

**SUBMISSION TO AUSTRALIAN COMPETITION & CONSUMER  
COMMISSION ON AWARDING OF A TENDER FOR  
EXCLUSIVE ACQUISITION OF TEMPORARY AGENCY  
NURSING STAFF BY HEALTH PURCHASING VICTORIA**

**Agency Use At Women's & Children's Health**

**BACKGROUND**

Women's & Children's Health (W&CH) consists of the Royal Women's Hospital and the Royal Children's Hospital. As two specialist public hospitals in Victoria, we have a clear preference to employ Registered Nursing staff with specific specialist skills in order to provide high quality care to women and children. The utilisation levels and costs of agency nurses over 2000/2001 has placed a major cost pressure on W&CH which adversely impacts upon the provision of health services to the Victorian public.

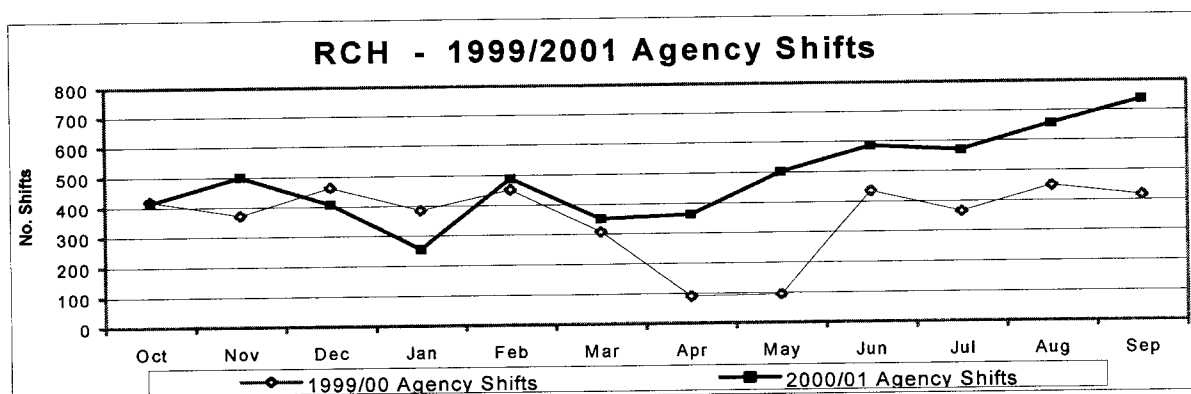
Despite the major efforts by Victorian Health Services, the State Government and the Department of Human Services to recruit nurses during the past 12 months, there remains vacancies in nursing and in particular the specialist areas such as critical care, neonatal ICU, Operating Suites and Midwifery. The use of staff from agencies has been necessary to fill this gap and enable services to be maintained.

The Royal Women's and Royal Children's Hospitals have always had a large bank of casual employee. In order to meet patient care demands the hospitals have used Agency staff to meet patient care demands, particularly during peak activity times. This agency use was always considered a last resort after offering extra shifts to part time staff, and/or exhausting the Health Service's own casual bank of employees. However, over 2001/02 agency pay rates increased by 25% resulting in many W&CH part time staff electing to undertake extra shifts through an agency.

**1. ISSUES FOR WOMEN'S AND CHILDREN'S HEALTH**

**1.1. Agency Use**

During the 2000/01 financial year agency usage at the Royal Women's Hospital (RWH) and Royal Children's Hospital (RCH) has increased by 72% from a total of 6,033 agency shifts in 99/2000 to a total of 10,350 shifts during that same time period in 2000/01.



## 1.2. Agency Costs

The total expenditure on agency staff at W&CH was:

	RCH	RWH	
2000/01	\$2.5M	\$1.85M	= \$4.35M
2001/02 (est.)	\$4.56M	\$2.7M	= \$7.26M

Projecting for agency costs to the end of this financial year, W&CH would experience a 66% increase in nursing agency expenditure.

## 1.3. Specialist Skills

As specialist hospitals, the Royal Women's & Royal Children's Hospitals have a specific need for staff with specialist skills. Not only are staff required to be registered as a general nurse but they also require further qualifications and skills specific to all sub specialties such as Midwifery, Paediatrics, Women's Health, Neonatal and Paediatric Intensive Care, Paediatric Oncology, Neurology, Orthopaedics etc. These sub-specialities are seen as a small niche area of nursing in comparison to the general skill sets required in adult public hospitals.

## 1.4. Equity

Many permanent staff have identified how difficult it is to work alongside agency staff earning up to twice their hourly rate and without the same level of responsibility. An individual agency nurse's level of competence may not be known when they attend for a shift, as a result they are more likely to be allocated less acute or complex group of patients.

## 1.5. Winter Staffing Pressure

W&CH, particularly the Royal Children's Hospital, experience greater demands for resources during the winter period due to increased childhood respiratory illnesses. Hospital admissions increase at this time, resulting in greater staffing requirements. To meet this peak demand, the organisation is forced to use agency staff to supplement an already stretched nursing workforce.

