Silver Chain

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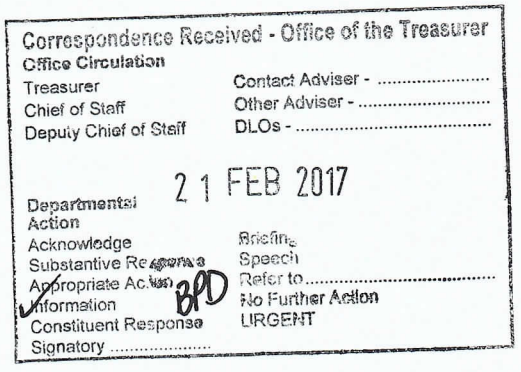

Hon. S Morrison MP
Treasurer of the Commonwealth of Australia
PO Box 6022
House of Representatives
Parliament House
CANBERRA ACT 2600

Dear Treasurer,

Please find enclosed a federal budget submission prepared on behalf of Silver Chain Group.

As you may be aware, Silver Chain is one of Australia's largest not for profit organisations delivering community health and aged care services. We operate in five Australian states, including in metropolitan regional and remote WA.

Our history dates back more than 110 years in Western Australia and more than 120 years as the Royal District Nursing Service in South Australia.

Silver Chain seeks Commonwealth support (non-monetary) to pilot a peri end of life (PEoL) care model aimed at substantially improving health and aged care delivery in the last 3-5 years of life (brief overview attached). This submission seeks support for the creation of a temporary pilot MBS item number that will provide an incentive for General Practitioners to actively participate in the model of care. This new MBS item number would be at no additional cost to government.

It is our considered view that the way the Australian healthcare system manages people at the end of life is clinically and economically misaligned, and delivers sub optimal care at the most vulnerable point in an individual's life.

We believe our PEoL care model will save taxpayers money by fully integrating aged care with medical care, allied health and district nursing, there by incorporating the primary providers of community based health and aged care into a single organisations process.

The challenge is to bring an end of life service system designed for the early Century into the 21st Century, where people are living longer. Silver Chain is determined to work with Governments to help meet this challenge.

I would be happy to meet with you to discuss any aspect of this submission. I have also written to the Minister of Health Hon Greg Hunt MP, about our proposal.

Should your office wish to contact me personally, my mobile number is 0401 718 111.

Yours faithfully

Dr Christopher McGowan
Chief Executive Officer

Executive Summary

One hundred percent of all Australians, when at their most vulnerable will need to access a health care system never designed for them. That system will fail many of them. The core contention that underpins this submission is that organisations must be developed that meet the specific needs of patient groups requiring complex integrated care as they approach the end of their lives. It is an unrealistic expectation that our existing generic General Practice approach can adequately address the varied and increasingly complex integration challenges of the health and aged care needs of our ageing population.

Silver Chain recommends the Australian Government approve a trial of a new MBS Item number that substitutes General Practice episodic treatment/consultations for a single session (four hours) payment. This would allow for participation in a program that will substantially improve care in the last year(s) of life for people who otherwise are amongst the country's least well served and most costly consumers of health care. This will offer a complementary option to reforming primary care, consistent with the Australian Government's stated policy, and help to de-risk the Health Care Homes initiative. The new Item number is part of a broader Government initiated reform effort, which recognises the business model that underpins General Practice is in need of change. This change (consistent with the Government's announced Health Care Homes initiative) will allow new and innovative approaches to meeting the need of burgeoning high cost patient cohorts.

Issue

While Australia enjoys one of the world's best health systems, it remains largely based on providing episodic treatment for particular illnesses or events. GPs, Emergency Departments, outpatients and diagnostic services are funded via a price/volume reward system, which has contributed to a (technically) efficient system. While this approach has served Australians reasonably well in the past, it will not meet the growing needs of the population, nor contribute to cost containment, as health issues increasingly require management approaches that are not reflective of the current episodically based system.

