



australian healthcare &  
hospitals association

*the voice of public healthcare®*



**AHHA Response to the getting more value in  
mental healthcare funding and investment  
consultation paper**

Submission  
November 2023



## OUR VISION

The best possible healthcare system that supports a healthy Australia.

## OUR PURPOSE

To drive collective action across the healthcare system for reform that improves the health and wellbeing of Australians

## OUR GUIDING PRINCIPLES

Healthcare in Australia should be:

**Outcomes-focused**

**Evidence-based**

**Accessible**

**Equitable**

**Sustainable**

## OUR CONTACT DETAILS

Australian Healthcare and Hospitals Association (AHHA)

Ngunnawal Country  
Unit 8, 2 Phipps Close  
Deakin ACT 2600

### Postal Address

PO Box 78  
Deakin West ACT 2600

### Phone

+61 2 6162 0780

### Email

[admin@ahha.asn.au](mailto:admin@ahha.asn.au)

### Website

[ahha.asn.au](http://ahha.asn.au)

### Socials

<https://www.facebook.com/Aushealthcare/>

<https://twitter.com/AusHealthcare>

<https://www.linkedin.com/company/australian-healthcare-&-hospitals-association>



# TABLE OF CONTENTS

- Introduction..... 2**
- About AHHA..... 2
- About this submission ..... 2
- General feedback ..... 2
- A mental healthcare funding framework ..... 5**
- Questions for consultation..... 5
- A new mental healthcare investment framework ..... 6**
- References ..... 8**



## INTRODUCTION

The Australian Healthcare and Hospitals Association (AHHA) welcomes the opportunity to provide input to the Macquarie University Centre for the Health Economy (MUCHE) consultation paper on 'Getting more value from mental healthcare funding and investment'.

### ABOUT AHHA

AHHA has been the national voice for public health care for more than 70 years, maintaining its vision for an effective, innovative, and sustainable health system where all Australians have equitable access to health care of the highest standard when and where they need it.

AHHA is Australia's national peak body for public hospitals and healthcare providers. Our membership includes state and territory health departments, Local Hospital Networks (LHNs) and public hospitals, community health services, Primary Health Networks (PHNs) and primary healthcare providers, aged care providers, universities, individual health professionals and academics. As such, we are uniquely placed to be an independent, national voice for universal high-quality healthcare to benefit the whole community.

In 2019, AHHA established the Australian Centre for Value-Based Health Care, recognising that a person's experience of health and healthcare is supported and enabled by a diverse range of entities, public and private, government and non-government. The Centre brings these stakeholders together around a common goal of improving the health outcomes that matter to people and communities for the resources to achieve those outcomes, with consideration of their full care pathway.

### ABOUT THIS SUBMISSION

This submission builds on consultation undertaken with health system leaders in developing a [blueprint for health reform](#) towards outcomes-focused, value-based health care, and AHHA's operating model of continuously listening to and engaging with the experiences and evidence from our members and stakeholders, as we contribute to the evolution of our health system. It also builds on the discussions held at the VBHC 2023 Congress in Brisbane and in a series of discussions held with Dr Sally Lewis Director of the Welsh Value in Health Centre, NHS Wales, and health services across Australia.

### GENERAL FEEDBACK

- *Investment in outcome measurement must first be prioritised to establish the evidence to support the development of effective VBHC payment models that incentivise improvements in outcomes, and to effectively evaluate the impact of initiatives.*

AHHA supports the exploration and adoption of VBHC payment models within the Australian system where the evidence supports their implementation.

However, we are concerned that the proposed model seeks to jump to funding models before we have the effective data and measurement process in place to provide the evidence to underpin these models and to justify appropriate, equitable and meaningful investment and funding decisions.