## 1.6. Morale

Quality of care issues may arise when W&CH staff continually divert their focus from providing patient care to support agency staff unfamiliar with the specialised environment. This contributes to low morale and dissatisfaction in the workplace, leading to staff reducing their hours or leaving the organisation, therefore increasing the reliance upon agency staff. Without intervention, these issues will continue to escalate.

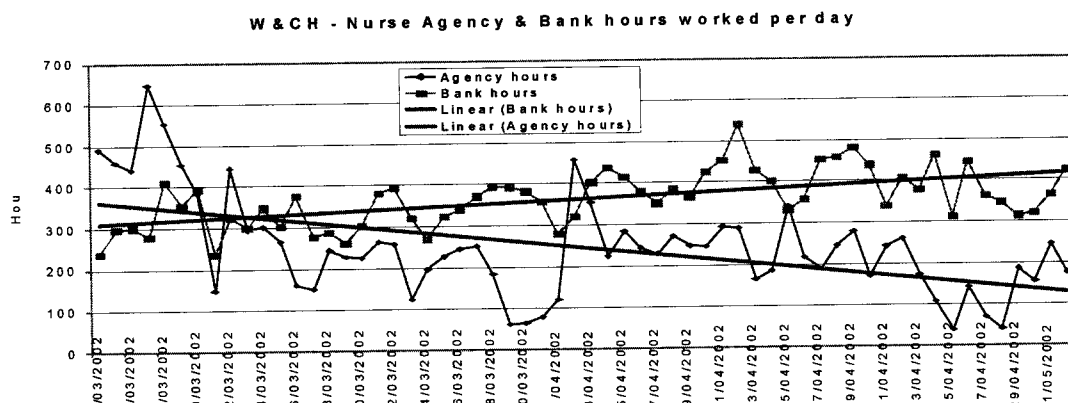
## 2. PUBLIC BENEFITS AND ADVANTAGES

The major benefit of the Application for Interim Authorisation by Health Purchasing Victoria on behalf of the Victorian Health Services is to ensure that hospital casual staff banks are competitive with agencies rates. We understand that many Registered Nurses have moved back to hospital employment because the cost differential between Hospital paid employment and the Agency has been decreased recently. Thus hospital's should be able to fill their vacancies and only use nurse agency staffing for the relief of sick leave and periods of peak activity as directed under clause 185 of the "Blair decision" 31<sup>st</sup> August 2000.

The public would benefit from this Interim Authorisation as quality of care should be improved for the following reasons:

- ❖ Agency nurses are often unfamiliar with their changing work environment as they move from hospital to hospital or ward to ward on a daily basis. Therefore, they require orientation and support from permanent W&CH nursing staff. W&CH staffing resources that would usually be dedicated to direct patient care are diverted to the training and supervision of these agency staff.
- ❖ The number of actual staff required per shift is often increased to allow for safe patient care as Agency staff are unfamiliar with the ward, the hospital policies and procedures, and specific clinical practice guidelines or care pathways. This leads to increased costs as the agency nurse does not function and carry the same patient workload as her permanent counterpart.
- ❖ Continuity of care is often sacrificed to ensure a safe patient care environment.
- ❖ Discharge Planning is interrupted as coordination of care and home-based teaching programs are unable to be completed by staff unfamiliar with care routines.
- ❖ Hospitals have been directing a major component of their nursing operating budgets to Private Agencies and therefore some clinical improvement activities have been unable to be implemented due to the high costs of providing direct patient care.
- ❖ Winter periods place significant demands on hospitals and planning for the recruitment of staff vacancies needs to occur early in 2002.

As previously indicated W&CH predicted that if the cost differential between agencies and hospital pay rates decreased, then hopefully we would see registered nurses move back to hospital banks from the agencies. Since receiving and implementing the DHS directive on the conditions in which our health service can engage agency nursing services, W&CH have indeed demonstrated this trend.



### **3. EFFECTS ON COMPETITION**

Currently Women's and Children's Health Service has no contracts with any Nursing Agency and is therefore under no contractual obligation to any Private Nursing Agency. This proposal would alter this position.

WCH require specialist staff and Private Nursing Agencies are aware of this special training need. If Health Purchasing Victoria (HPV) is successful in achieving this initiative then W&CH would be able to negotiate with a small number of preferred providers within this framework. By engaging agency staff from these preferred providers it would improve patient care as these nurses would become more familiar with the environment and the specific ward practices. Hopefully this would provide a more stable group of staff for our organisation resulting in higher quality of care and an ability to conduct our business in a more cost effective manner.

In summary it is our view that if the Commission grants authorisation for HPV, on behalf of each of the hospitals to tender for the services of temporary nurses the public benefits, as outlined above, would outweigh the anti-competitive elements in this proposal.