1 Introduction

Preamble

This *National Report on Health Sector Performance Indicators 2003* is the second report prepared by the NHPC, based on the national health performance framework. The national health performance framework was published in August 2001 as the *National Health Performance Framework Report*. The first report based on the new framework, the 2001 national report, was published in April 2002.

Before the development of the framework, four national reports on health sector performance indicators were released in February 1996, June 1998 and June 1999 and July 2000. The first three were authored by the National Health Ministers' Benchmarking Working Group (the forerunner of the NHPC) and the latter, the *Fourth National Report on Health Sector Performance Indicators*, was authored by the NHPC.

The National Health Performance Committee

The Australian Health Ministers' Conference (AHMC) established the NHPC in August 1999. This committee is responsible for the development and maintenance of a national health performance framework, the support of benchmarking for health system improvement and the provision of information on national health system performance.

Membership of the committee includes representatives from each state and territory and the Australian Government. Membership is also drawn from national bodies such as the AIHW, the Australian Private Hospitals' Association, the Australian Health Insurance Association and the NPHPG. See Appendix 1 for further details.

Vision of the NHPC

The vision of the NHPC is for a health system that searches for, compares and learns from the best and improves performance through the adoption of benchmarking practices across all levels of the system.

Mission of the NHPC

The NHPC works to use benchmarking based on national performance measures and indicators to improve the quality of health services.

Goals of the NHPC

- To extend the national performance indicator framework for services other than acute inpatient services to: include not only indicators of the overall health system's performance, but also indicators for services such as community health, general practice and public health.

- To establish good links with, and take advantage of, the vast range of work being undertaken on performance indicator development across Australia.
- To improve the timeliness of reporting of performance information.

NHPC Terms of reference

1. Develop and maintain a national health performance framework for the health system, primarily to support benchmarking for health system improvement and to provide information on national health system performance.
2. Establish and maintain appropriate national health performance indicators within the national health performance framework.
3. Receive and consider input to the national health performance framework and on existing and potential performance indicators.
4. Facilitate the use of data at the health service unit level for benchmarking purposes.
5. Encourage the health industry to work within the national health performance framework and use the agreed performance indicators in benchmarking to improve performance.
6. Encourage the development of expertise in the use of benchmarking for performance improvement.
7. Provide the AHMAC and other national authorities with a comparative analysis and information of national health system performance.
8. Develop and maintain linkages with other relevant national committees.
9. Report progress to the AHMAC and other national authorities on achieving its mission.

The primary objectives of the NHPC endorsed by AHMAC are:

- to produce national reports
- to facilitate benchmarking for health system improvement
- to establish and maintain national health performance indicators within the national health performance framework
- to develop and maintain a national health performance framework for the health system.

The committee completed a workplan for 2002–03 to fulfil these objectives. This included:

- compilation of this *National Report on Health Sector Performance Indicators 2003*;
- benchmarking workshops held in July and October 2003 with stakeholders, with recommendations to be implemented subject to available budget;
- a 'Review of performance indicators for the NHPC' workshop held with stakeholders, that was used as a basis of selection of indicators for this 2003 report; and
- a framework populated by indicators in 2003 report.

During 2002–03, the NHPC compiled this 2003 national report. It also directed resources to benchmarking and indicator development (primarily for the purposes of NHPC reporting).

A workshop was held in October 2002 to identify barriers to benchmarking for health system improvement and for participants to inform the NHPC's workplan in relation to benchmarking for the next few years. The output was a set of recommendations to Ministers

and Chief Executive Officers (CEOs) that addressed barriers to benchmarking and developed plans to address these in a way that ensured a positive response.

Selection of indicators for this 2003 report involved the identification of a set of indicators for inclusion in national reporting and for subsequent NHPC reports. The process began with an initial screen and review of evidence concerning possible indicators. The NPHPG provided formal input after completion of its consultation process. The NHPC contacted jurisdictions and relevant organisations regarding their views to ensure that the scope and level of national reporting was appropriate for respective groups, particularly in terms of which group/s has responsibility for taking action (whether this be by jurisdiction, peer group, international comparison, etc.).

National health performance framework

Previous reports on performance have focused on health and health service indicators, with many of the indicators relating to institutional care and acute care settings. As part of its terms of reference, the NHPC agreed to develop a broad national health performance framework that could be used as the basis for its annual report to health Ministers. Results of this work were reflected in the publication in August 2001 of the *National Health Performance Framework Report*, which outlined the new framework.

