Governance Framework for the Development of the Australian Mental Health Care Classification

IHACPA

Governance Framework for the Development of the Australian Mental Health Care Classification – July 2024

Table of Contents

Abbreviations and acronyms

ABF	Activity based funding
AMHCC	Australian Mental Health Care Classification
CAC	Clinical Advisory Committee
HoNOS	Health of the Nation Outcome Scales
IHACPA	Independent Health and Aged Care Pricing Authority
JAC	Jurisdictional Advisory Committee
LSP	Life Skills Profile
MHWG	Mental Health Working Group
NHR Act	National Health Reform Act 2011
TAC	Technical Advisory Committee

1. Purpose

The Independent Health and Aged Care Pricing Authority (IHACPA) was established under the *National Health Reform Act 2011* as part of the National Health Reform Agreement (NHRA).

Since 2011 it has enabled the implementation of national activity based funding (ABF) for Australian public hospital services through the annual determination of the national efficient price and national efficient cost. With effect from 12 August 2022, IHACPA's role expanded to include the provision of advice to the Australian government on costing and pricing of aged care services as well as advice on health and aged care matters.

IHACPA is responsible for determining adjustments to the national efficient price to reflect legitimate and unavoidable variations in the cost of delivering health services, determining data requirements and developing and specifying the classifications for services provided by public hospitals. IHACPA undertakes reviews and updates of existing classifications and is also responsible for introducing new classifications.

The Governance Framework for the Development of the Australian Mental Health Classification (AMHCC) (the framework) outlines the classification development and approval process, the guiding principles and classification materials that are a result of the classification development cycle. The purpose of the framework is to establish a set of guiding principles used to assess proposed refinements to the AMHCC, to ensure decisions regarding changes to the AMHCC are based on a consistent policy framework.

The framework is updated with each new AMHCC classification development cycle to ensure it, and the classification that it governs, remain fit for purpose and relevant to the Australian healthcare system.

2. Background

2.1 Australian Mental Health Care Classification

IHACPA developed the Australian Mental Health Care Classification (AMHCC) to support the national implementation of activity based funding (ABF) for mental health care. The AMHCC improves the clinical meaningfulness in the classification of mental health care and is used to price public mental health care admitted services nationally.

The AMHCC Version 1.0 (V1.0) has been implemented on a best endeavours basis since 1 July 2016 and used to price admitted mental health services since 1 July 2022. In December 2023, IHACPA released the AMHCC Version 1.1 (V1.1), a modest refinement to the classification which included a recalibration of the complexity model.

The AMHCC is a consumer level classification which has 6 major splitting variables, including:

- setting
- Mental Health Phase of Care (MHPoC)
- age group
- Health of the Nation Outcome Scales (HoNOS)/Health of the Nation Outcome Scales for Children and Adolescents (HoNOSCA)/Health of the Nation Outcome Scale 65+ (HoNOS65+)
- Abbreviated Life Skills Profile (LSP-16)
- mental health legal status (MHLS).

The classification is illustrated at Figures 1 and 2 below.

