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Federated health system governance in the post-COVID-19 era

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Australia must enter a new post-COVID-19 era of health system governance, either by choice or circumstance, as its intrinsic federal architecture remains both its great strength and most glaring weakness.

A health system must perform five functions[1] and in the Australian context all of these are to at least some extent subject to multi-level, federated governance.

1. Governance – system oversight, stewardship and organisation
2. Provision – service delivery arrangements, ownership and management
3. Financing – sourcing and pooling of financial resources
4. Payment – reimbursement and compensation
5. Standards – regulation, compliance and enforcement

In each of these domains the health system was stress tested throughout the COVID era. It demonstrated strong resilience, capacity, and responsiveness in its *financing* and *payment* functions with institutional maturity underpinning the relatively seamless and frequent adjustments needed to maintain operations.

In the *standards* function it displayed mixed performance – with strengths in vaccine, therapeutics and workforce regulatory practice, and simultaneously chasmic shortcomings in the regulation of service delivery to the most vulnerable i.e. residential aged care[2] and services for people with disability.[3]

Provision of key front-line services generally excelled in hospitals, primary care, surveillance, health protection, mass testing and ultimately, vaccine delivery. This was enabled through the operational capability, innovation and established institutional accountabilities of the states and territories. Non-government providers, especially in the hospitals and community care sectors provided additional, essential capacity along with a resilient though stretched primary care sector. Delivery of services in the aged care sector was as deficient as its well-documented shortcomings in regulation and compliance. Chronic supply shortages – both labour and goods were major shortcomings across the whole system.

Ultimately though it was the health system's capacity for *governance* functions, specifically *system oversight* and *policy*, that were most stretched. In Australia systemic means federated, intergovernmental management. Effective system governance requires two essential resources. *Capability* that is situated at three levels in the system i.e. individual, organisational and systemic, and secondly, *competencies* i.e. analytical, operational and political required for its execution at each level.[4]

On balance the health system displayed strong and mostly sufficient capability at the individual and organisational levels and drew on its relative strengths in analytical and operational competence. Where it failed most significantly was at its apex – the systemic level capability and the political competence required for whole of system oversight and action.

We will continue to learn much from the COVID-19 era, and one of these is that our health system must operate better within its federated context.

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