commissioning of health services, for example, requires engagement with the community, clinicians and service providers, and is both labour intensive and costly.

Further, change to funding approaches have the potential to disrupt effective service models and systems to the community's detriment.

### ***Informed user choice and protecting equity of access***

It is important to note that it is difficult for consumers to make a genuinely informed choice regarding healthcare services beyond the measures of out-of-pocket cost and access.

More specifically, vulnerable groups may not have the capacity to exercise informed choices or may not benefit from an increase in choice, competition or contestability.

All people must be protected and supported to continue to access high quality healthcare services.

### ***Performance data and information in the human services sector***

The issues paper asks respondents to discuss how best to improve performance data and information in the human services sector, after identifying that a range of performance data is collected in healthcare. The example provided is the Australian Atlas of Healthcare Variation<sup>3</sup>, which was released in 2015 and suggested that healthcare variations could reflect that care is not being provided in line with the evidence base, differences in access to services or disparities in how healthcare is organised.

The RACGP has identified a range of limitations to the use of healthcare variation data, not least that there are many additional reasons for variation in healthcare use, including:

- socioeconomic factors
- patient need
- regional variation in patient groups or local emergencies (eg location of major services in a region can affect the usefulness of data).

More generally, the RACGP suggests that performance data or information should be reported only as an aid to quality improvement, in a manner relevant to the end users and in a way that optimises health service delivery. Performance data or information usually reports on service outputs and therefore cannot often provide answers about health outcomes. The use of performance data or information in other jurisdictions as a mechanism for determining payments for services has not led to an improvement in health outcomes.



# RACGP

Royal Australian College of General Practitioners

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I hope this information is of assistance to the inquiry. The RACGP is keen to participate further in the inquiry, and looks forward to more detailed consultation papers, including specific proposals related to the principles of competition, contestability and user choice. Should you need any additional information, please contact me or Mr Roald Versteeg, Manager – Advocacy and Policy, on (03) 8699 0408 or on [roald.versteeg@racgp.org.au](mailto:roald.versteeg@racgp.org.au)

Yours sincerely

Dr Frank R Jones  
President

<sup>1</sup> OECD. OECD Health Statistics 2014. <http://www.oecd.org/els/health-systems/oecd-health-statistics-2014-country-notes.htm> (accessed 14 July 2016)

<sup>2</sup> Harper I, Anderson P, McCluskey S, O'Bryan M. The Australian Government Competition Policy Review – Final Report. Canberra: The Treasury, 2015

<sup>3</sup> Australian Commission on Safety and Quality in Health Care (ACSQHC) and National Health Performance Authority. Australian Atlas of Healthcare Variation. Sydney: ACSQHC, 2015