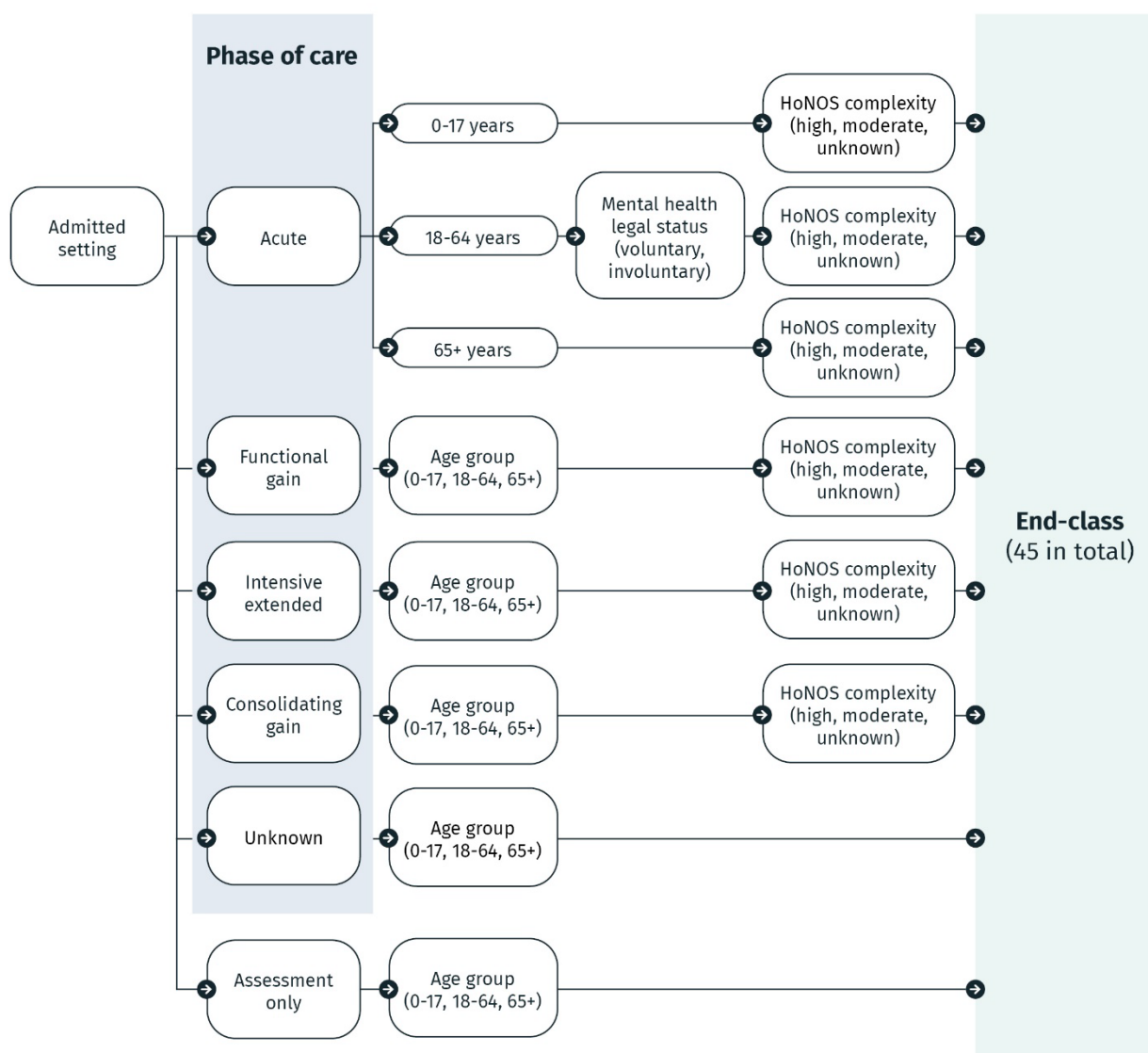