Queensland Government

Queensland Health

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Mr Aaron Harper MP
Chair
Health and Environment Committee
Parliament House
BRISBANE QLD 4000

Email: hec@parliament.qld.gov.au

Dear Mr Harper

Thank you for your letter dated 12 March 2021, on behalf of the Health and Environment Committee, seeking written advice in relation to a number of questions across various topic areas.

Responses to the questions asked by the Committee are attached.

Should you require further information, Queensland Health's contact is Mr David Noon, Manager, Cabinet and Parliamentary Services, on telephone [redacted]

Yours sincerely

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Director-General

12 April 2021

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HEALTH AND ENVIRONMENT COMMITTEE – WRITTEN ADVICE REQUEST – 12 MARCH 2021

Question	Response
Impact of COVID-19	
Details on the staff costs to Queensland Health as a result of COVID-19	Queensland Health staff costs relating to COVID-19 YTD February 2021: • Internal Labour costs attributable to COVID-19 - $286.7M; • MOHRI FTEs allocated to COVID-19 activities, Department of Health 441 FTEs (including QAS), with the Hospital and Health Services (HHS) recording 832 FTEs.
Details on any additional funding provided to the Hospital and Health Service's (HHS's) to meet the additional costs of COVID-19. Details on any planning or contingencies being considered to assist HHSs ensure their ability to maintain current services is not reduced as a result of any additional COVID-19 costs	The National Partnership Agreement (NPA) commenced on 13 March 2020 and is an agreement between the Commonwealth of Australia and States and Territories. • The objective of this Agreement is to provide financial assistance for the additional costs incurred by state health services in responding to the COVID-19 outbreak, including as a result of the diagnosis and treatment of patients with COVID-19 or suspected of having COVID-19, and efforts to minimise the spread of COVID-19 in the Australian community. The State Public Health Payment (SPHP) under the National Partnership Agreement on COVID-19 response allows for the Commonwealth to provide for 50% contribution for the costs for non-hospital activities undertaken by Queensland Health in response to the COVID19 Pandemic. A key premise of the payments is that it is based on reimbursements for genuine additional costs incurred.

Finances	
Advice regarding the rates of private health insurance membership and the impact of any decline in private health insurance membership on Queensland Health	The proportion of Queenslanders with private health insurance (PHI) hospital coverage is declining, from 45.6% in September 2014 to 40.5% In December 2020. This decline has occurred alongside increases in policies with exclusions, excesses and co-payments, meaning that not all the 40.5% of Queenslanders with private hospital insurance are covered privately for all types of care they may require. Declining PHI coverage is a key driver in the increasing public hospital market share - from 57.5per cent in 2013-14 to 62.9 per cent in 2018-19*. Patients using PHI in private facilities relieve the pressure on the public system. Increased demand on public care, puts pressure on the public health system including waiting times for elective and emergency care. Further, patients using PHI in public facilities provide revenue to be re-invested into the public hospital system to deliver more and better services to patients. With fewer people with PHI, Queensland Health is observing a decline in private revenue which can be reinvested into public hospitals. * Statistics for private and public hospital separations in Queensland were sourced from the AIHW report 'Admitted Patient Care 2018-19', released 2020 and previous releases. Proportion of public separations in all hospitals plus private health insurance funded separations in public hospitals divided by public and private health insurance funded separations in all hospitals.
Advice on the financial impact to Queensland Health of private hospitals performing public surgeries	To support the increased procedural volumes required to restore our planned care targets, a number of HHSs have elected to expand existing partnerships with local private providers. In most cases, competitive prices are able to be obtained, however activity is generally delivered above the Queensland Efficient Price. This is due to the ad hoc nature of the activity to be delivered which means no guaranteed volumes are committed up front with a private hospital. Due to the contracts being locally developed by the HHSs, the Department will not have full visibility until the costing models are completed. From July 2020 to December 2020 there was a 15% increase to the number of elective surgeries outsourced. In the 2019-20 financial year, the cost of admitted care for public patients in private hospitals was nearly $70 million.
Advice regarding the impact of Australia's ageing population on the provision and funding of health services in Queensland, and the impact on Queensland public hospitals	Based on the population projections produced by the Queensland Government Statistician's Office, the population of Queensland is expected to increase from an estimated 5.1 million residents currently to 5.7 million in 2026, and to 6.2 million in 2031. The population is expected to age further during this period and faster than previous decades. The proportion of the population aged 70+ in Queensland is projected to increase 9.7% in 2016 to 12.7% in 2026, and then to 15.1% in 2036.

