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Independent Hospital Pricing Authority (IHPA)  
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To whom it may concern,

### Consultation Paper on the Pricing Framework for Australian Public Hospital Services 2023–24

The Australian Healthcare and Hospitals Association (AHHA) welcomes the opportunity to provide a response to the IHPA Consultation Paper on the Pricing Framework for Australian Public Hospital Services 2023–24.

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 health care to benefit the whole community.

To achieve a healthy Australia supported by the best possible healthcare system, AHHA recommends Australia reform the healthcare system over the next 10 years by enabling person-centred, outcomes-focused and value-based health care. This requires:

1. A nationally unified and regionally controlled health system that puts people at the centre
2. Performance information and reporting that is fit for purpose
3. A health workforce that exists to serve and meet population health needs
4. Funding that is sustainable and appropriate to support a high-quality health system.

AHHA's *Healthy people, healthy systems*<sup>1</sup> is a blueprint for reform (the Blueprint) with a series of short, medium, and long-term actions to achieve this goal. The actions outlined in the Blueprint closely align with the initiatives mapped out in the Australian Health Minister's *National Health Reform Agreement (NHRA) – Long-term health reforms roadmap*<sup>2</sup>. In addition, *The Effective and*

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<sup>1</sup> Australian Healthcare and Hospitals Association. 2021. *Healthy people, healthy systems*. Available at <https://ahha.asn.au/Blueprint>

<sup>2</sup> Australian Health Ministers. 2021. *National Health Reform Agreement (NHRA) – Long-term health reforms roadmap*. Available at <https://www.health.gov.au/resources/publications/national-health-reform-agreement-nhra-long-term-health-reforms-roadmap>

*Sustainable Adoption of Virtual Health Care*<sup>3</sup> is a supplementary paper to the Blueprint. It is within this context that the following feedback has been provided.

Please note that our response addresses the questions and content in Chapter 8 'Future funding models' and Chapter 9 'Pricing and funding for safety and quality', including the following consultation questions:

- 1. How is virtual care delivery captured in information systems and data collections?**
- 2. IHPA is proposing to investigate the inclusion of emergency department telehealth video consultations in the NAPEDC NMDS and Emergency service care National Best Endeavours Data Set for 2023–24.**

***Are there any other examples of innovative models of care and services related to virtual care that IHPA should also consider investigating?***

- 3. What changes, if any, to the national pricing model should IHPA consider to account for innovative models of care and services related to virtual care?**

Despite the importance of health information systems and data collections, and the substantial data currently being collected, Australia has not implemented a national, long-term strategic plan to coordinate and direct national health information interests. Such a plan is critical in developing alternate funding models to incentivise care models that improve outcomes for people and communities.

As funding models relating to virtual care models are investigated, we must ensure we do not limit opportunities by simply recreating traditional in-person experiences with an online experience (and replicating all its flaws), but rather, enable the design of person-centred, data-driven and technology enabled shifts that improve the health outcomes for Australians.

AHHA commends the work of IHPA for leading the work to remove activity-based funding as a barrier to alternate care models. However, for effective adoption of alternate care models that these funding models will enable, there needs to be national commitment with investment across the system in:

- The digital infrastructure to enable data to guide clinical care throughout a care pathway
- Mirrored investment and support in primary and community care to enable collaborative design of innovative models of care, including virtual care, that are person-centred and reflect entire care pathways
- Evaluation framework and web-based clearing house to enable whole-of-system learning and scaling of successful models of care.

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<sup>3</sup> Australian Healthcare and Hospitals Association. 2021. The Effective and Sustainable Adoption of Virtual Health Care. Available at <https://ahha.asn.au/supplement-effective-and-sustainable-adoption-virtual-health-care>

## **Data to guide clinical care, not just population insights**

Australia's health system generates enormous volumes of data. The Australian Institute of Health and Welfare (AIHW), IHPA and state entities have the expertise to provide strong leadership in the use of data for the purposes of population health insights, resource planning and policy development, all vital areas that governments must continue to appropriately resource. However, carriage of whole-of-system leadership for effectively and efficiently using data to guide shared decision-making and clinical care, in real time, throughout a person's care pathway is unclear.

The design of alternate models of care, including the delivery of virtual care, must be considered in this context. In order to effectively adopt technologies in the provision of virtual care, a vision is needed for a digital infrastructure that can facilitate seamless interfaces and real-time interoperability of devices and data streams.

States and territories have digital health strategies that provide a shared direction for investment in the information and communication technology (ICT) architecture required for transforming the way health care is delivered. They are increasingly moving to single electronic health records for the hospitals and health services in their jurisdictions, recognising that capturing and effectively using clinical information is important in ensuring quality, safe and sustainable healthcare services.