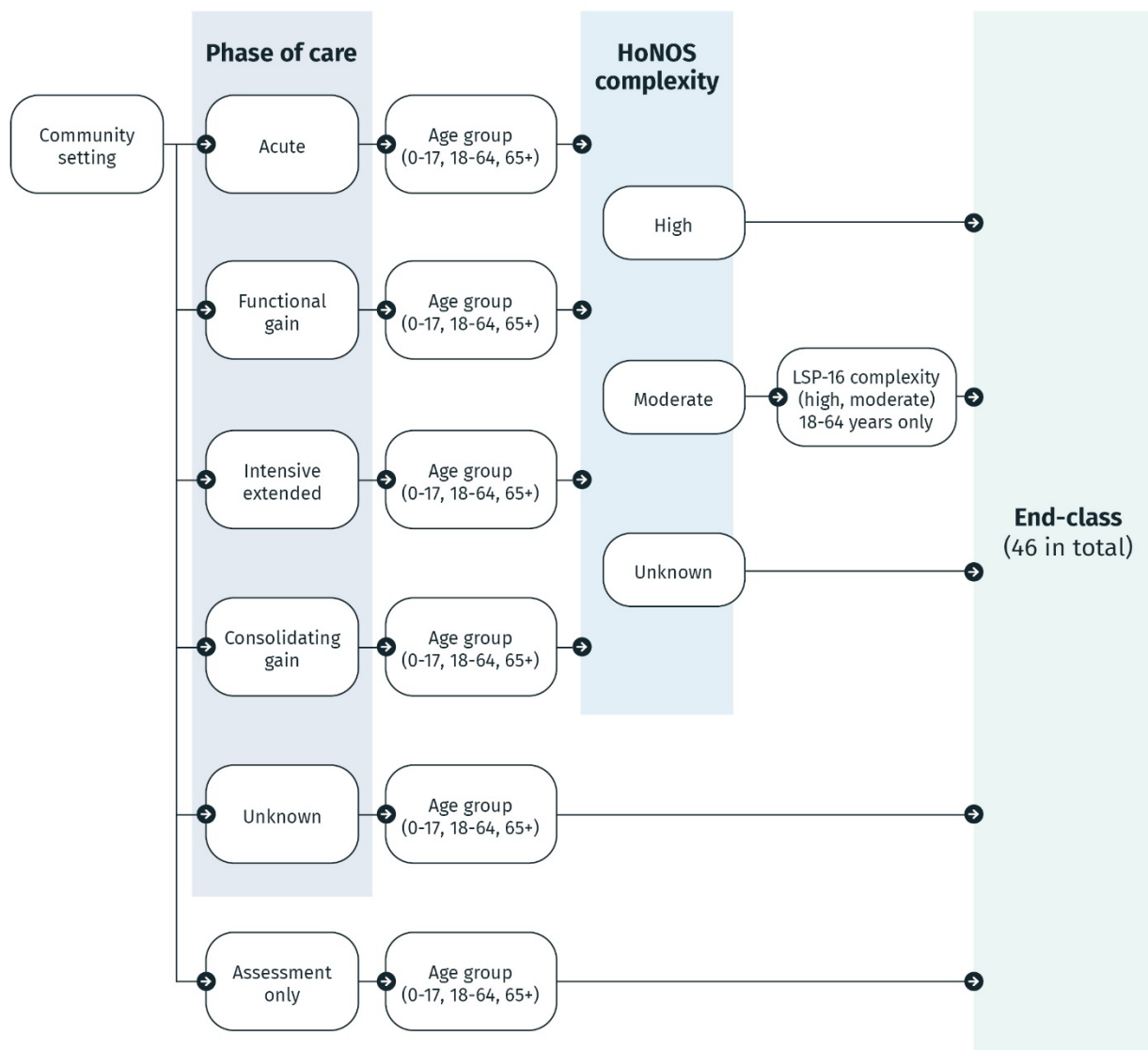## Figure 1. AMHCC– Admitted structure