The Australian Government's Health Care Homes initiative presents a practical shift in the incentive and reward system for GPs to consider a patient's needs over a continuous period and, in this respect, should be applauded. However, improved patient outcomes will be more substantively generated by improving the cross-system organisational design of health care, giving rise to new organisational and clinical care models.

Patients, who are at high risk of acute illness, and consuming high costs, are best served by integrating the health care they need – this is not a new contention. However, in Australia, historically the system has relied on GPs to deliver integrated care from within their current practice business model, which is optimised around a fee-for-service (FFS), 10-minute reward system. It is clear, even when GPs endeavour to deliver more integrated care, their ability to coordinate clinical and aged care providers who are not captured within the GP practice (for example, medical specialists, aged care, disability care etc) is very limited. Furthermore, the emerging use of technology to empower and enable patients to maintain their central position in their personal health care is not within the scope or capability of General Practice to exploit.

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This submission proposes to trial an MBS Item payment that allows GPs to become a central part of an organisation that integrates multiple clinical and aged care providers around a cohort of patients for whom the current health system does not adequately service or is particularly dysfunctional.

Central to this submission is the belief that, this approach will pave the way for new organisations to form which will significantly improve care for vulnerable patients at no additional cost to the Australian and state/territory governments – indeed, potentially reduce cost.

While this proposal will target patients who are within their last years of life, it is also relevant to other specific high risk/groups such as those suffering with cystic fibrosis, cancer, chronic co-morbidity and many other specific conditions. The core contention is that organisations should be developed to meet the specific needs of patient groups who require complex integrated care rather than expect a generic General Practice to address the varied and increasingly complex integration challenges are required to be in situ to respond appropriately to the current reality of health and aged care needs in Australia.

Peri-End-of-Life Patients

While this submission aims to demonstrate a new approach to integrated care for a wide range of specified complex care patients, Silver Chain's specific target population is people who are in their last (two or three) years of life; Peri-end-of-life (PEoL) patients.

PEoL patients include but are not limited to palliative care patients. Palliative care patients typically know death to be imminent – within the coming few months. However, as people age and the diseases associated with age begin to significantly affect day-to-day life the health system fails. As with patients with multiple chronic conditions, they experience being passed between clinical actors. These patients are often not aware they are likely to be in their last year(s) of life, let alone being in control of, their end-of-life journey. Families are often anxious for their loved ones. There is rarely a process whereby patients are supported to plan and experience an end-of-life journey that reflects their personal preferences and values. (This submission is silent on the issue of assisted suicide however; our experience is that the issue of assisted suicide is significantly diminished if impeccable end-of-life care is available that reflects patient's preferences).

> *"Despite the high level of funding to encourage good practice – to pay for planning, team care coordination, health assessments and care reviews in primary care – the quality of care and clinical outcomes for people with chronic disease remains poor or unknown due to the lack of data."*
>
> Grattan Institute

Research shows that a significant proportion of health care is accounted for in end-of life; in the case of cancer patients for example, nearly $200,000 in the last year of life. While we estimate there are approximately 150,000 deaths in Australia each year, of whom about half would benefit from a more integrated model of care, we also suggest that the increasing ability of the health system to keep people alive longer, not necessarily healthier, will continue to drive the need for this particular patient cohort to be addressed. Failure to do so will see an inevitable increase in dissatisfaction from patients, families, carers and providers, as well as imposing considerable extra cost on taxpayers.