	Increases in the proportion and volume of people in the older age groups will increase levels of demand on the healthcare system as older cohorts have a higher utilisation of healthcare. Inpatient usage increases rapidly after the age of 70, with a 70-year-old person using healthcare at twice the rate to the average population. This rate increases further with increasing age. As people age, a higher proportion seek care through the public health system through emergency department attendances and through emergency medical admission for conditions such as strokes, heart attacks and falls.
Details on any planning or contingencies being considered to reduce the amount of accumulated leave held by Queensland Health staff	Each HHS adopts its own specific resource strategy, balancing resource capacity with a commitment to ensuring staff have access to all relevant entitlements.
Advice regarding whether there has been an increase in requests for support services, or sick leave over the past 12 months for Queensland Health staff.	Queensland Health continues to promote Employee Assistance Services (EAS) support services to all staff, to assist with the ongoing management of health and wellbeing exposures. In general, Queensland Health have noted an increase in the use of support services offered by EAS in the last 12 months (since COVID-19). The majority of support services were provided to individual employees for life and personal issues specific to general health and wellbeing; ongoing stress, anxiety and coping mechanisms; and personal relationships advice. An increase in mental health related support services and resources specific to COVID-19 was also noted for the following areas: • requests from established pandemic response teams for advice on staff wellbeing support; • requests for manager support resources, particularly with regard to supporting staff with mental health concerns and during remote working; and • specific COVID-19 staff wellbeing resources.
Updated figures for each HHS for the value and hours of accumulated leave	Current leave balances (as at 7 March 2021) represented as a total for each HHS and the Department of Health are at Attachment 1.

Hospital Performance	
Details on the cost to Queensland Health to cease non-elective surgery and subsequently to clear surgery lists	Emergency surgery (non-elective) and urgent elective surgery continued during the COVID-19 response. The delivery of health care services has been impacted by the COVID-19 pandemic. National Cabinet determined to suspend non-urgent elective surgery from 25 March 2020. On 27 April 2020, National Cabinet determined to in part lift the restrictions of non-urgent elective surgery. All restrictions were lifted from 15 May 2020. During this period, non-urgent elective surgery such as category 2 and 3 procedures (which makes up 50 per cent of elective surgeries) were suspended, resulting in the highest number of patients waiting for elective surgery beyond the clinically recommended timeframe since 2015. To support the restoration of the previous excellent access performance to elective surgery, in June 2020, the Queensland Government allocated $250 million non-recurrent funding to expand activity in elective surgery, outpatients and gastroenterology procedures to 'clear the backlog'. This funding is part of the government's $1.2 billion COVID-19 health response plan announced in late March, keeping Queenslanders safe and ensuring our health system was able to cope with the expected influx of cases. As part of the $250 million investment to restore planned care, HHSs have swiftly enacted independent plans to restore planned care performance with the first patients being seen under this initiative from August 2020. It should be noted that continued disruption to services from COVID-19 impact the ability to deliver the additional surgical services required to reduce the number of patients waiting longer than clinically recommended.
Details of any performance initiatives in place to reduce elective surgery wait times.	Prior to the COVID-19 response, Queensland Health had an excellent record of delivering elective surgery 'on time' with the maintenance of long waits below 2% of the total patients waiting since July 2015. Since the service interruptions resulting from the COVID-19 pandemic, the Queensland Government has invested funding to restore our excellent planned care performance. This has included a number of initiatives focusing on increasing activity to ensure that Queenslanders have the timely access to the care they require, via a range of internal and external (public private partnerships) to deliver more care. As at December 2020, the Health System has delivered 3.8 percent more elective surgery cases when compared to the same period in 2019, this is prior to COVID-19 interruptions.