Figure 2. AMHCC– Community structure

3. Principle-based development

Classifications are comprised of clinically meaningful and resource homogenous consumer groupings that are developed and refined using a combination of clinical input and statistical approaches. Classification development must balance clinical and statistical input to ensure effective and appropriate classifications systems are adopted. A set of classification principles are utilised to:

- assess and prioritise potential refinements
- balance clinical meaning and statistical measures
- balance the multiple uses of the classification
- inform stakeholders of the classification refinement process and enhance stakeholder feedback.

3.1 Process principles

IHACPA uses a set of process principles applied across all aspects of the classification development cycle. The process principles identify the overarching values strived for, and the steps taken to achieve these values, during the process of reviewing and developing refinements to classifications.

3.1.1 Transparency

- The work program and principles outlined in the framework are reviewed for each new development cycle following consultation.
- Updates to the classification will be made following consultation and documented for future reference.
- Final decisions will be shared with the relevant stakeholder groups. Subsequent amendments arising from quality assurance processes will be shared prior to the publication of the classification.
- Public consultation will seek feedback on the major changes to the classifications and flag any significant changes in supporting materials, outcomes to be made available.

3.1.2 Respect of process

- Working and advisory group members will have appropriate opportunity to review meeting papers and provide feedback to IHACPA.
- IHACPA will consult with stakeholders on development and refinement proposals to the classification. Stakeholder feedback will assist IHACPA in identifying appropriate implementation time frames.

- IHACPA will make a final decision, considering all factors informing the development process (i.e. development principles, advisory group feedback and clinical input) to support the national interest in the use of the classification. Any change will be communicated transparently to all stakeholders.

3.1.3 Evidence-based

- Classification development will follow an evidence-based approach to ensure the classifications are fit for purpose for their many uses.
- Clinical input will be sought from clinical stakeholders, or a more specialised clinical authority, where indicated.
- International classifications will be considered in the development process.

3.1.4 Stability

- Classification development will consider consistency and timing of changes for the purposes of maintaining data stability.

3.2 AMHCC guiding principles

Eight guiding principles are used across the development cycle to ensure the AMHCC is fit for purpose.

The guiding principles as outlined in **Table 1,** were developed by IHACPA in consultation with the Mental Health Working Group and the Mental Health Costing Study Steering Committee, as key project governance groups involved in the 2016 Mental Health Costing Study. These have been reviewed in consultation with the MHWG, to align with current practices in the mental health care sector.

The guiding principles identify the overarching guidelines which should be adhered to when developing or refining the AMHCC to ensure the classification is nationally consistent, consumer-focused and clinically meaningful.

Table 1. Guiding principles for classification development of the AMHCC

Principle	Description
Comprehensive, mutually exclusive and consistent	The classification is comprehensive, with mutually exclusive end class definitions and assignment to classes are clear, consistent and unambiguous. The classification should be able to be applied to all in-scope mental health care services and perform similarly (clinically and statistically) when applied to admitted and community settings.
Clinically coherent	Episodes within a class have similar consumer characteristics and clinical models of care that make sense to a group of clinicians. The data elements align with the language used by clinicians, capture clinical complexity, align with current practices, and where possible, encourage innovation and improve mental health services.

Resource homogeneous	Episodes within a class have a similar level of resource utilisation and there is a large variation between classes.

Estimates of resource consumption within classes should be stable over time. When applied prospectively, the classification should explain a substantial level of the cost variation between classes, while minimising the variability of costs within each class.

When assessing an individual data element for its inclusion in the classification, there is strong evidence that the data element explains variation in costs over and above other cost drivers. |
| Consumer-focused | The classification should be based on variables that reflect the characteristics and prospective goal of care for consumers, rather than characteristics of the service provider or care provided.

The classification should incorporate outcome measures and clinical complexity.

Classification should be able to be applied across admitted, community and residential mental health care services. |
| Simple and transparent | The classification has as many classes as are needed to ensure resource homogeneity.

Grouping of episodes into classes should occur through a process that is transparent and able to be understood by clinicians and health service managers.

The classification changes should be clear and logical to enable identification and assessment of impact.

Updates to the classification will be made following a wide, thorough consultation, evidence-based assessment and well documented for future reference. |
| Evidence-based | The classification relies on variables that are collected consistently and uniformly measurable using mental health care activity and cost data that are accessible. The classification allows for adoption of new robust and clinically coherent evidence-based activity and data sources.

The classification prioritises the uses of existing variables that are nationally consistent and flexible to local interpretation and reporting. |
| Capacity for improvement | Where possible, the structure and variables of the classification provide information of sufficient granularity to facilitate improving the performance of classifying consumers receiving mental health care.

