

# Review of hospital safety and quality assurance in Victoria

## Terms of reference

At the request of the Minister for Health, the Department of Health and Human Services has commissioned a review panel to examine ways to strengthen monitoring of the safety and quality of care in Victorian public hospitals. The panel consists of:

- Dr Stephen Duckett, Director, Health Program, Grattan Institute (chair)
- Ms Maree Cuddihy, Chief Executive Officer, Kyneton District Health Service
- Associate Professor Harvey Newnham, Clinical Program Director of Emergency and Acute Medicine, Director of General Medicine, Alfred Health.

The review will:

- examine the role of the Department of Health and Human services (the department) in monitoring safety and quality in Victoria's public hospitals and public health services
- identify strategies to optimise the department's response capacity and engagement in promoting an improvement culture among both management and clinicians, including through better information sharing
- provide advice on the type of information that should be available to boards and CEOs to assist monitoring of quality and safety
- provide advice on the relationships and information flows between the department and other bodies (for example consultative councils, Health Services Commissioner) with responsibility for quality of care
- provide advice on the relationship and information flows between the department and private hospitals with regard to quality and safety
- consider the best approach for providing clinical leadership, advice and support to the new Chief Medical Officer that will strengthen the department's oversight of quality and safety systems.

Following the recent issue of concern at Djerriwarrh Health (Bacchus Marsh), the Australian Commission on Safety and Quality in Healthcare examined the role of the department in that matter and provided recent insights into the department's existing systems and approaches.

This review will examine whether the department has adequate systems in place and, where they are not, how they might be improved to achieve contemporary best practice, as seen within other jurisdictions and internationally.

The department is the funder (through an activity-based funding system, also called casemix) of acute public hospital care in 86 scheduled public hospitals and public health services (these are large, often multi-campus facilities in metropolitan Melbourne and large regional centres) in Victoria. Services delivered include acute inpatient care; mental healthcare; outpatient and emergency department care; subacute and rehabilitation services; and a variety of home and community-based care often as alternatives to hospital based care. Each public hospital and public health service has a board of management appointed by the Minister on advice (except for one private and two denominational providers), which employs a CEO who in turn employs all staff and manages the day-to-day functions of the entity at arm's length from the department.

These entities also manage acute mental health services, some residential aged care and some community and dental health services where those services are integrated with public hospitals and health services.

The annual operating budget (all service revenue 2014–15) for these entities is approximately \$13.2 billion.

The department is the regulator of private hospitals.

There are a number of parameters that are set through legislative and regulatory mechanisms to provide assurance to the public on standards of healthcare provision.

Legislative, regulatory and ethical obligations should be fulfilled by the health service. The legislative direction in relation to governance is delineated in the *Health Services Act 1988*, as amended by the *Health Services (Governance) Act 2000* and includes requirements for health service boards of directors.

- State level – where appropriate, legislative safeguards should be developed to protect the public interest, and ensure safety and quality of care.
- Health service level — the board or board's special committees should fulfil their governance role as specified in the *Health Services Act 1988*, and amended by the *Health Services (Governance) Act 2000*. Health services are required to manage risks and ensure compliance with legislative and policy requirements. They are required to comply with and maintain currency Victorian clinical governance policy framework.

The department considers itself to be the 'system manager'. That is, it has the role of planning, constructing funding and monitoring these services, but the responsibility for their effective operation sits with the boards and management of public and private entities.

The department engages with public hospitals and public health services by way of a statement of priorities (SoP) (an agreement between the Minister or delegate and each board).

The principle underlying this devolved management model is that of subsidiarity, where decisions made locally are held, in general, to be superior and more responsive than could be made in alternative arrangements.

This model has recently been studied by the independent UK King's Fund and the report is available online.

Public hospitals and public health services report on a wide range of statutory and non-statutory ('policy') matters. There is an understandable focus on operational service delivery and financial performance, but also on access measures against certain targets, and safety and quality measures.

Under s. 65S(2) of the *Health Services Act 1988*, all public health services must have a quality committee of the board and this must report publicly annually. Public hospitals do not have this same legislative requirement, but are expected to follow suit.

There are a limited number of safety and quality reporting requirements in SoPs including hand hygiene, *Staph. aureus* bacteraemia, accreditation and patient satisfaction. It is recognised that this is not yet a mature system.

As a matter of policy, all public hospitals and public health services must: adopt a common approach to clinical governance and clinical risk management and must report sentinel events; adopt a common clinical incident system (the Victorian Health Incident Management System – VHIMS); and adopt a rigorous approach to credentialing and scope of practice of clinicians.

Public hospitals and public health services also report to many 'registry' functions, including for maternal and perinatal care. They also utilise benchmarking tools such as Dr Foster, and the department monitors some selected indicators, including hospital standardised mortality rates and deaths in low mortality

diagnosis-related groups. Health services and public hospitals are asked to investigate and report back on outlier performance in these indicators.

There are some known weaknesses in current systems, such as VHIMS, the functionality of which is currently being addressed; and the size of some public hospitals. Smaller public hospitals are not of a sufficient size to have dedicated comprehensive safety and quality teams, clinical expertise in board members and often also only have limited access to medical administration expertise.

The department has relied on these elements, and in particular national standards accreditation, to assure itself that the internal governance and management mechanisms to ensure safety and quality are in place and working.

In light of the Djerriwarrh issue of concern, it is timely to review and reassess the current approach.

In particular the department seeks advice on these key questions:

- What should the department have in place to assure itself, government and the community that robust monitoring of safety and quality, including benchmarking, is in place and working at the hospital and health service level; including strengthening its role in monitoring clinical governance at health services, and further developing the performance management framework to monitor clinical safety and quality in local health services?
- What should be reported to the department, through SoPs or otherwise, regarding safety and quality and how should it use that information, possibly including public reporting?
- Should the scope of the reporting to the department be differently configured in public health services as compared with public hospitals?
- What should the scope of the reporting to the department be for private hospitals?
- Provide advice on the implementation of the Victorian Health Incident Management System improvement project.
- How should the department participate in and provide leadership to the safety and quality agenda, particularly in improvement, including enhanced clinical engagement?
- How should the department ensure that all boards of public health services and public hospitals are capable of providing appropriate local governance of safety and quality?

In considering these matters the review should ensure inclusion of any findings or recommendations and the response by the department to the recommendations arising from the *Review of the Department of Health and Human Services' management of a critical issue at Djerriwarrh Health Services (November 2015)*

The review panel will report by 30 April 2016. A program of selected stakeholder consultation will be integral to the review. Staff from the department will support the review including all necessary scheduling and administration of consultations.