



Australian Hospitals and the Health Care System: Views of Hospital Executives

Findings from the Commonwealth Fund International Health Policy Survey¹

The most recent Commonwealth Fund International Health Policy Survey asked hospital executives in five countries—Australia, Canada, New Zealand, the United Kingdom, and the United States—for their views of their nation's health care system, the level and quality of hospital resources, and efforts to improve quality of care. The survey's findings show that hospitals in Australia typically ranked in the middle of the five nations based on respondents' ratings.

Australian Hospitals: A Current Snapshot

"Public hospitals form the foundation of hospital care in Australia but also compete with private hospitals in a system financed by a universal public insurance system supplemented by private insurance. Australia's national health spending has grown at relatively rapid rates over the past decade, with hospital spending per capita near the Organization for Economic Cooperation and Development (OECD) median. At the time of the survey, public hospitals were preparing to negotiate prospective five-year operating budgets. Australia [was] also in the midst of a malpractice crisis resulting from the bankruptcy of a major insurer."

From R. J. Blendon et al., "Confronting Competing Demands to Improve Quality," *Health Affairs*, May/June 2004

Australian hospital executives named inadequate funding and staffing shortages as the two biggest problems facing their institutions. These challenges were echoed by respondents in the other four nations.

Australian hospitals were in better financial health than hospitals in the other countries, with the exception of the U.S. However, there were striking differences between public and private hospitals in Australia, with private hospitals more likely to report operating at a surplus and having the resources necessary to make improvements.

Some Australian hospital executives cited malpractice insurance costs and the threat of losing patients to competitor hospitals as major problems, as did their U.S. counterparts. Australian and U.S. respondents also were similar in their somewhat weaker support for public disclosure of quality-

of-care data compared with respondents from Canada, New Zealand, and the U.K.

Waiting times in Australian hospitals for elective surgery and emergency department care were among the shortest of the five countries. At the same time, hospital executives said that delays were common in discharging patients because of the limited availability of post-hospital care. In all the countries surveyed, respondents generally were critical of the quality of their emergency department facilities. And in all countries, information technology and electronic medical records were named top priorities for a one-time capital investment to improve quality of care.

The Commonwealth Fund survey, conducted in 2003, is the sixth in a series of surveys designed to provide a comparative perspective on health policy issues in these five countries. The newest survey consisted of interviews with a sample of hospital chief operating officers or top administrators of the larger hospitals in each country. The findings were reported in the May/June 2004 issue of *Health Affairs*.

Australia Figure 1
Two Biggest Problems Faced by Hospitals

Percent naming:	AUS	CAN	NZ	UK	US
Inadequate funding	58%	62%	57%	39%	10%
Inadequate reimbursement	8	—	—	—	60
Staffing shortage	45	60	54	64	47
Inadequate/overcrowded/ outdated facilities	32	39	54	42	7
Indigent care/uninsured	—	—	—	—	17
Malpractice costs	6	—	—	—	11

Commonwealth Fund International Health Policy Survey (2003)
Commonwealth Fund/Harvard/Harris Interactive

Hospital Executives

¹ R. J. Blendon, C. Schoen, C. M. DesRoches, R. Osborn, K. Zapert, and E. Raleigh, "Confronting Competing Demands to Improve Quality: A Five-Country Hospital Survey," *Health Affairs* 23 (May/June 2004): 119–35.

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Overall Views of the Australian Health Care System

Hospital executives in Australia seem to be facing the same challenges as their counterparts in Canada, New Zealand, the U.K., and the U.S.

- More than seven of 10 (76%) hospital executives in Australia were somewhat satisfied with the health care system overall, although no more than one of eight (12%) reported being very satisfied.
- When asked about the two biggest problems faced by their hospitals, Australian respondents most frequently named inadequate funding and staffing shortages, followed by inadequate, overcrowded, and outdated facilities (Figure 1).
- Australia and the U.S. were the only countries where hospital executives named malpractice insurance costs as a major concern (6% and 11%, respectively).

Finances, Competition, and Quality of Facilities

After the U.S., Australian hospital executives were most likely to report that their hospitals were in the best financial situation and to rate the quality of their facilities as excellent. Across all five countries, emergency department facilities were rated relatively poorly, consistent with physicians’ ratings in the Fund’s 2000 International Health Policy Survey.²

- Australian hospital executives were most likely after the U.S. to report a surplus or profit in the last year (U.S. 71%; Australia, 35%; New Zealand, 11%; Canada, 9%; U.K., 7%). Australian hospitals ranked in the middle on whether they operated with a deficit (New Zealand, 82%; Canada, 70%; Australia, 40%; U.K., 32%; U.S., 23%).
- Australian private hospitals, compared with Australian public hospitals, are significantly more likely to operate with a surplus, have resources sufficient to maintain current services, and have the resources to allow some improvements or expansion of care (Figure 2).
- Market competition is a concern for Australian hospital executives, as it is for their U.S. counterparts: 42 percent said they are somewhat or very concerned about losing patients to other hospitals (compared with U.S., 64%; U.K., 16%; New Zealand, 14%; Canada, 12%).

