

title **Active disinvestment in low-value care in Australia will improve patient outcomes and reduce waste**

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This issues brief was developed as part of a Summer Scholarship, hosted by the Deeble Institute of Health Policy Research, Australian Healthcare and Hospitals Association (AHHA), Canberra, and sponsored by HESTA. It provides recommendations on critical steps to be taken to promote disinvestment in low-value healthcare and to encourage use of high-value care. These recommendations are essential if Australia is to continue having a world-class healthcare system; providing Australians with the best possible health outcomes sustainably into the future.

Policy Issue

To create an affordable and sustainable system, investment in new cost-effective healthcare needs to be balanced with disinvestment in low-value care.

In an increasingly globalised world, information about new medical treatments is widely available and the public demands affordable access to new technology. However, healthcare resources are not unlimited; supply cannot keep up with demand. At the same time, many current services have not been evaluated, leaving their cost-effectiveness or relative cost-effectiveness unknown. This has important implications for the quality of life Australians experience and the cost of their healthcare.

There are several entities in Australia that use health technology assessment to ensure publicly available health services, treatments and interventions are safe, effective and efficient. This goes some way to ensuring publicly-funded services are high-value. However, once approved for use or funding, services, treatments and interventions are not routinely reviewed against the latest evidence.

Australian health policy-makers are faced with a dilemma—an ever-increasing demand for and consumption of health services, and an increasing concern that healthcare costs are growing too quickly. Choices about how healthcare dollars are spent need to be evaluated to ensure that the system remains affordable in the future while guaranteeing the best possible outcomes for patients.

Current disinvestment activities in Australia

In Australia, some steps towards disinvestment are under way. The Choosing Wisely and Evolve campaigns are promoting public awareness of low-value care such as, avoiding unnecessary diagnostic imaging in non-specific low back pain without indicators of a serious cause. The current Medicare Benefits Schedule (MBS) Review is examining the value of more than 5,000 MBS items. In addition to these initiatives, the Australian Commission on Safety and Quality in Health Care is leading the development of standards, guidelines and indicators for safety and quality in Australian healthcare.

International approaches

Disinvestment activities, including reviews of products and services, vary internationally. In Canada, for example, the approach is to identify medicines or services for disinvestment on an ad hoc basis. While in France, a systematic reassessment is undertaken on publicly-funded pharmaceuticals five years after they are first listed.

The National Institute for Health and Care Excellence (NICE) UK is responsible for providing clinical guidance and making recommendations on treatments and services to the National Health Service (NHS). Guidelines and updates produced by NICE specify inappropriate treatments and/or conditions that need to be met before certain interventions are carried out. NICE also maintains a list of 'do not do' activities under their Savings and Productivity collection.

The effect of healthcare funding on disinvestment

Financial incentives are major drivers of behaviour, and healthcare provision is not immune to this. In Australia, outside of public hospitals the health system operates largely on a fee-for-service payment basis, rewarding providers for each procedure or service delivered. In most cases fee-for-service payments are paid regardless of outcome. While most clinicians are intrinsically motivated to improve patient care through quality improvement, our current reimbursement systems do little to reward this. The unintended consequence of fee-for-service funding arrangements is that providers have strong financial incentives to provide a high volume of services, but limited financial incentives to provide high-value care.

Compounding this issue are the fragmented funding arrangement for health services in Australia. While the majority of funding for health services comes from the Commonwealth, and state and territory governments, their respective health departments have competing priorities due to the division of responsibilities. This leads to a reluctance to make changes when savings will not be realised in the same budget as proposed new expenditures and can cause problems for implementing policies based on economic evidence.

Using data to improve healthcare

Australian health services do not routinely collect standardised Patient Reported Outcome Measure (PROM) data, yet this would provide information about the value of health services to patients. Capture of outcomes data, extending beyond traditional clinical markers of disease is essential in the drive towards consumer-centric care, acknowledging that measures of quality should include the consumer's perspective.

After broad stakeholder consultation, Australia's National Digital Health Strategy on the future of digital health was released in August 2017. Outcomes of these consultations showed that Australians support greater use and sharing of health data to improve health care and outcomes, and to enable consumers to identify the cost, quality and availability of health services.

While the strategy acknowledges that improved data analytics will contribute to improved outcomes for patients, it provides few details about how this might be achieved more generally or how such improvements might be measured.

Private health insurers are another important source of information about value in healthcare. They collect and have access to large data sets related to their members' use of services, and are in a position to be able to follow members relatively easily over time, which may provide insights into the quality of services members receive. Being partially funded through the Commonwealth rebate, private health insurers should be encouraged to use the data they collect to assess the value of services they fund, and to publish findings.