	During this period, our health services have had increasing pressure to our healthcare services, further interruptions resulting from the pandemic, as well as more COVID-19 related services to deliver. As at 1 March 2021, there has been a 60% reduction in the number of patients waiting longer than clinically recommended compared to 1 June 2020.
An explanation of the reasons behind Queensland Weighted Activity Units increasing from $5,033 per unit to $5,161 per unit	The Department notes that the average cost per QWAU will increase annually to reflect the increasing cost of service delivery through new technologies and wage increases. The quoted increase is in line with the growth in the Queensland Efficient Price and the National Efficient Price. The cost per Qld Weighted Activity Units would have been expected to increase in 2019-20 due to a number of factors: • the reduction in the level of patient activity relative to the targets set for HHSs in their Service Agreements due to the impact of COVID-19; • increased cost of employees with the reduction in the amount of annual leave taken in the latter 6 months of 2019-20 due to the impact of COVID-19; and • indexation both in terms of Employment Bargaining and non-labour escalation.
Digital Health Expenditure	
ieMR	
Given concerns raised by the Queensland Audit Office with respect to security of data (Recommendation 3 of Report 12: 2020-21 - Health 2020, pg 21), advise if remote access to the ieMR is permitted outside of Queensland Health facilities, and how that access is approved and monitored	Remote access is permitted outside of Queensland Health facilities. User access within our information systems is managed, approved and monitored according to defined governance and Standing Operating Instructions. Access is granted on a business requirement need only. Existing access in the systems is managed under a user access review process that occurs on a monthly basis, irrelevant to the location or access point into the system.
S/4HANA	
Advice on how the two recommendations outlined in the Queensland Audit Office Report 4: 2020-21 - Queensland Health's new finance and supply chain management system are being implemented	See Attachment 2.

Laboratory System	
Advice on the Business Case for the laboratory information system project identified in the Queensland Audit Office Report 7: 2020-21 - Delivering successful technology projects. Advice on who undertook the external review to confirm the assertions within the options analysis of the Laboratory Information System Project completed in December 2019, as identified in Queensland Audit Office Report 7: 2020-21 - Delivering successful technology projects	Following independent advice from GWI, which confirmed the findings of a Queensland Health internal review, the Laboratory Information System Project is no longer active. The risks identified to the incumbent laboratory system have been mitigated by significant upgrades undertaken since its acquisition by another vendor. Quality assurance has been guaranteed by the vendor's commitment to provide system support to 2029.

Attachment 1

Hospital and Health Service (HHS) / Department	*Sick Leave Balance*		*Recreational Leave Balance*		*Long Service Leave Balance*	
	Leave Hours	*Leave Value*	*Leave Hours*	*Leave Value*	*Leave Hours*	*Leave Value*
Cairns and Hinterland HHS	915,778	$54,666,374	1,095,846	$64,755,643	1,639,127	$82,633,854
Central Queensland HHS	538,728	$28,606,823	709,527	$39,632,698	1,042,912	$49,352,714
Central West HHS	74,824	$3,976,158	75,371	$4,304,976	112,137	$5,408,406
Children's Health Queensland	772,205	$54,052,020	785,189	$52,230,859	1,279,859	$74,845,403
Darling Downs HHS	937,839	$52,295,493	993,662	$56,666,342	1,616,967	$78,321,555
Gold Coast HHS	1,371,794	$86,404,170	1,924,673	$115,471,174	2,712,877	$141,121,044
Mackay HHS	416,304	$22,616,855	554,067	$31,432,969	754,681	$36,794,509
Metro North HHS	3,287,678	$213,424,817	3,388,238	$208,749,038	5,574,910	$300,302,769
Metro South HHS	2,602,488	$170,938,737	3,106,087	$188,177,203	4,722,074	$253,587,902
North West HHS	99,783	$5,433,881	144,418	$8,401,778	179,633	$8,928,457
South West HHS	164,350	$8,307,541	158,697	$8,422,791	245,412	$11,235,859
Sunshine Coast HHS	1,059,640	$63,555,547	1,174,412	$68,648,702	1,955,399	$100,389,895
Torres and Cape HHS	157,952	$9,051,719	138,517	$8,269,284	259,075	$13,174,934
Townsville HHS	1,026,544	$63,167,794	1,188,986	$69,920,701	1,874,667	$95,711,828
West Moreton HHS	602,677	$37,051,722	762,303	$46,459,873	1,201,634	$62,960,166
Wide Bay HHS	582,422	$31,478,116	698,834	$39,665,676	1,082,287	$52,250,249
All Hospital and Health Services	**14,611,006**	**$905,027,767**	**16,898,827**	**$1,011,209,707**	**26,253,651**	**$1,367,019,544**
Department of Health	**1,908,848**	**$112,391,674**	**1,482,343**	**$89,933,064**	**2,912,185**	**$155,796,469**
Queensland Health	**16,519,854**	**$1,017,419,441**	**18,381,170**	**$1,101,142,771**	**29,165,836**	**$1,522,816,013**