² R. J. Blendon et al., “Physicians’ Views on Quality of Care: A Five-Country Comparison,” *Health Affairs* 20 (May/June 2001): 233–43.

Australia Figure 2
Australian Hospital Finances
Public vs. Private Hospitals in Australia

In the past year:			
	Public Hospitals	Private Hospitals	All Hospitals
Had a surplus or profit	19%	61%	35%
Broke even	31	16	25
Had a loss or deficit	50	24	40
Current financial situation:			
Insufficient to maintain current levels of service	74	29	57
Allows for some improvements*	2	26	11

* Does not include percent reporting sufficient to maintain current levels of service.
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- The majority of Australian respondents rated their hospital resources as very good or excellent: 71% for the intensive care unit; 68% for operating rooms or theaters; and 63% for diagnostic imaging equipment or other medical technology. Emergency department facilities were less likely to be highly rated as very good or excellent (52%), and one of five (21%) respondents said they were fair or poor.
- Fewer than one of five (18%) hospital executives in Australia said their hospital was very prepared for a terrorist attack (compared with U.K., 43%; U.S., 28%; Canada and New Zealand, 25%).

Waiting Times

As in past Commonwealth Fund surveys, waiting times were longest in the U.K. among the five countries and shortest in the U.S. The short U.S. waiting times, however, may not reflect indigent or uninsured patients who are discouraged from seeking elective surgery altogether.

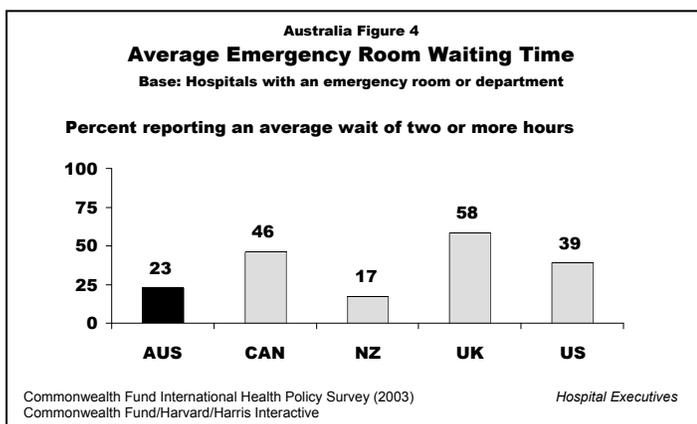
- Waiting times for elective surgery in Australia were second-shortest, after the U.S.: only a quarter of hospital executives in Australia reported that waiting times of six months or more for elective surgery occurred often or very often (U.S., 1%; Australia, 26%; Canada, 32%; New Zealand, 42%; U.K., 57%).
- Australian respondents reported relatively shorter waits for two procedures—breast biopsy for a 50-year-old woman with an ill-defined mass, but no adenopathy, and routine hip replacement for a 65-year-old man (Figure 3).
- About one of four (23%) hospital executives in Australia reported average waits of two hours or more in their emergency departments (compared with New Zealand, 17%; U.S., 39%; Canada, 46%; U.K., 58%) (Figure 4).

Australia Figure 3
Average Hospital Waiting Times for...
Base: Hospitals that perform the procedure

	AUS	CAN	NZ	UK	US
A biopsy for 50-year-old woman with an ill-defined mass in her breast but no adenopathy					
Less than three weeks	74%	70%	48%	73%	93%
Three weeks or more	15	21	44	20	1
A routine hip replacement for a 65-year-old man					
Less than six months	54	43	25	15	92
Six months or more	39	50	65	81	0

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- Forty-three percent reported that there were often or very often delays/problems with discharging patients from the hospital due to limited availability of post-hospital care.



Medical Errors

The 2002 International Health Policy Survey found that a significant number of adults with health problems in each of the five countries experienced medical errors.³ In 2003, in no country were a majority of hospital executives very confident in their hospital’s ability to identify and address medical errors or in the level of physician support for programs to do so.

- The majority of Australian hospital executives surveyed said their hospitals have written policies to inform patients or their families if a preventable medical error resulting in serious harm had been made in their care (Figure 5).
- About one of four hospital executives in Australia, the U.K., and the U.S. rated their system for identifying and addressing preventable medical errors as very effective; fewer in Canada and New Zealand said the same.

- While 76 percent of Australian respondents reported that physicians in their hospital were at least somewhat supportive of reporting and addressing preventable medical errors, only 17 percent said they were very supportive.

Australia Figure 5
Addressing Preventable Medical Errors

	AUS	CAN	NZ	UK	US
Percent saying hospital has written policy to inform patients of preventable medical errors made in their care	59%	47%	50%	74%	88%
Percent saying hospital's program for finding and addressing medical errors is:					
Very effective	22	13	4	24	24
Somewhat effective	58	66	71	67	70
Percent reporting that physician support for reporting and addressing medical errors is:					
Very supportive	17	21	7	35	30
Somewhat supportive	59	59	57	54	56

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Quality Improvement and Public Disclosure of Data

Across all five countries, the majority of hospital executives agreed that recognized strategies to improve quality of care in hospitals were at least somewhat effective and that provider performance data should be reported to the public.

