

Health care delivery models: the need for change

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The argument - financial version

- Old people use lots of services (which cost money)
- Old people require income support
- Australia is ageing
- Ergo, ageing will cause crisis
- ... and we need to take drastic action
 - Culling illegal
 - Shifting costs on to them is not - and cost shifting is the only lever we have (i.e. not possible to think about service reform)



The argument - health care version

- Old people use lots of services (which cost money)
- Australia is ageing
- Number of health professionals is in shortage (and will get worse)
- Ergo, ageing will cause crisis and we need to take drastic action
 - Culling illegal
 - Shifting costs on to them is not

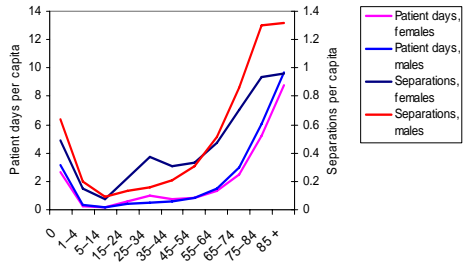
The problem with the voodoo demographics approach

- Ageing of population occurs slowly
- This allows time for adjustment of
 - Services
 - Population
 - Policy
- Implicit assumption of dum bureaucrats, policy works
- Pace this symposium
- Most economics studies do not incorporate net contribution of older people, especially contributions which are not fungible/commodified

What is true?

- Old people use lots of services (which cost money)

Australia: Hospital utilisation rate (separations per capita and patient days per capita) by age group and gender 2003/04

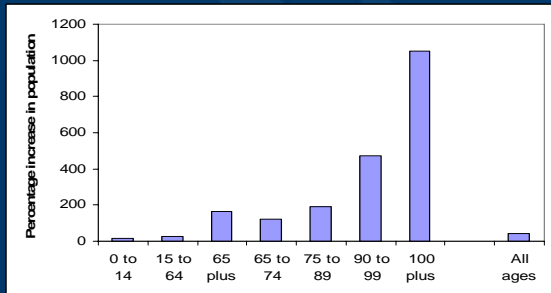


What is true?

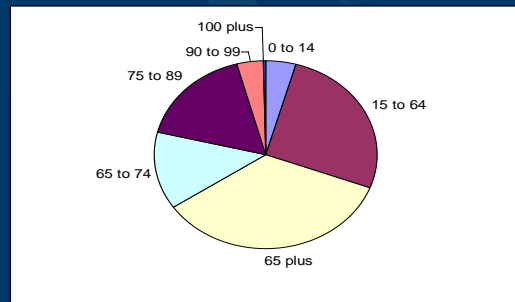
- Old people use lots of services (which cost money) ✓
- Australia is ageing

SHOCK HORROR: WE'LL ALL BE ROONED!

Percentage growth in population by age group, 2003/4 to 2044/45



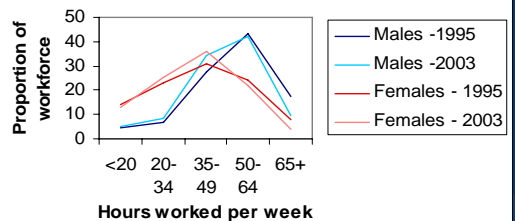
Distribution of increase in population, 2003/4 to 2044/45 by age group



What is true?

- Old people use lots of services (which cost money) ✓
- Australia is ageing ✓
- Number of health professionals is in shortage (and will get worse)

Australia: Employed medical workforce by hours worked per week, 1995 and 2003



Source: AIHW (2005) Medical Labour Force 2003

What is true?

- Old people use lots of services (which cost money) ✓
- Australia is ageing ✓
- Number of health professionals is in shortage (and will get worse) (maybe)
- Ergo, ageing will cause crisis and we need to take drastic action
 - What is real incremental cost of ageing
 - Are there sensible strategies to mitigate these costs (other than cost shifting)

Incremental Cost of Ageing Population =

There may be fewer tax payers to pay for these costs

$$\begin{matrix} \text{Cost per} & & \text{Increase in} & & \text{Cost per} & & \text{Increase in} \\ \text{person} & * & \text{number of} & + & \text{person aged} & * & \text{number of} \\ \text{aged 75 in} & & \text{people aged} & & \text{76 in future} & & \text{people aged} \\ \text{future} & & \text{75} & & & & \text{76} \end{matrix}$$

Will people aged 75 in the future cost as much as people aged 75 now, or as much as a person aged 65 now (Fuchs etc)

Even if they don't, there will be a whole lot more of them

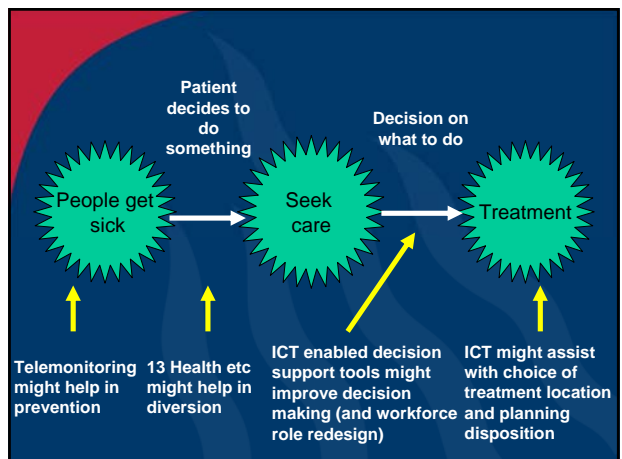
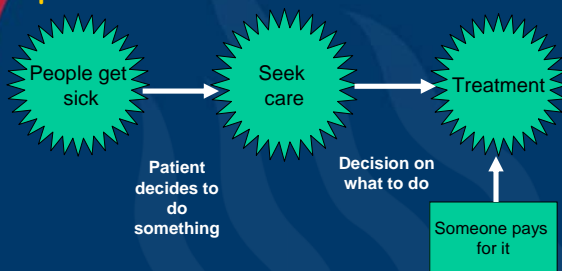
What is true?

- Old people use lots of services (which cost money) ✓
- Australia is ageing ✓
- Number of health professionals is in shortage (and will get worse) ✓
- Ergo, ageing will cause crisis and we need to take drastic action
 - Problem of projections of costs ?
 - Dum bureaucrats X (✓)

Options for addressing presenting problem/policy issue

- Neglect/ignore
 - Implicit/explicit
- Delay/deferral
 - Overt/covert waiting lists
- Prevention
 - primary prevention (to reduce the incidence of a condition)
 - secondary prevention (interfering in the natural history of a disease at an early stage thereby preventing full manifestation of the condition)
- Treatment
- Reframing/diversion
 - self care
 - Shift way, or location, of meeting the need
 - Shift how response is paid for

Are there potential contributions of ICT at relevant points along the care path



Treatment location/disposition assist

- ICT-supported self management
- Telemedicine (affect site of care)
- Telecoaching (?prevention; site of care vs outpatients)
- LOS
 - Geriatric assessment
 - Discharge planning
- Home support
 - 24/7 ICT-enabled admission avoidance
 - Telecare (home support)

Systems Modeling and policy evaluation