The classification should be sufficiently flexible to adapt to change in cost profiles, population casemix, consumer complexity and future refinements. |
| Utility beyond activity based funding | The classification and the underlying data elements should allow the analysis of best practice and facilitate benchmarking.

Where possible, the structure and variables of classification are useful for purposes other than funding. These may include health services management, monitoring of quality and safety, epidemiological monitoring, benchmarking, understanding practice and cost variation, health services planning and performance reporting. |

4. Governance and development process

4.1 Development stages

Development and refinement of the AMHCC will follow a staged approach, in line with other classification development cycles, across the following key areas:

4.1.1 Establishment stage

The establishment stage sets up the classification development framework, involving the agreement on priority areas, objectives, alignment to guiding principles and a proposed development approach.

4.1.2 Development stage

The development state involves exploration and investigation into identified development priority areas which align with the guiding principles, via existing and new data reporting, statistical analysis and clinical and technical stakeholder engagement.

4.1.3 Consultation stage

Following completion of analysis and consideration of changes to the classification, IHACPA may conduct a public consultation if relevant, to seek feedback on the recommendations for major changes to the classification or the final classification. Based on feedback received, IHACPA will then further refine the classification if required and seek feedback through relevant working group and advisory committees.

4.1.4 Finalisation stage

Once consultation is completed, the revised AMHCC will be presented to the Pricing Authority for consideration. During this process IHACPA will develop support materials in preparation for the release of the classification.

4.1.5 Output stage

The final stage of the development process is focused on the release of classification with the associated support material inclusive of technical specifications and groupers, user manual and final report.

IHACPA will consult relevant stakeholders throughout the development process to ensure recommendations are transparent, clinically informed, evidence-based and supported by national mental health care data.

4.2 Governance structure

The Mental Health Working Group (MHWG) is responsible for providing expert technical and clinical advice throughout the AMHCC development cycle. It uses its networks to ensure comprehensive input is received on changes to the classification in the development stage of the cycle.

Where relevant, IHACPA will also consult with the Technical Advisory Committee (TAC), Clinical Advisory Committee (CAC) and Jurisdictional Advisory Committee (JAC) to seek feedback on strategic, technical, clinical and jurisdictional considerations.

The IHACPA advisory group and committees which provide strategic advice in the development and refinement of the AMHCC are listed in Table 2.

Table 2. Advisory groups and committees involved in the development and consultation stages