- Majorities (80% or more) of hospital executives in the five countries said the following are at least somewhat effective in improving quality: electronic medical records, computerized drug ordering, treatment guidelines, and comparisons of medical outcomes with other hospitals.
- More than half of Australian hospital executives rated computerized ordering of drugs (55%) and treatment guidelines (56%) as very effective in improving quality.
- Although the majority of Australian respondents support disclosure of quality-of-care data to the public, 25 percent or more opposed public reporting of mortality rates for specific conditions, nosocomial infection rates, and medical error rates. U.S. hospital executives similarly opposed disclosure of this information, a likely reflection of shared concerns about malpractice claims and the competitive market environment (Figure 6).
- A majority (68%) of Australian hospital executives agreed that government policies to improve quality are at least somewhat effective (compared with U.K., 75%; New Zealand, 61%; Canada, 46%; U.S., 40%). But only 5 percent consider such policies to be very effective.

³ R.J. Blendon et al., “Common Concerns Amid Diverse Systems: Health Care Experiences in Five Countries,” *Health Affairs* 22 (May/June 2003): 106–21.

Australia Figure 6
Disclosing Quality Information to the Public

Percent saying should NOT be released to the public:	AUS	CAN	NZ	UK	US
Mortality rates for specific conditions	34%	26%	18%	16%	31%
Frequency of specific procedures	16	5	4	13	15
Medical error rate	31	18	25	15	40
Patient satisfaction ratings	5	2	0	1	17
Average waiting times for elective procedures	6	1	0	1	29
Nosocomial infection rates	25	10	25	9	29

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Staffing Issues

Forty-five percent of hospital executives in Australia named staffing shortages as one of the major problems facing their hospitals—a concern shared by the other countries as well.

- While 80 percent of Australian hospital executives reported nursing shortages, and one of four reported serious shortages, the majority (71%) thought staffing levels had improved from two years ago or remained the same (Figure 7).

Australia Figure 7
Staffing Shortages

Percent reporting serious shortages of:	AUS	CAN	NZ	UK	US
Nurses	23%	30%	11%	22%	31%
Pharmacists	26	33	14	27	14
Specialists or consultant physicians	11	26	7	17	16
Trained managerial staff	5	12	0	6	3
Lab technicians	3	9	0	17	4

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- More than half of Australian respondents reported serious or moderate shortages of pharmacists and specialists.
- One of seven (14%) hospital administrators reported having to cancel or postpone 10 percent or more scheduled surgeries due to lack of staff or capacity.
- Nonetheless, Australian hospital executives gave the highest ratings for physician morale of all five countries, with 48 percent rating physician morale as excellent or very good (New Zealand, 36%; Canada, 31%; U.S., 30%; U.K., 23%).

Priorities for Investing in Quality Improvement

When hospital executives in the five countries were asked what their top priority would be for a one-time capital investment to improve quality of care for patients, they named information technology (IT) as the top choice.

- One-third of Australian hospital executives named IT and electronic medical records as their top priority for a one-time capital investment to improve quality of care (Figure 8).

Australia Figure 8
If You Had New Funding to Invest in a One-Time Capital Improvement in Only One Area of Your Hospital, What Would It Be?

Percent saying:	AUS	CAN	NZ	UK	US
Electronic medical records/IT	35%	47%	46%	38%	62%
Emergency room/OR/Critical care facility	26	18	4	22	13
Basic hospital/patient facilities	17	14	21	22	3
Diagnostic equipment/medical technology	9	16	11	10	3

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- The majority of hospital administrators in all countries named high startup costs as a major barrier to expanding the use of computer technology (New Zealand, 93%; Australia and Canada, 84%; U.S., 71%; U.K., 69%). Projected maintenance costs, insufficient technical staff, and lack of uniform industry standards also were seen as major barriers.

Survey Methods

The Commonwealth Fund International Health Policy Survey consisted of interviews with hospital executives of the larger hospitals in Australia, Canada, New Zealand, the United Kingdom, and the United States. The survey drew random samples from lists of the largest general or pediatric hospitals in each country, excluding specialty hospitals. The largest hospitals surveyed in Australia and Canada had 100 or more beds, and in the United Kingdom and United States had 200 or more beds. In New Zealand, the study included hospitals in the country's 34 District Health Boards regardless of bed size. Final survey hospital sample sizes were: AUS 100; CAN 102; NZ 28; UK 103; and US 205. Harris Interactive, Inc., and country affiliates conducted the interviews by telephone with the chief operating officer or top administrator of hospitals between April and May 2003. The May/June 2004 *Health Affairs* article based on the survey provides tests for statistical differences between countries.