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Silver Chain

Silver Chain is a national not-for-profit organisation based in Western Australia for over 110 years and in South Australia more over 120 years as RDNS, providing care so people can remain at home. This includes aged care (Home Care Packages and Commonwealth Home Support Program), and health care. Distinguishing Silver Chain from other aged care providers, it employs some 90 doctors (Specialists and GPs) and some 1,000 community nurses. It provides, on contract to state governments (WA, SA, Vic, NSW and Qld), a range of services to keep patients out of hospital. In particular, it delivers a 'virtual hospital' caring for up to 1,000 patients who might otherwise be in public hospitals. At a cost of circa $30m this service substitutes for a major public hospital that would cost in the vicinity of $300m + $1B CAPEX. Silver Chain is also an international exemplar provider of palliative care in WA, SA and NSW as documented in the 2014 Australian Senate enquiry into end-of-life care. In WA, the palliative care program has resulted in WA having about 50% the number of public palliative care beds per population compared to other states while out performing on patient outcomes measures such a die-at-home rates (indeed we are unable to find a provider of palliative care in the western world with superior outcomes measures).

Proposal

Silver Chain has been providing palliative care in WA for over 30 years employing some 40 GPs. More recently, Silver Chain established its State funded Home Hospital service (virtual hospital) again employing some 40 GPs. In a co-design, partnership with the WA Primary Health Alliance (incorporating three Primary Health Networks) Silver Chain is planning to implement a PEoL program that builds on the excellent outcomes and economic value demonstrated in our other programs. However, GPs are significantly frustrated by the inability of the MBS system to enable them to design care processes that optimise around the needs of their patients. For example, a GP has to visit patients at their homes to derive an MBS Item account. A GP discussing with a nurse or aged care worker the needs of patients is unfunded. Our GPs are effectively unable to practice in a team care arrangement and participate in the 'business processes' that truly reflect a patient centred care model.

Accordingly, we seek to trial a new MBS Item number that allows the Australian Government to be confident that they are getting value for money while at the same time, allowing GPs to participate in an organisation with processes designed to improve and optimise outcomes

The WA Primary Health Alliance estimates a typical GP bills the MBS system $720 per four-hour session of clinical practice. We seek to trial a new MBS Item number equivalent to a single four-hour session. The new item number would attract a payment of $720 and the GP would not be able to raise any other MBS Item number during the designated period thereby directly substituting one set of costs for another – net cost to Australian is $0.00.

This arrangement would only be available to GPs employed in programs that are certified and provide specified outcome data to the Primary Health Networks (PHN) or directly to the Australian Department of Health. This mitigates the risk of GPs potentially exploiting such an opportunity and ensures value for money for the Australian taxpayer.

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GPs who are engaged in this PEoL service would be fully engaged in treating, planning with patients, video-consulting with patients, nurses, aged carers who support patients in their homes, monitoring data from remote diagnostic devices, coordinating amongst other medical actors (particularly hospitals and specialists). **The program is groundbreaking in that it fully integrates aged care with medical care and district nursing thereby incorporating the primary providers of health and aged care into a single organisations process.**

In the case of this proposed PEoL program, positive outcomes include reduced hospital utilisation/cost, higher satisfaction and control by patients of their end-of-life journey, improved quality of life for patients and their loved ones.

The Economic Case

Western Australia Primary Health Alliance (incorporating three PHNs in WA) advises that a GP, on average, raises $720 per four-hour clinical session. This proposal intends to substitute these MBS revenues with a single equivalent MBS trial payment. Standard fraud controls for MBS eliminate the potential for a GP to raise MBS accounts for two consultations concurrently. Accordingly, a GP who is claiming a new MBS Item will be prohibited from billing normal MBS Items simultaneously. This will ensure the Australian's financial risk is managed.

With respect to the question: what happens to the consultations that may have occurred if the GP was not involved in the new MBS Item number (i.e. the legacy demand) we contend that this will be absorbed into the non-participating General Practice sector at the expense of less important demand. That is, as GP supply is limited, the GP market will triage the less important demand from the more important thereby driving more value across the market.

Eventually, as the evidence base builds for the economic case for state governments to contribute hospital cost savings, growth in GP remunerations will be tied to patient outcomes rather than activity.

Essentially, the proposal sets the scene for an economic model for primary care that rewards outcomes (value) rather than activity of practitioners.