With increased focus on patient choice and shared decision-making, it is important that information about the quality and cost of healthcare services be made publicly available. Evidence suggests that public reporting of performance data can drive improvements in the quality of care and can act as a motivator for quality improvement activities in hospitals. Similarly, conducting audits of performance and providing feedback to healthcare providers can change and improve practices. On the other hand, perverse effects of mandatory reporting have also been described, including incentivising providers to take only low-risk patients for fear of appearing to perform poorly if outcomes are not properly risk-adjusted, or to focus efforts on services being monitored to the detriment of other areas.

Publicly-reported health service performance data should be accessible and useful, enabling consumers to choose high-quality services and providers. While there is some publicly available information on the My Hospitals website regarding the performance of public hospitals and some private hospitals who voluntarily contribute, they are of limited use for patients wanting to make informed choices about the quality of care they can expect to receive.

Patients need better and more relevant information that is published in an accessible and meaningful way to enable them to make better healthcare decisions.

Recommendations for disinvestment in Australia

Improving the disinvestment potential of the Medical Services Advisory Committee (MSAC) and Pharmaceutical Benefits Advisory Committee (PBAC)

Investment in new medical services and pharmaceuticals in Australia is subject to thorough economic evaluation by MSAC and PBAC. However, we are currently ‘stuck with the old and overwhelmed by the new’¹ treatments and services once listed, because their scope does not extend to formal ongoing review. Three recommendations therefore are to:

- Expand the scope of MSAC and PBAC to include formal ongoing review of currently listed items, in addition to evaluating new items.
- Improve implementation processes for recommendations—both to invest and to disinvest.
- Improve transparency of the decision-making processes, involving greater consumer involvement in MSAC and PBAC functions. Greater involvement would help to reassure the public that disinvestment is not simply an exercise in cost-cutting.

Collection of health outcomes data

The development, collection and sharing of patient relevant outcomes, including health-related quality of life data, should be prioritised. Patient reported outcomes data will strengthen our ability to fully assess the value of different healthcare services and allow improved reporting and feedback to healthcare providers. Reporting will assist patients in making good healthcare choices.

Data sharing and reporting to support disinvestment

Data-sharing and reporting will help providers to assess the value of the different services they offer and compare their performance against their peers.

The Australian Institute of Health and Welfare (AIHW) should be charged with reporting on the data collected, alongside their other reporting on the health and wellbeing of Australians. Feedback should also be provided to bodies such as MSAC and PBAC for their updated and ongoing analyses of the value of publicly-funded healthcare products and services.

Better information for consumer decision-making

Consumer buy-in is a critical part of disinvestment and therefore needs to be addressed carefully. Current platforms for patient choice do not provide information in a way that enables patients to make informed decisions about the care they receive. Performance metrics are often related to safety, which is important, but not the only factor affecting patient outcomes.

Health-related PROM data should feed into reporting systems designed to aid consumer choice. This should build on the efforts of consumer empowerment initiatives such as Choosing Wisely Australia, to improve health literacy and help patients better understand the choices available to them.

Private health insurers should promote use of high-value care only

The Commonwealth currently contributes more than \$6 billion annually to private health insurance in the form of rebates. This should come with an expectation that health insurers spend public funds wisely. Health insurers can play a role in ensuring their customers receive high-value care, and in driving disinvestment, through promotion of and investment in high-value care, and disinvestment in low-value care.

It is recommended that private health insurers use the data they collect to evaluate and publicly report the value of services they fund.

Outcomes-based funding

To promote the provision of high-value care over low-value alternatives, providers need to be reimbursed for the *quality* of outcomes, rather than the *quantity* of outputs.

Funding for care provided under the MBS should be aligned to the health outcomes achieved, through payment mechanisms and incentives that focus on outcomes, rather than activity. The MBS Review Taskforce sees the aligning of funding with value as important, however, this does not fall directly within its terms of reference. This achieve this, reference to the conclusions drawn from the work the Australian Commission on Safety and Quality in Health Care on funding mechanisms and PROMs could prove useful.

Conclusions

The recommendations made in this Issues Brief will require ongoing commitment and work as healthcare continues to evolve. Ever-increasing strain on health budgets means this work is essential if Australia wants to continue to have a world-class healthcare system. To achieve this we need to adapt to advances in practice so that we are no longer ‘stuck with the old and overwhelmed by the new.’¹ The ongoing cooperation of all stakeholders is needed to hold the healthcare system accountable for providing high-value care and disinvesting in low-value care to achieve the best possible health outcomes for Australians.

¹ Elshaug, A, Hiller, J, Tunis, S & Moss, J 2007, ‘Challenges in Australian policy processes for disinvestment from existing, ineffective health care practices’, *Australia and New Zealand health policy*, vol. 4, no. 23, pp. 1–8.



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