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Opportunities to end health sector paper chase

Health-care providers are exploiting new technology to beat costs and improve care, writes Mark Fenton-Jones.

Spending on health in the past financial year was \$94 billion, or \$4507 a person. "This was a \$7 billion, or \$286 per person, increase over the previous year," says John Goss, author of Health Expenditure in Australia 2006-07.

The federal government was the largest single source of funds in the previous decade, but its funding share has declined.

"For public hospital funding alone, the Australian government's share through the Australian Health Care Agreements peaked at 40 per cent in 2000-01 and has fallen to 33 per cent in 2006-07," Goss says. "The state and territory government share of public hospital funding rose from 45 per cent in 2000-01 to 52 per cent in 2006-07."

When health care providers try to balance quality patient care with greater financial demands, innovation assists them.

Healthscope, which runs private hospitals, engaged business-to-business solutions provider Leadtec to introduce B2B systems used by retailers. Healthscope's chief information officer, Dougall McBurnie, who was general manager of e-business at Coles, says the industry has been slow to exploit B2B systems.

Healthscope could not afford to waste time with manual order forms for thousands of items, from bandages and dressings to diagnostic equipment.

Leadtec managing director Scott Needham says: "It needed to bring something that was successful in retail into health."

The Leadtec B2B e-commerce messaging platform, which allows Healthscope to digitally transmit purchase orders to its suppliers, integrates the orders between IT systems, reducing the time and cost required to order items and enter data on invoices.

McBurnie says the system enables the company to improve the efficiency of the hospital supply chain and payment processes.

"Any business with a large supply chain is looking for ways to wring out every cent," he says, and digitising the information improves

accountability and gives management a clearer picture of the supply chain.

For the past decade, Leadtec has focused on retail and automotive clients, with turnover increasing from \$2.5 million in 2000 to about \$7 million, helped by acquisitions that extended its retail supply chain technology.

Needham views health as an chance to expand. "The next opportunity is looking at clinical messaging, which is relatively immature," he says.

Clinical messaging is a secure electronic system that allows health providers to receive reports and letters from specialists, pathology, X-ray, hospitals, pharmacies and other health providers, and to send referrals and letters to health providers.

Improving system efficiencies is also behind iCare, which provides software to the aged-care industry that automates all clinical care requirements, managerial, administrative and compliance procedures and documentation.

iCare managing director Chris Gray's business strategy is "to transform the largely inefficient paper-based aged-care industry into one that is technologically competent in line with modern-day business practices".

More than 60 per cent of the industry is reportedly using manual administration techniques. As 90 per cent of elderly people take medicines in any given fortnight, it is not surprising that medication error is responsible for up to 30 per cent of all hospital admissions for people over 75.

"Medication error will only get worse over the next decade unless fail-safe medication administration procedures become more commonplace," Gray says. "It's already a huge issue in more litigious societies such as the US."

In April, iCare acquired the e-medications system Rx Right, which was developed by pharmacist Keryn Coghill and IT specialist Chaolin Chang for aged-care facilities. It links doctors, pharmacies, carers and facilities in the sector under one system.

iCare is introducing Rx Right as part of its e-health package for aged-care facilities and as a stand-alone product.

"One aged-care facility reduced its medication errors to zero within two months of implementation and another reduced the time taken to complete a regular drug audit from four hours to 15 minutes," Coghill says. She adds that the system can save a registered nurse in a 60-bed facility up to 2 1/2 hours on paper-based reviews and administration of medication and the production of clinical reports.