The framework consists of three tiers: health status and outcomes, determinants of health and health system performance (Figure 1.1). The inclusion of the three tiers reflects the fact that health status and health outcomes are influenced by the impacts of health determinants and health system performance. In developing the framework, equity is considered to be integral to each of the three tiers.

The August 2001 framework report outlined selection criteria for indicators associated with the framework, including selection criteria specific to the NHPC. Some examples of indicators against the various components of the framework were also provided. Key extracts from the report showing selection criteria for indicators are reproduced below.

Selection criteria for health performance indicators

Generic indicators when used at a program level to whole of system level should have all or some of the following qualities. They should:

1. Be worth measuring.

The indicators represent an important and salient aspect of the public's health or the performance of the health system.

2. Be measurable for diverse populations.

The indicators are valid and reliable for the general population and diverse populations (i.e., Aboriginal and Torres Strait Islander populations, sex, rural/urban, socioeconomic etc.)

3. Be understood by people who need to act.

People who need to act on their own behalf or that of others should be able to readily comprehend the indicators and what can be done to improve health.

4. Galvanise action.

The indicators are of such a nature that action can be taken at the national, state, local or community level by individuals, organised groups and public and private agencies.

5. Be relevant to policy and practice.

Actions that can lead to improvement are anticipated and feasible—they are plausible actions that can alter the course of an indicator when widely applied.

6. Reflect results of actions when measured over time.

If action is taken, tangible results will be seen indicating improvements in various aspects of the nation's health.

7. Be feasible to collect and report.

The information required for the indicator can be obtained at reasonable cost in relation to its value and can be collected, analysed and reported on in an appropriate time frame.

8. Comply with national processes of data definitions.

Source: NHPC (2002)

Additional selection criteria specific to NHPC reporting

In addition to the general criteria for health performance indicators outlined above, NHPC selection criteria should:

- *Facilitate the use of data at the health industry service unit level for benchmarking purposes.*
- *Be consistent and use established and existing indicators where possible.*

In considering the selection or development of relevant health system performance indicators it is important to keep in mind that indicators are just that: an indication of organisational achievement. They are not an exact measure and individual indicators should not be taken to provide a conclusive picture on an agency's or system's achievements. A suite of relevant indicators is usually required and then an interpretation of their results is needed to make sense of the indicators. Performance information does not exist in isolation and is not an end in itself, rather it provides a tool that allows opinions to be formed and decisions made.

Some indicators should be ratios of output/input, outcome/output and outcome/input. There should also be a focus on measures of outcomes where there is a link between health system actions and health outcomes.

Given that overall health outcome is a product of social, environmental and health system factors, there are difficulties in linking the efforts of the health sector with observable health outcomes. There is a continuum of outcomes from those that are directly influenced by the health system to those that are not and are affected by a range of external factors. A distinction can be made between 'intermediate' outcomes attributable to the actions of the health sector and higher level outcomes that cannot be attributed to the efforts of the health sector alone. The outcomes selected to measure performance of the health sector should be based on such intermediate outcomes, e.g. survival rates after transplant, functionality after hip replacement and absence of preventable disease in the community.

In the short term, as appropriate health system performance indicators are being refined and developed, it may be necessary to use process measures as an interim measure to represent the performance of the system. Once appropriate measures (and information sources) are developed over the long term, it will be possible to build up meaningful measures of the efficiency and effectiveness of health outputs and the impact on health outcomes.

Source: NHPC (2002)

Subsequent national reports include not only indicators relating to health sector performance but also to health status and health determinants. This ensures that while the traditional areas of effectiveness, efficiency and quality are included, areas such as the capability and sustainability of health sector performance are not overlooked.