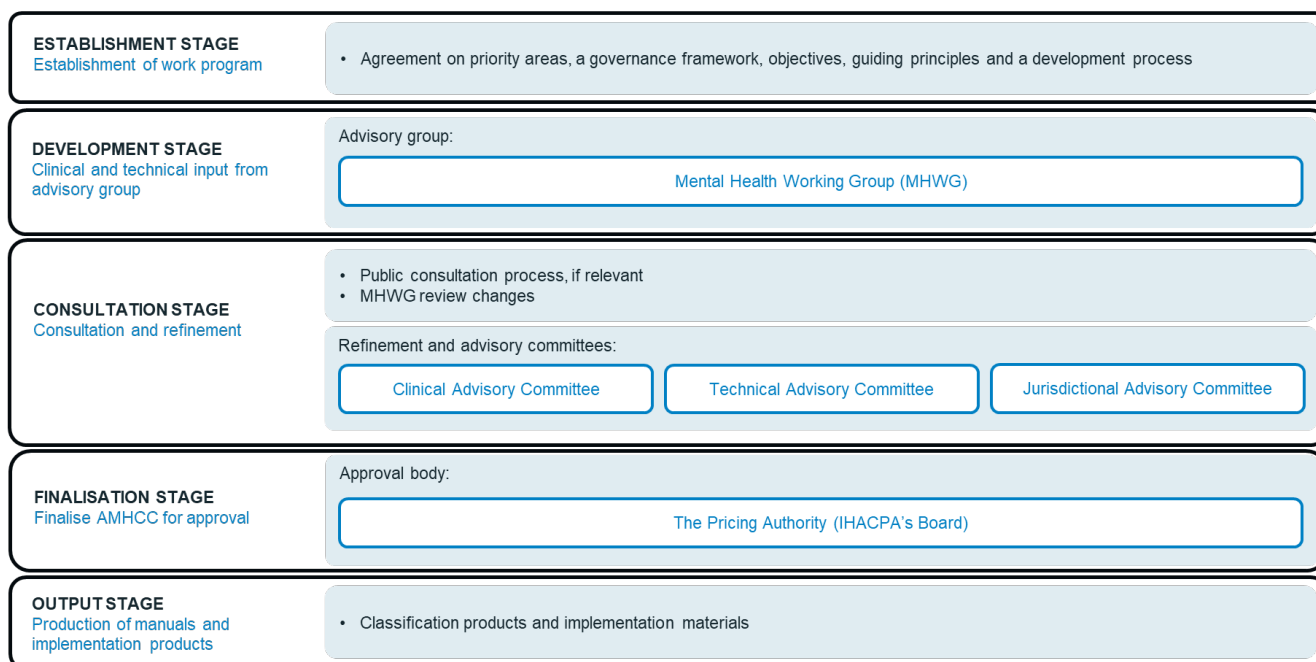| Group	Description	Role in development cycle
Mental Health Working Group (MHWG) Further information on MHWG.	Advisory committee. Provides expert advice on matters relevant to mental health. Membership includes representatives from all jurisdictions, mental health consumers and carers, and a diverse range of peak bodies and special interest groups.	Provides advice and input on the development and refinement of the AMHCC.
Technical Advisory Committee (TAC) Further information on TAC.	Endorsement committee. Membership includes representatives from all jurisdictions with expertise in clinical costing, classification, data processing and modelling that underpins the development of ABF.	Provides technical input on classification and data standards that underpin classification development.
Jurisdictional Advisory Committee (JAC) Further information on JAC.	Endorsement committee. Membership includes representatives from all jurisdictions	Reviews and advises on the classifications and provides broad support prior to finalisation.
Clinical Advisory Committee (CAC) Further information on CAC.	Endorsement committee. Membership consists of specialists that are appointed by the Australian Government Minister for Health, and are drawn from a range of clinical specialties and backgrounds to ensure a wide range of clinical expertise	Provides clinical input on classification and data standards that underpin development of the classifications. Reviews and advises on the classifications and provides broad support prior to finalisation.

4.3 Approval by the Pricing Authority

Following consultation of the finalised AMHCC through advisory committees, the final step is to seek approval from the Pricing Authority.

The Pricing Authority oversees IHACPA's function and work and has ultimate responsibility to finalise and implement classifications under the National Health Reform Agreement.

Figure 4 illustrates the stages in the AMHCC development cycle with key governance groups identified and the role of the Pricing Authority in the finalisation stage.

Figure 4. Overview of the stages in the AMHCC development process

AMHCC DEVELOPMENT CYCLE STAGES

ESTABLISHMENT STAGE
Establishment of work program
- Agreement on priority areas, a governance framework, objectives, guiding principles and a development process

DEVELOPMENT STAGE
Clinical and technical input from advisory group
Advisory group:
Mental Health Working Group (MHWG)

CONSULTATION STAGE
Consultation and refinement
- Public consultation process, if relevant
- MHWG review changes

Refinement and advisory committees:
Clinical Advisory Committee | Technical Advisory Committee | Jurisdictional Advisory Committee

FINALISATION STAGE
Finalise AMHCC for approval
Approval body:
The Pricing Authority (IHACPA's Board)

OUTPUT STAGE
Production of manuals and implementation products
- Classification products and implementation materials

4.4 Outcomes of the classification development cycle

The outcomes of all classification development, including the Final Report, groupers, Technical Specifications, consultation papers and education documents are provided as classification materials. All related AMHCC materials are available on the IHACPA website.