Response to S/4 HANA section: Two recommendations outlined in the QAO Report 4 2020/21: *Queensland Health's new finance and supply chain management system*

Recommendation 1:

1. *Redesign the project governance and accountability frameworks to ensure clear and unequivocal accountability for project delivery. The framework should ensure all designated parties take ownership of;*
    - *Completing project readiness activities in a timely manner and to a specified quality*
    - *Understanding change implications to their entities and updating local guidance*
    - *Correctly identifying user roles and ensuring the right staff are trained at the right time.*

    The framework should clarify that a senior executive from the department should be the senior responsible owner throughout future whole-of-system projects. The department needs to take a governance-leadership role and should continue to include the HHSs in the design and implementation of whole-of-system projects.

Response:

The Department recognises the need for all projects, particularly ICT projects, to be supported by robust governance arrangements to ensure initiatives are kept on track and within project tolerances. The Department is committed to a culture of continuous improvement and aims to do so through activities such as:

- capturing lessons learned to address improvement opportunities and ensure poor practices are not repeated
- sharing key findings across the system and with key stakeholders
- internal post-implementation reviews
- contributing to system-wide policy and standard reviews
- promoting compliance with the Queensland Health ICT Assurance Framework.

eHealth Queensland (eHQ) is currently reviewing existing portfolio, program and project delivery governance arrangements to assist with the development of an enhanced portfolio, program and project governance framework. eHQ is also ensuring board members are briefed on revised program and project board structures, as well as providing clarity on roles and accountabilities for all board members, including the single point of accountability.

A new proposed Performance Excellence Committee is being established to support service owners, product owners and senior responsible owners to deliver on the agreed operational and portfolio plans and to ensure compliance with Queensland Government and Queensland Health governance obligations (legislative, policy, and contractual).

eHQ is ensuring ICT initiatives governed, managed and reported within eHQ implement assurance review recommendations which have been informed by strengthened Queensland Government Customer and Digital Group reporting requirements.

eHQ has recently trained its program and project managers and project staff in the Queensland Government mandated Managing Successful Projects using PRINCE2, particularly product-based planning in line with QGEA Portfolio, Program and Project Management policy requirements.

Recommendation 2:

2. *The Department of Health and the hospital and health services should undertake a cost-benefit analysis to determine when and how to progressively convert appropriate inventory storage locations to fully managed inventory locations, to provide real-time insight into stock level and consumption.*

   This should include facilities to be utilised for the newly established state clinical stock reserve.

Response:

Significant progress has been made regarding the improvement and visibility of stock on hand across the Queensland Health system, including:

- a number of Hospital and Health Services (HHS) have established local Stores to stock critical items of Personal Protective Equipment. Where these Stores were configured in SAP S/4HANA as Full Managed Inventory Locations, greater visibility of Stock on Hand and Stock movements inbound and outbound is now reportable from standard functionality in SAP.
- To enable visibility of Stock on Hand Quantities and Value across facilities at a Statewide or HHS Plant Hierarchy level, the Procurement Module of the DSS system now includes a Stock Perspective view. This allows calculation of Stock on Hand quantities and value.
- Distribution centres and regional warehouses that are configured as a fully managed inventory location using the S/4HANA Extended Warehouse Management (EWM) module can track goods from receipt to dispatch using standard functionality in S/4HANA.
- In locations using EWM in conjunction with wi-fi enabled scanning devices, stock control is reported in real-time.
- For all other locations not using EWM within S/4HANA, receipting of goods and replenishment of stock is performed in cyclical stock counts.
- The Queensland Government Critical Supply Reserve (QGCSR) warehousing initiative will establish two new fully managed inventory warehouses using EWM and wi-fi enabled scanning devices. This will ensure the same level of efficiency and functionality of existing warehouses and distribution centres using the EWM.

The Queensland Health supply chain is vast and complex, and improvements to stock on hand visibility and management will continue to be a focus as the QGCSR initiatives are progressed.