Table 1.1: National health performance framework

Health status and outcomes (Tier 1) How healthy are Australians? Is it the same for everyone? Where is the most opportunity for improvement?			
Health conditions	***Human function***	***Life expectancy and wellbeing***	***Deaths***
Prevalence of disease, disorder, injury or trauma or other health-related states	Alterations to body structure or function (impairment), activities (activity limitation) and participation (restrictions in participation)	Broad measures of physical, mental and social wellbeing of individuals and other derived indicators such as disability adjusted life expectancy (DALE)	Age and/or condition specific mortality rates

Determinants of health (Tier 2) Are the factors determining health changing for the better? Is it the same for everyone? Where and for whom are they changing?				
Environmental factors	***Socioeconomic factors***	***Community capacity***	***Health behaviours***	***Person-related factors***
Physical, chemical and biological factors such as air, water, food and soil quality resulting from chemical pollution and waste disposal	Socioeconomic factors such as education, employment, per capita expenditure on health and average weekly earnings	Characteristics of communities and families such as population density, age distribution, health literacy, housing, community support services and transport	Attitudes, beliefs, knowledge and behaviours, e.g. patterns of eating, physical activity, excess alcohol consumption and smoking	Genetic-related susceptibility to disease and other factors such as blood pressure, cholesterol levels and body weight

Health system performance (Tier 3) How well is the health system performing in delivering quality health actions to improve the health of all Australians? Is it the same for everyone?		
Effective	***Appropriate***	***Efficient***
Care, intervention or action achieves desired outcome	Care, intervention or action provided is relevant to the client's needs and based on established standards	Achieves desired results with most cost-effective use of resources
Responsive	***Accessible***	***Safe***
Service provides respect for persons and is client orientated, including respect for dignity, confidentiality, participation in choices, promptness, quality of amenities, access to social support networks and choice of provider	Ability of people to obtain health care at the right place and right time irrespective of income, physical location and cultural background	The avoidance or reduction to acceptable limits of actual or potential harm from health care management or the environment in which health care is delivered
Continuous	***Capable***	***Sustainable***
Ability to provide uninterrupted, coordinated care or service across programs, practitioners, organisations and levels over time	An individual's or service's capacity to provide a health service based on skills and knowledge	System's or organisation's capacity to provide infrastructure such as workforce, facilities and equipment, and to be innovative and respond to emerging needs (research, monitoring)

Source: NHPC (2001).

Future directions

As noted in the 2001 national report, the success of the NHPC hinges on its ability to encourage the various jurisdictions and sectors of the health industry to work within the parameters of the framework. In this regard, the NHPC has noted that the framework is

being used by a number of jurisdictions in their own performance reporting. It can be used as a catalyst to generate discussion about outcomes and about what constitutes an appropriate performance indicator. The framework can also be used to support benchmarking for health system improvement and to facilitate use of data at the health service unit level for benchmarking purposes.

The committee has developed a workplan for 2003–04. This includes:

- to produce special interest reports;
- to develop indicators for primary health and community care and access to services;
- to report on the evidence base for benchmarking practices;
- to receive, compile and discuss comments on the framework, and to incorporate any relevant changes into a review.

The NHPC is moving towards biennial rather than annual reporting of national performance indicators. The committee believes that, in the light of the small changes that occur between annual reports and the resource constraints on the project, these general reports should be produced every two years, thus releasing resources for reports on special interest topics. In 2003–04 it is anticipated that the committee will produce a series of special interest reports.

Work on special interest areas could be done in various ways. It could be:

- incorporated into national reports;
- undertaken by the NHPC as a stand-alone piece of work, possibly in the form of an occasional paper; or
- undertaken by the NHPC in conjunction with other groups.

This would encourage a style of reporting across groups consistent with the national health performance framework and reduce duplication of work between the NHPC and other groups. The national health performance framework, developed by the NHPC and published as the *National Health Performance Framework Report* in 2001, provides a rational structure not only for NHPC national reports but also for similar reporting by other bodies.

There are a number of bodies involved in indicator development that are concerned with specific project areas, e.g. the NPHPG, the National Public Health Partnership Group, the Australian Council for Safety and Quality in Health Care and the Australian Council on Healthcare Standards.

As other groups take up use of the framework, the NHPC will be able to re-direct resources to special interest areas not undertaken by other groups. Specifically this will involve development, specification and creation of performance indicators, including primary health and community care indicators, in conjunction with other groups. The NHPC can also recommend indicators considered appropriate for national reporting where further research and development is required.

Benchmarking

The unique roles that the NHPC can play in benchmarking is firstly to ensure that efforts to undertake benchmarking are coordinated and that areas are not missed, and secondly to promote benchmarking to improve performance in line with the NHPC's terms of reference. The NHPC also has a role in expanding benchmarking activities beyond hospital based clinical activities to improve primary health and community care.

