

STATE BUDGET

2018–19

MINISTER FOR HEALTH AND WELLBEING STEPHEN WADE MLC MEDIA RELEASE

Tuesday 4 September 2018

Sustainable, efficient health services

The Marshall Liberal Government is establishing a sustainable, efficient health system for South Australians.

The former Labor government, over many years, failed to manage persistent budget blowouts and overspending and consistently failed to deliver on budgeted savings targets for the health portfolio.

“In health, the former Labor government left substantial savings targets and a system out of control with continual overspending,” said Minister for Health and Wellbeing Stephen Wade.

“The health savings targets, left by the former Labor government in its last budget and Mid-Year Budget Review over the forward estimates, were unsustainable – the targets were not realistic or achievable.

“The Marshall Liberal Government also inherited a system with significant existing financial pressures, in particular in the Central Adelaide Local Health Network.

“We will clean up Labor’s financial mess.”

For this reason, the government has provided savings relief for health.

“As a result, this year’s budget has had to allocate an extra \$730 million over the forward estimates,” said Minister Wade.

“Even with this additional funding, there is still a significant savings task left by the former Labor government for health.

“The funding re-sets the savings program for SA Health, to seek to ensure a sustainable health system continuing to provide the necessary services required by the community.

“South Australia is not operating as efficiently as other systems and sensible reforms should be pursued to ensure SA Health delivers more services at the national efficient price in the future. The re-set savings program reflects that goal.”

There are a number of system-wide reforms that will be pursued to help achieve this.

Ultimately, efficiencies and service improvement need to be driven at the local health network level, and the networks will be given greater autonomy and responsibility for

STATE BUDGET

2018–19

delivering quality, efficient services to their local communities. The Central Adelaide Local Health Network has already commenced its turnaround plan, with the formation of a dedicated project office and appointment of external advisors, KordaMentha.

Boards of Governance are being established to provide strong corporate oversight to the Local Health Networks and support effective financial management.

To ensure long-term sustainable health services, system wide reforms and efficiencies are being pursued and implemented including:

- The Department's head office staffing and budget level will be reduced by 10 percent over the next two years. This initiative will deliver savings of \$5.6 million in 2018-19, increasing to \$14.5 million from 2019-20 onwards;
- With the establishment of 10 governing boards for the state's health networks, the focus of consumer engagement will shift to the Local Health Networks as governance is devolved to the boards. Accordingly, grant funding for the Health Consumers Alliance will be discontinued from 1 July 2019;
- Recovery of the public system costs of providing clinicians' rights of private practice. In South Australia, clinicians employed in public hospitals have Rights of Private Practice (RoPP) which enables them to generate additional personal income through treating private patients in public health facilities. Currently, South Australian clinicians contribute nine per cent of the income they generate through treating private patients in the public system towards the cost of providing the necessary insurance coverage and administrative support. In other jurisdictions, the clinicians' contributions is up to 68 per cent in Queensland and Western Australia and up to 90 per cent in New South Wales. A review of South Australia's RoPP arrangements will be initiated as a priority with the aim of bringing the contribution to the public health system closer to the level of costs recovered in other jurisdictions. This measure suggests that an additional \$13.0 million (out of a total \$54.0 million per annum that these clinicians made in private income in public hospitals) will be used to contribute to the costs of the public health facilities that they use;
- Efficiencies in public pathology services will be pursued with the aim of delivering a safe and effective service at a similar cost to those provided by comparable services interstate. It is expected that efficiencies of \$25 million in 2019-20, rising to \$45 million from 2021-22 will be achieved. Should efficiencies not be achieved, the option open to the Local Health Network Boards to procure services from alternative providers will be pursued;
- Reform of hotel services at SA Hospital sites – the standardisation of the delivery of hotel services (i.e. cleaning, catering, etc) across SA Health sites will deliver savings of \$4.5 million per annum from 2020-21;

STATE BUDGET

2018-19

- Efficiencies in public imaging and diagnostic services will be pursued. Previous external reviews have highlighted inefficiencies in SA Medical Imaging Services resulting in around a 30 per cent higher net cost compared to equivalent services interstate. It is anticipated that efficiencies of \$1.1 million in 2018-19, rising to \$6.2 million from 2021-22 will be achieved. External providers already deliver radiology services at Modbury and Noarlunga Hospitals, and some services at Lyell McEwin Hospital and country hospitals. Should efficiencies not be achieved, the option open to the Local Health Network Boards to procure services from alternative providers will be pursued;
- SA Health will be managing NGO contracts more efficiently to reduce overall expenditure by 2 per cent from 2018-19;
- Due to increased inter-hospital transfers between Modbury and Lyell McEwin Hospitals, an approach to the market will be made to determine a more cost-effective means of providing a dedicated transport service. SA Ambulance Service currently provides the service between the two hospitals;
- The proposed Community Wellbeing Alliance is being replaced by the Marshall Government's SA Healthy Towns Challenge which will deliver \$1 million to regional communities over four years;
- Funding for Targeted HIV and STI Prevention Program and non-Government Sexual Health Services (Shine SA) will be reduced. Funding for STI prevention and family planning can be obtained through the MBS (Medical Benefit Scheme). Health funding to Shine SA will continue, however, it will be concentrated on areas where there are no alternate funding options, such as sexual health education and training programs;
- Funding for Individualised Support Program for People with HIV program (Centacare) will be discontinued from 1 January 2019. This program is largely focussed on supporting homeless individuals with HIV, whose conditions can be well-controlled with modern HIV treatments and the issue of homelessness support better managed by more appropriate agencies;
- Funding for blood borne virus and STI prevention programs will be reduced. There has been significant investment in these areas over a number of years, and focus will now move to areas of particular need, pending future direction from Wellbeing SA;
- The existing ethnic ageing grants program will be refocused from 1 January 2019 to ensure adult safeguarding information and ageing well initiatives engage a broader range of communities;

STATE BUDGET

2018–19

- Grant funding for the Elder Abuse phone line will be transferred from the Aged Rights Advocacy Service to form part of the new Adult Safeguarding Unit;
- An elder protection grant to Radio of the Third Age will be discontinued and reallocated to the Aged Rights Advocacy Service for the delivery of a Safeguarding the Rights of older Aboriginal and Torres Strait Islander communities program; and
- The integration of services from St Margaret’s Hospital and Hampstead Rehabilitation Centre into other metropolitan hospitals initiated by the former government will be continued.