

15 July 2019

Independent Hospital Pricing Authority  
PO Box 483  
Darlinghurst NSW 1300

### **Consultation Paper on the Pricing Framework for Australian Public Hospital Services 2020-21**

The Australian Healthcare and Hospitals Association (AHHA) welcomes the opportunity to provide this submission to the Independent Hospital Pricing Authority (IHPA) on the *Consultation Paper on the Pricing Framework for Australian Public Hospital Services 2020-21*.

AHHA is Australia's national peak body for public hospitals and healthcare providers. Our membership includes state 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.

AHHA responses to selected consultation questions follow.

*Do you support IHPA making the National Benchmarking Portal publicly available, with appropriate safeguards in place to protect patient privacy?*

AHHA supports the National Benchmarking Portal (NBP) being made publicly available to enable its broader use in the public's assessment of public hospital activities.

As part of this opening of access to public hospital data, it is essential that individual and collective patient privacy and confidentiality is maintained. It is also vital that the public are provided with appropriate information to be assured of these protections. The recent My Health Record opt-out process is instructive in ensuring that the public are not only provided with information addressing privacy concerns, but that they also understand the

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protections that are in place and the public good that is served by the anonymous reporting of public hospital activity data.

Information from the NBP should also be integrated with the Australian Institute of Health and Welfare's MyHospitals website into a single portal, or at the very least use the same metadata related to hospital names so that comparisons can be made across the two data portals. This data should also ideally be made available at the establishment level (with data censoring applied where appropriate to account for smaller sites and less common demographic groups and treatments), and at a minimum, at the local hospital network level.

*Would you support the introduction of an incentive payment or other mechanism to assist in covering the costs of collecting Individual Healthcare Identifiers for a limited time period?*

AHHA supports the collection of Individual Healthcare Identifiers (IHIs) to facilitate innovative models of care and associated funding mechanisms. Moving the health system from the funding of episodic activity towards a more holistic view of a patient's journey of healthcare will require the ability to trace a patient across multidisciplinary cycles of care, over time and potentially across jurisdictions. The recent assessment by IHPA of the opportunities and challenges associated with the introduction of bundled payments for maternity care is insightful in this respect. The routine collection of IHIs is also important for the collection of patient reported outcomes measures (PROMs) and as part of a move towards pricing and funding for value-based health care.

To facilitate the collection of IHIs, AHHA also supports incentive payments being made to jurisdictions to enable the routine capture and reporting of IHIs. Such funding support represents an investment in vital health system infrastructure to enable broader system reform in models of care and associated funding arrangements. If an appropriate secondary use of data framework was broadly supported by the community, this could also facilitate the development of innovative models of healthcare based on the healthcare journey lived experience.

*Should a national patient reported outcomes measures collection be considered as part of national data sets?*

AHHA supports the development of comprehensive patient reported outcomes measures (PROMs) to better understand patients' experience of care and to facilitate the delivery of value-based health care.

There should be a shared development of PROMs between consumers, clinicians, researchers, regulators and policy makers. This shared approach is to ensure that the outcomes captured span the range of purposes to which they could be applied and to ensure that they are not purely clinically focused and retain an appropriate patient centric approach.

The IHPA consultation paper cites work by the International Consortium for Health Outcomes Measurement (ICHOM). AHHA considers that this could be a valuable starting

point from which to consider the development of PROMs in an Australia. However, these also need to be initially contextualised to reflect Australian legacy jurisdictional responsibilities, professional practices and funding arrangements. A more expansive consideration of the place of PROMs in healthcare is provided by Hegde and Haddock (2019)<sup>1</sup>.

*Are there any additional funding models IHPA should explore in the context of Australia's existing National Healthcare Reform Agreement and activity based funding framework?*

In the IHPA consultation paper, alternative mechanisms for the funding of healthcare services currently being implemented in Australia are identified as capitation, value-based healthcare and bundled payments.

In general, AHHA supports innovative models of care and associated financing arrangements where the focus is on the patient outcomes that are achieved rather than the services that are provided (throughput, volume or activity). AHHA also supports a longer-term move towards outcome contingent payment mechanisms where providers are funded on the basis of the pre-defined and agreed outcomes that are achieved. Such a longer-term approach implies a transfer of at least some risk from funders to providers and must be associated with robust and transparent reporting mechanisms, in addition to provider flexibility in the manner in which their patients' healthcare needs are met.

AHHA in particular supports value-based health care. As a starting point, we conceptualise value-based health care as the outcomes that matter to patients relative to the resources required to provide these outcomes. While this is a well-recognised conception of value-based health care, AHHA also believes that this needs to be operationalised in an Australian context that recognises our tandem universal healthcare system and sector structure that also has a large private sector component and where around one third of health expenditure is funded through non-government sources. A deeper examination of the potential to introduce value-based health care in Australia is provided by Woolcock (2019)<sup>2</sup>.

AHHA encourages IHPA in considering alternative funding models that shifts the focus from activity to outcomes to consider the larger healthcare system that public hospitals operate within. While public hospitals provide vital and valued healthcare services to the Australian public, this is embedded within a larger health ecosystem where healthcare can be delivered by multiple providers and in different settings. A contemporary example of this is the recent COAG initiative relating to the funding of avoidable hospital readmissions. This

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<sup>1</sup> Hegde, S and Haddock, R. 2019. Re-orienting funding from volume to value in public dental health services. Deeble Institute for Health Policy Research Issues Brief No 32. Available at [https://ahha.asn.au/system/files/docs/publications/deeble\\_issues\\_brief\\_no\\_32\\_reorienting\\_funding\\_from\\_volume\\_to\\_value\\_.pdf](https://ahha.asn.au/system/files/docs/publications/deeble_issues_brief_no_32_reorienting_funding_from_volume_to_value_.pdf).

<sup>2</sup> Woolcock, K. 2019. Value Based Health Care: Setting the scene for Australia. Deeble Institute for Health Policy Research Issues Brief No 31. Available at <https://ahha.asn.au/publication/health-policy-issue-briefs/deeble-issues-brief-no-31-value-based-health-care-setting>.

initiative points to the need for sub-sectors within the broader healthcare system to recognise and respond to an individual's journey and experience of healthcare across the system.

I would be pleased to discuss these views with IHPA in more detail.

Yours sincerely

A handwritten signature in blue ink that reads "Alison Verhoeven". The signature is written in a cursive style with a light blue shadow effect behind the text.

Alison Verhoeven  
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Australian Healthcare and Hospitals Association