International evidence demonstrates that the first step to transforming a health system for value is to embed effective outcome measurement processes. In Wales, for example, outcome measures such as PROMs have been demonstrated to support the delivery of value at the micro (relationship between patient and professional), meso (processes of care, pathways), and macro (population health) levels. At the micro level they have enabled the delivery of more individualised care targeted at the outcomes that matter to the individual. At the meso level, co-ordinated PROMs collection has enabled services to identify areas of relative good and poor outcomes through benchmarking, enabling targeted programs and improved clinical performance. At the macro level PROMs collection has facilitated the development of collated datasets to support decision makers and funders to make decisions based on need and to assess the effectiveness and cost effectiveness of care.<sup>1</sup>

Yet as noted in the consultation paper, currently in Australia, *'process measures are often used to assess value because few outcome measures exist for mental health. However, many widely used process measures lack evidence demonstrating how they improve patient outcomes.'* How then can we expect to develop effective funding models that are focused on improving outcomes when we do not have appropriate outcomes data to inform the development of these model or to assess their effectiveness?

AHHA believes that investment must first focus on enhancing the maturity of outcome measurement in Australia and strengthening the capacity of healthcare professionals and decision makers to understand and use these measures before moving to the development of VBHC funding models. If this does not occur, we risk:

- undermining equity through making investment decisions based on advocacy rather than evidence,
- developing funding models that fail because we have insufficient information to develop appropriate incentives that effectively balance provider and funder risk,
- introducing funding models that exacerbate the low value in current care processes.

To maximise the success of VBHC funding models in Australia and incentivise investment in innovation that promotes equitable outcome improvements, we must first invest in strengthening outcome measurement.

- *A coordinated cross sector approach VBHC funding and investment is needed that focuses on improving the outcomes that matter to people and communities across pathways of care.*

True VBHC transformation requires a commitment to doing things differently, rather than merely optimising traditional ways of doing things. To effectively maximise value and improve outcomes within our system we cannot continue to operate within the traditional silos that underpin the current system (e.g., mental health as separate from physical health). A holistic cross sector approach is needed that considers the broader determinants that impact health and wellbeing and brings together the right services and professions to improve the outcomes that matter (e.g., health, social services, justice, housing etc) across full pathways of care.



While the consultation paper identifies that the proposed framework ‘should be responsible for developing all types of value-based payment models for mental health and physical health’, we are concerned that developing a VBHC funding framework solely through the lens of the mental health system will isolate it from other critical parts of the health and wellbeing system. This could result in unintended consequences, such as further siloing of our already highly fragmented system, and limits innovation through disincentivising sharing and learning across sectors and systems.

To ensure that the design and implementation of a VBHC funding framework is implemented in an efficient and cost-effective way, it must be developed through a whole of system approach that prioritises consultation and engagement with all areas of the health and wellbeing system.



## A MENTAL HEALTHCARE FUNDING FRAMEWORK

### QUESTIONS FOR CONSULTATION

- 2. Do you agree or disagree that the development of value based payment models should be governed by a federal independent value based payment authority? What are your reasons?**

AHHA disagrees with the proposal to establish a federal Independent Value Based Payment Authority since an independent federal pricing and funding authority already exists within the Australian health system in the Independent Health and Aged Care Pricing Authority (IHACPA).

AHHA supports the development of an independent payment office within the IHACPA, which reports to the CEO of IHACPA and the Minister for Health and Aged Care, as outlined in the Deeble Institute for Health Policy Research issues brief [A roadmap towards scalable value-based payments in Australian healthcare](#).<sup>2</sup>

IHACPA is already engaged in work to explore and shadow fund models of value-based health care in conjunction with state and territory governments. Within IHACPA there is in depth knowledge of the structures and process of the health system as well as extensive highly developed networks and processes through which they can consult and communicate with stakeholders. While it is recognised that networks would need to be expanded, from a system wide resourcing perspective it would be more efficient to leverage this existing capability and invest in strengthening the capacity of IHACPA. This would enable IHACPA to adopt the functions proposed for a value-based payment authority, rather than embedding an additional layer of bureaucracy into an already highly bureaucratic and complex system.

- 6. Do you agree or disagree with the principles underpinning value based payment models presented in Table 3.1? What do you believe should be changed within those principles?**

The proposed principles outlined in Table 3.1 could be strengthened through the inclusion of transparency and accountability principles, highlighting the importance of ensuring that the model is developed in a way that is open and accountable to the needs and values of clinicians, consumers, carers, communities and the system.