Summary

Silver Chain recommends the Australian Government approve a time-limited trial of a new MBS Item number that substitutes GP episodic treatment/consultations for a single session (four hours) payment to participate in an integrated PEoL program. The program will substantially improve care in the last year(s) of life for people who are amongst the country's least well served and costliest consumers of health care. This will offer complementary options to reforming primary care and assist in de-risking the Australian Government's important Health Care Homes initiative. This new Item number is a part of a broader reform effort that recognises the business model that underpins General Practice needs to be open to allow new and innovative approaches to meeting the need of burgeoning high cost patient cohorts (such as PEoL patients).

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An end-of-life model for the 21st century

The way the Australian health care system manages people at the end of life is clinically and economically misaligned.

Developments and advances in medicine and science, along with improvements in many aspects of the social determinants of health, mean people are living longer and in many instances healthier.

However, Australia's current health care funding and delivery framework is based on a system designed to respond to an early 20th century community profile where trauma and infectious diseases were the principal sources of death. This is no longer the case.

The opportunity exists to re-orientate funding systems and technology to meet the contemporary needs of consumers and taxpayers more efficiently and effectively. Technological innovations are rapidly changing and must be more assertively embraced to maximise community benefit.

> "**100%** *of Australians, when at their most vulnerable, will access a health care system that was never designed for them. That system will fail many of them.*"
>
> *Source: Dr Chris McGowan, CEO Silver Chain*

49%
Australians aged 65 - 74 have 5+ chronic diseases

70%
Australians aged 85+ have 5+ chronic diseases

90%
Deaths have chronic disease as an underlying cause

Source: AIHW, 2014

Silver Chain has pioneered a ground-breaking approach to providing care for Australians in their last few years of life - what we refer to as peri-end-of-life (PEOL) care.

This model fully integrates aged and health care including medical, nursing and allied health services. This incorporates the primary providers of community based health and aged care into a single organisation and operational process.

During the pilot phase of our PEOL care model, Silver Chain seeks Commonwealth support to trial an innovative MBS item number (at no additional cost to government).

The need for an integrated service delivery model

Ongoing medical developments extend society's access to curative medicine well into the twilight years of our lives. However, the paradox is that longer healthier life years are matched by more unhealthier life years. Those unhealthy years are often plagued with frailty and suffering associated with multiple medical diagnoses, impacted by social conditions and often resulting in a quality of life that none of us would choose for ourselves or our loved ones.

For many of these Australians, if their Medical Practitioner was asked, "Would you be surprised if your patient was to die within the next 12 months?" they would say "No". Patients who remain unaware of their prognosis are likely to be passed amongst hospitals, specialists, diagnostic providers, aged and social care providers, receiving discrete episodic interventions.

Currently no comprehensive system design exists for an integrated service delivery model that places the patient at the centre (let alone as director) of their Care Plan at the time when they and their loved ones most need it and want it.

The fiscal impact of the burgeoning health and aged care systems on taxpayers is recognised as increasingly unsustainable. The cost of care, particularly hospital care, at the end of life is significant. Approximately 30% of all state government hospital care is provided to people in their last few years of life. Further, the number of people in their last year of life will double by 2040. Substantial improvements to existing clinically oriented practice has resulted in modern medicine being more centred around new drugs and clinical innovations, than around evolving business models that accommodate better targeted patient focused service outcomes.

Our challenge is to bring a service system designed for the early 20th century into the 21st century.

Curative advances mean longer healthier life years and longer unhealthier life years, therefore more frailty and suffering.

Patient Impact

Many patients are unaware of their end of life prognosis and experience fragmented and clinically centric intervention when at their most vulnerable.

Taxpayer Impact

30% of all State Government hospital care is directed at these patients.

Silver Chain

Meeting the challenge

Silver Chain wishs to pilot its PEOL care model coupled with a new MBS item number.