The ICT architecture within the states and territories has also been planning for the integration of the increasing amounts of data being generated through medical and technological advances (e.g. genomics, wearables, biosensors, remote monitoring systems and data sources outside the health system) and how these can be used to inform care (e.g. NSW Health 2016).

In primary care, data and information are held within independent private practices. The lack of standards and regulation of electronic health records in primary care has led to inconsistent structures, data elements and use of clinical terminologies and classifications. This has hindered capability for transfer of clinical data between electronic health records for clinical purposes; linking individual health data for integration of care across different sectors of the health care system; and reliable extraction of patient data for practice improvement and research purposes (Gordon et al 2016).

Primary Health Networks are collaborating on a data and analytics platform for primary care. As with the work of AIHW, IHPA and state agencies, this will help support population insights, resource planning and policy development. However, it still doesn't address the effective and efficient use of data (both clinician and patient-generated) to guide shared decision-making and clinical care, in real time throughout a person's care pathway.

Data standards, digital health architecture, and analytical and reporting capabilities are needed to support systematic tracking of health outcomes, relevant risk-adjustment factors, segment-specific interventions, corresponding costs of care and other relevant dimensions of health system performance (WEF 2016).

Interoperability standards are required for effective, efficient and sustainable adoption of virtual care delivery. Without interoperability, the health system is limited to pursuing integration sector by sector, issue by issue. For example, with jurisdictions developing systems to allow GPs to view patient's hospital records to support continuity of care (Queensland Health 2020).

While pursuing this is obviously outside IHPA's role, it highlights the criticality of a National Health Information Strategy and the associated digital infrastructure that spans the entire health system to underpin alternate funding models that incentivise care models that improve outcomes for the resources used. This applies not just to virtual care models but, for example, workforce models as well.

Governments must commit to this future, and move beyond the pursuit of data integration alone, and instead establish the environment for interoperability. This will support stakeholders across the health system to align in purpose and deliver the health outcomes that matter to Australians.

### **Primary and community care**

While much of primary care is also currently reliant on funding models that incentivise activity rather than outcomes, mirrored investment and support in primary and community care is needed to enable collaborative design of innovative models of care, including virtual care, that are person-centred and reflect entire care pathways.

For example, while Primary Health Networks (PHNs) are already developing locally relevant models of care and workforce solutions, there is considerable opportunity for them to be given explicit authority and resourcing to facilitate local collaboration and place-based solutions, expand their work in partnership with state and territory governments and health workforce agencies, to further improve access and health outcomes.

PHNs utilise commissioning to fund the delivery of services through a continual and iterative cycle involving needs assessment, co-design, procurement, monitoring and evaluation. PHNs around Australia are adopting outcomes-based commissioning approaches to build local capacity and collaborative service arrangements that put people and communities at the centre of care.

Consideration must also be given to the role, investment and support for community health services. While providing many of the same services as general practice, their focus on the environmental and social determinants of health has led to the development of models of care that use multidisciplinary, team-based primary care; integration with other health services; and responsibility for a defined local population.

It is critical that IHPA's activity to enable alternate models of care within the hospital system be coordinated with equivalent activity in the primary and community care service environments, within a national framework that drives person-centred and value-based health care.

### **Alternate care models**

As IHPA explores alternate funding models for virtual care delivery, AHHA recommends a transformational view of virtual care be adopted, ensuring it is not viewed simply as a substitution or augmentation of existing in-person models of care. With advancements in technologies available, together with the pursuit of interoperability in the health sector, this would enable the potential benefits from predictive analytics, with more personalised care and earlier interventions, to be realised.

In line with IHPA's focus on avoidable and preventable hospitalisations, the transition between hospital to the community requires good multidisciplinary cooperation and timely, comprehensive and accurate communication.

The Evidence Brief published by the Deeble Institute for Health Policy Research, *Avoiding hospital readmissions: the models and the role of primary care*,<sup>4</sup> discusses models of care reported in the literature that have been used to prevent unplanned hospital readmissions including those models that improve transitional care, as well as virtual wards and telehealth.

Investment in a framework for evaluation of alternate models of care, together with a web-based clearing house of quality-assessed evidence, will be important in enabling whole-of-system learning and scaling of successful models of care, efficiently and sustainably.

AHHA commends the work of IHPA in their transparent and consultative approach to the pursuit of value-based health care. Payment mechanisms are just one of the policy levers, albeit powerful levers, to drive improved outcomes for the resources used. There is need for all other stakeholders in the system to be unified in supporting aligned policies and resourcing to fully benefit from the flexibility in care models the work of IHPA will provide.

We would be happy to discuss any aspect of this response further.

Sincerely,



Kylie Woolcock  
Chief Executive Officer  
Australian Healthcare and Hospitals Association

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<sup>4</sup> Chua D and Johnson T. (2022). *Avoiding hospital readmissions: the models and the role of primary care*. Deeble Evidence Brief 24. Australian Healthcare and Hospitals Association, Australia.