Suggested language:

*“The model is developed to ensure that funding is invested and allocated in a transparent way with process of accountability embedded to ensure the just allocation of resources.”*



## A NEW MENTAL HEALTHCARE INVESTMENT FRAMEWORK

AHHA supports the proposed mental healthcare investment framework but notes that to ensure that it is focused on investing in improving the outcomes that matter, it will need to be supported by greater investment in building the maturity of outcome measurement in Australia as highlighted above.

### **1. Do you agree that a unified approach to investment decisions in mental healthcare is required? What are your reasons?**

- *A place-based approach to investment decisions in healthcare is required that is focused on addressing community need.*

Hospital, health and mental health services are inextricably linked to the wellbeing of their communities. Their impact is more than just the provision of health care. They also have influence, for example, on employment, investment and purchasing decisions within the local community. The decisions that are made about the way health care is provided thereby impacts the safety, vibrancy, and stability of those communities.

Place-based approaches are designed and delivered with the intention of targeting a specific geographical location and particular population group to respond to complex problems (e.g. mental health). They focus simultaneously on place and people.<sup>3</sup> As such, place-based approaches not only recognise that needs vary between communities, but also how assets and resources vary. The resulting healthcare responses are thereby designed to build community capacity, so the system is strengthened overall.

Investment decision in mental health care must recognise the contextual variability that exists across Australian communities. For example, the needs and capability of the community of Mt Isa will vary considerably from the needs of metropolitan Melbourne. Flexibility must therefore be embedded within any investment approach to allow communities to respond to local need.

- *AHHA supports the need for a more unified approach to mental health funding and investment that is focused on supporting collaboration to enable place-based approaches to longer-term planning, investing in and evaluating of healthcare models.*

Currently within our system local service providers may be recipients of multiple funding streams, particularly those providing services to priority populations. These services then use this mixed funding to develop a service offering that not only meets the contractual obligations of each funding stream, but meets community need and provides a coherent employment model for their workforce.

The viability of the service offering as a whole is often then dependent on maintaining all of the funding streams. This can be a particular concern in thin markets. While these have been the subject of many reviews, debates about thin markets use terminology variably and there is limited evidence



to guide policy.<sup>4</sup> What we observe though, in Australia, is governments applying their stewardship of such markets in silos (between health, aged care and disability sectors; between levels of government; and between programs within each level of government).

Instead, AHHA supports the need for a more unified approach that supports collaboration to enable place-based approaches to address inequities and support longer-term planning, investing in and evaluating of healthcare models.

## REFERENCES

---

<sup>1</sup> Withers, K., Palmer, R., Lewis, S. et al. First steps in PROMs and PREMs collection in Wales as part of the prudent and value-based healthcare agenda. *Qual Life Res* 30, 3157–3170 (2021).

<https://doi.org/10.1007/s11136-020-02711-2>

<sup>2</sup> Cutler, H 2022, A roadmap towards scalable value-based payments in Australian healthcare, Available:

[https://ahha.asn.au/system/files/docs/publications/deeble\\_issues\\_brief\\_no\\_49\\_a\\_roadmap\\_towards\\_scalable\\_value\\_based\\_payments\\_final\\_0.pdf](https://ahha.asn.au/system/files/docs/publications/deeble_issues_brief_no_49_a_roadmap_towards_scalable_value_based_payments_final_0.pdf)

<sup>3</sup> Wilks, et al. (2015). Commonwealth place-based service delivery initiatives. Australian Institute of Family Studies. [https://aifs.gov.au/sites/default/files/publication-documents/rr32\\_0.pdf](https://aifs.gov.au/sites/default/files/publication-documents/rr32_0.pdf)

<sup>4</sup> Reeders, et al. (2019). Market capacity framework. Centre for Social Impact, Sydney.

<https://www.themandarin.com.au/wp-content/uploads/2019/12/Market-capacity-framework-CSI.pdf>