This presentation provides an overview of the Victorian Auditor-General's report *Victorian Public Hospital Operating Theatre Efficiency*. 
Demand for surgery is rising in response to a growing and ageing population. Health services need to run their operating theatres as efficiently as possible if they are to meet this rising demand, and reduce waiting lists, with their current resources. In 2016–17, 60 health services delivered surgery in 295 operating theatres. In 2015–16, 17 per cent of all hospital admissions involved surgery.
The Department of Health and Human Services’ role as health system manager

Health services manage hospitals to deliver surgery for the Victorian public

- Fund
- Department of Health and Human Services (DHHS)
- Evaluate
- Monitor

DHHS is also responsible for ongoing capital investment (e.g. building new theatres)

The *Health Services Act 1988* (HSA) establishes Victoria’s public health services as independent legal entities that operate at ‘arm’s length’ from the Department of Health and Human Services (DHHS). One of their roles is to manage hospitals to deliver surgery for the Victorian public.

DHHS’s role is to fund, monitor and evaluate healthcare delivery. DHHS also retains responsibility for the sector’s ongoing capital investment, including building new operating theatres.
In this audit, we examined whether Victoria’s operating theatres are being used efficiently and whether DHHS’s leadership of the health system is driving efficiency. We audited DHHS and four health services—Alfred Health, Austin Health, Melbourne Health and St Vincent’s Hospital Melbourne. We collected operating theatre data from 23 health services covering the period from 1 July 2014 to 31 December 2016, which we collated into a new dataset so we could evaluate efficiency across a range of measures.
Operating theatres are an under-utilised resource across the health system. As a result, the costs of surgery are higher than they need to be, and more could be done with existing resources, leading to reduced elective surgery wait times and shorter waiting lists. Operating theatres can be used more efficiently, if health services are able to reduce wasted surgical time. In particular, reducing the number of late starts and early finishes would deliver more surgery from existing resources.

Operating theatres are also sitting idle for significant periods of time. More surgery could be delivered if health services opened existing theatres more often.

Current funding arrangements and performance management measures present barriers to health services optimising their operating theatre efficiency. DHHS, as system manager of the health sector, needs to reconsider how it funds health services and evaluates their performance to ensure that hospitals are encouraged to fully utilise operating theatres.
Current performance

There are opportunities for improvement across a range of underlying measures that test efficiency

- 55% of elective surgical sessions began more than 20 minutes late
- 10% of elective surgical sessions finished more than 90 minutes early
- Theatres used on 90.5% business days
- Most capacity available in regional hospitals

There are opportunities for improvement across a range of underlying measures that test the efficiency of health services’ practices. In particular, we noted that across Victoria:

- 55 per cent of elective surgical sessions began more than 20 minutes late and 10 per cent of elective surgical sessions finished more than 90 minutes early
- health services are using theatres on 90.5 per cent of business days; and
- there is limited spare theatre capacity in metropolitan hospitals, with most spare capacity available in regional hospitals.
Health services allocate theatre resources between emergency and elective surgery and for different surgical specialities. Where DHHS does not establish formal policy requirements, the audited health services typically lack comprehensive, finalised policies that govern resource allocation.

Health services’ internal reporting focuses on lost theatre time, such as late starts and underruns. These are valuable measures, as they target waste, do not affect patient safety and are within the health services’ control. However, health services use different measures making comparison of performance difficult.
DHHS does not collect the full range of data needed to analyse theatre efficiency. Consequently, DHHS cannot evaluate whether a health service is using its theatre resources efficiently. Health services cannot benchmark performance to systematically identify better practice to improve efficiency.

Although elective and emergency surgery compete for the same finite theatre resources, Victoria only has measures for access to elective surgery. As a result, health services risk misallocating theatre resources, resulting in patients waiting beyond clinically recommended time frames for surgery.
Health system design does not drive efficiency

Health services focus on delivering amount of surgery that meets target numbers and funding levels—not to maximise throughput

Current measures do not target efficiency because they neither measure waste nor explicitly link outputs to inputs

Under the current system, Victoria gets the amount of elective surgery it wants to pay for, rather than the most efficient surgery possible

Health services internal management focuses on delivering the amount of surgery that meets their target numbers and funding levels, rather than operating to maximise throughput.

Current measures do not target efficiency because they neither measure waste nor explicitly link outputs to inputs.
We made 11 recommendations in this report.
Ten of the recommendations were for DHHS, focused on:

- implementing agreed definitions, data quality standards and a centralised dataset
- sharing data and better practice between health services
- reducing late starts and underruns
- developing access measures for emergency surgery; and
- forecasting budget allocations and reviewing current funding caps.

The final recommendation was for health services, to formalise their governance policies to better manage allocation of theatre resources.
For further information, please see the full report of this audit on our website, www.audit.vic.gov.au.