PEOL care has specific characteristics that require a different service design model, one we will demonstrate in our pilot. These characteristics include:

- Choice
  The consumer will make informed choices on the nature of their journey through the PEOL period. As an example, invasive surgery on elderly patients, potentially compromising their quality of life during the PEOL period, is a choice that a well-informed consumer may not willingly make. So why do so many Australians experience such disruptive and expensive surgery every day?
- Co-ordinated
  Service will be co-ordinated around the consumer not the clinician's discrete area of expertise. It's the consumer's PEOL journey, not the clinicians'.
- Integrated
  Core elements of our "one stop shop" system design have been proven in Australia and overseas to reduce hospital stays, increase medication adherence and deliver exceptional patient satisfaction rates.

Silver Chain will pilot a ground breaking "one stop shop" service – fully integrating aged care with medical and nursing care – placing the consumer at the centre. The consumer will make informed choices in designing an end-of-life plan to navigate their remaining years in a manner consistent with their wishes.

A key pre-condition for enabling world's best PEOL experience in Australia is reform of the existing General Practice funding model. The service model developed by Silver Chain would benefit from piloting of a more efficient and effective MBS item number, which would allow for a significant boost in productivity and be nil net cost to the Commonwealth.

For an immediate and ongoing nil net cost to government, Silver Chain and three PHNs have modelled a service that projects a more efficient, effective and therefore productive outcome for the Australian taxpayer.

A new MBS item will enable:

- GPs to design care processes optimised around their patients...
  ...rather than an MBS item that promotes a 10 minute based reward system for General Practice.
- Co-ordinated interaction in a team care arrangement allowing GPs, nurses, allied health and aged care workers to collectively assess the current holistic needs of their patient...
  ...rather than an MBS item that does not fund the interaction of health professionals across multiple settings.
- The use of video and remote diagnostic technology for elderly patients who find it difficult to visit their GP and so are vulnerable to health conditions worsening before they are attended to...
  ...rather than an MBS item that places restrictions on how technology is exploited by vulnerable Australians in need of regular assessment.

We seek no allocation of additive funding, simply re-alignment of existing funding through a new MBS item to support our pilot.

What would be the outcome of such a service?

Silver Chain projects:

- For the consumer
  Significant improvements to their health and aged care delivery experience and quality of life.
- For the consumer's family or carers
  Significant improvements to their experience, mental health and improved capacity to continue working knowing their loved one is being appropriately and sensitively cared for.
- For the tax payer
  Significant reduction in the cost of providing care to the community.

We anticipate the issue of assisted suicide is diminished if impeccable end-of-life care is available.

Silver Chain is at an advanced stage in negotiations to bring an extended Palliative Care solution to New South Wales, that will reduce costs associated with palliative care beds in the public hospital system. We have demonstrated a benefit cost ratio of 1.44 to that State Government based on a proven WA evidence base, that is for every $1 allocated to our service, the State Government liberates $1.44 of hospital capacity. We are confident our pilot will demonstrate an even greater benefit cost ratio for the more populous cohort at the PEOL stage.

Silver Chain also delivers a 1,000 bed "virtual hospital" in WA for patients who would otherwise be in a physical hospital. This reflects the use of community *soft infrastructure* (i.e. care in the home) that can flex to demand. The alternative being *hard infrastructure* in fixed hospitals that require significant capital investment and are not able to flex to demand.

We project a benefit cost ratio to be in excess of 1.44 by delivery of our integrated community service.

At a cost of circa $30m this service substitutes for a major public hospital that would cost in the vicinity of $300m + $1b CAPEX.

What is our request of government?

We seek interest in supporting our world's first PEOL trial in Perth, and consideration of piloting a new MBS item number (at no additional cost to government) to facilitate General Practice engagement in the trial.

Silver Chain's $30m service to 1,000 West Australians in their homes would cost $300m and $1b in CAPEX in hospitals.