There are a number of groups involved in the field of benchmarking activities. These include organisations such as the Australian Council for Safety and Quality in Health Care, the Australian Council on Healthcare Standards (ACHS), Quality Improvement Council Limited, Australian General Practice Accreditation Limited (AGPAL), National Association of Testing Authorities (NATA) and the Institute for Healthy Communities Australia Inc.

The advantage of having an organisation such as the NHPC is that it can provide a broad frame of reference, whereas benchmarking activities conducted by other organisations may only apply to a particular area of the health sector. For instance, the Australian Council for Safety and Quality in Health Care has a clinical focus.

Historically, benchmarking activities have focused on acute in-patient services. The committee hopes to extend the scope of benchmarking activities to also include other services such as community health, general practice and public health.

The NHPC coordinates and supports relevant groups in the use of the NHPC framework to foster consistency and comprehensive coverage. NHPC membership itself composed of representatives of jurisdictions, the AIHW and the NPHPG. The NHPC is represented on the Statistical Information Committee (SIC) and the Steering Committee for Commonwealth State Service Provision. Other groups, e.g. general practitioner (GP) groups link to NHPC members with a particular interest in that area.

Review of the framework

As noted earlier, the national health performance framework was published in August 2001 as the *National Health Performance Framework Report*. The framework is due for review in 2004. The NHPC is also involved in discussions aimed at developing a health performance framework that can be used for international comparison purposes.

In the light of these developments, the NHPC would appreciate any comments on:

- measures that could be used in annual reports to health Ministers, both current and future measures; and
- the framework, e.g. its usefulness and application.

Please direct these comments to the Executive Officer, National Health Performance Committee (contact details are shown on page ii).

Structure of the report

One of the challenges of providing Ministers with a report based on this newly developed framework is the need to select a limited number of indicators that provide an overall picture of health sector performance. In order to address this challenge, this report presents indicators relevant to the three tiers of the framework. Each section on the indicators is prefaced by a brief overview of how the Australian health system is performing in relation to that component of the framework. Thus, the indicators illustrate outcomes for a range of changes in determinants, and reflect the end result of efforts both within and outside the traditional areas of health service provision.

The overall structure of the report is as follows:

- Brief overview of the Australian health system giving a contextual background for the discussion of indicators.

- Indicators relating to Tier 1 of the framework (health status and outcomes).
- Indicators relating to Tier 2 of the framework (determinants of health).
- Indicators relating to Tier 3 of the framework (health system performance).
- A discussion on international developments in health performance measurement.
- A brief discussion on benchmarking activities for health system improvement.
- Information on future directions of the NHPC.

Presentation of this report

In some cases more than one indicator was selected to cover a particular dimension. Indicators were selected where data was available. However, data availability and enhancement is an ongoing challenge for the committee. As a result the timeliness of information presented in this report varies, since consistency is currently difficult to achieve due to variation in data availability.

The NHPC has adopted a two-page presentation for Tiers 1–3, in the interests of standardising the format to achieve a cleaner look, allow greater flexibility and include more information to suit a wider audience.

The following sections are shown: data definition; rationale or description of the indicator and how this relates to health system performance and an evidence statement (where available). Data definitions have been included to show the numerator, denominator and presentation, and to translate the intent of the indicator into data specifications. The indicator definition usually relates to the primary indicator shown on the two-page presentation. General caveats apply to all data for Aboriginal and Torres Strait Islander peoples: differences in identification of Aboriginal and Torres Strait Islander peoples in different data sets means that the accuracy of this data is variable, especially for rates and trends.

The section entitled 'What the data show' record what is in accompanying graphs and indicate what changes mean and highlight trends in rates. Generally two graphs have been included, one showing a time series and the other relevant comparative dimensions, e.g. Aboriginal and Torres Strait Islander status, socioeconomic status (where data are available).

Data supporting the graphs and technical notes are shown in Appendices 2 and 3, respectively. Technical notes contain information relating to codes and methods used that were too lengthy to include in tables and graphs.

Appendices 2 and 3 and detailed tabular information are available on the following websites, not in the paper publication itself. The full document is available on the CD-ROM version of the publication.

Please refer to the websites below for any further updates or revisions.

http://www.health.nsw.gov.au/pubs/index.html

http://www.aihw.gov.au