Mr James Downie
Chief Executive Officer
Independent Hospital Pricing Authority
PO Box 483
Darlinghurst NSW 1300

Your ref N/A
Our ref H18/37843

Dear Mr Downie

Thank you for the opportunity to provide comment on the Independent Hospital Pricing Authority's Consultation Paper on Australian Refined Diagnosis Related Groups. Please find attached the NSW submission.

If you would like to discuss any aspects of the submission, please contact Mr Neville Onley, Executive Director, Activity Based Management on 02 9391 9035 or at nonle@doh.health.nsw.gov.au.

Yours sincerely

14.6.18

Dr Nigel Lyons
Deputy Secretary, Strategy and Resources

Encl.

NSW Ministry of Health
ABN 92 697 899 630
73 Miller St North Sydney NSW 2060
Locked Mail Bag 961 North Sydney NSW 2059
Tel. (02) 9391 9000 Fax. (02) 9391 9101
Website. www.health.nsw.gov.au

Consultation Paper on Australian Refined Diagnosis Related Groups Version 10.0

NSW HEALTH SUBMISSION

NSW Health supports the IHPA's work to ensure that the AR-DRG classification maintains its relevance and adequately reflects the true cost of delivering admitted acute hospital services. A balance between maintaining the classification's currency and continual modification of the Diagnosis Code List needs to be considered to prevent instability and confusion in the system.

Jurisdictions will require significant lead-time to implement coding changes and to allow for data collection to catch up to updates in the classification. Furthermore, the classification needs to be flexible in order to recognise and capture innovation in models of care. Collecting data for emerging models of care is likely to increase and evolve over the next two years, which will improve current and future activity and cost data capturing.

Consultation Question
1. Are there diagnoses proposed for exclusion (refer to Appendix B) that are considered significant in contributing to the complexity of treating a patient in an admitted episode of care that should remain in the complexity calculation for AR-DRG V10.0?

NSW Health is of the view that the implementation of the current complexity model is still in its early phase and has not had time to stabilise. NSW Health has concerns that further changes may result in greater volatility within the system.

Diagnosis Codes that should not be excluded

Following consultation with NSW Health clinicians, a number of codes that have been listed by the IHPA in Appendix B for exclusion from Version 10 have been identified as highly significant in contributing to the calculation of complexity of care. Analysis shows that the length of stay for these exclusions is likely to increase, which would have significant impacts on local hospital funding. Please refer to **Table 1** for codes that should not be removed from the complexity model at this time.

NSW Health notes that some of the codes identified by the IHPA for exclusion may attract a low volume nationally; however, NSW Health recognises the importance of being able to accurately reflect the complete patient journey in all episodes.

Table 1 - Diagnosis Codes that should not be excluded from the complexity model

Group	ICD – 10 – AM Code and Description
B	B30.8 and B30.9 Viral Conjunctivitis B35.0, B35.1, B35.2, B35.3, B35.5, B35.9 Tinea
C	C88.01, C88.21, C88.031, C88.41, C88.71, C88.91 Immunoproliferative disease C90.01, C90.11, C90.21, C90.31 Myeloma C91.01, C91.11, C91.21, C91.31, C91.41, C91.51, C91.61, C91.71, C91.81, C91.91 Leukaemia C92.01, C92.11, C92.21, C92.031, C92.41, C92.51, C92.61, C92.71, C92.81, C92.91 Myeloblastic Leukaemia C93.01, C93.11, C93.31, C93.71, C93.91 Monoblastic/monocytic leukaemia C94.01, C94.21, C94.31, C94.41, C94.61, C94.71 Acute erythroid leukaemia C95.01, C95.11, C95.71, C95.91 Acute Leukaemia

Group	ICD – 10 – AM Code and Description
D	D09.9 Carcinoma in situ, unspecified D25.0, D25.1, D25.2, D25.9 Leiomyoma of uterus D36.9 Benign neoplasm D48.9Neoplasm of uncertain or unknown behaviour D56.3 Thalassaemia trait D57.3 Sickle-cell trait D75.81 Secondary thrombocytosis
E	E02 Subclinical iodine-deficiency hypothyroidism E04.0, E04.1, E04.2, E04.8, E04.9 Nontoxic diffuse goitre and single thyroid nodule E07.9 Disorder of the thyroid E09.8, E09.9 Hyperglycaemia with and without complications E55.9 Vitamin D Deficiency E61.1, E61.9 Iron or unspecified nutrient deficiency E63.8, E63.9 nutritional deficiencies E66.3 Overweight E73.8, E73.9 Other lactose intolerance E74.9 Disorder of carbohydrate metabolism E78.0, E78.1, E78.2, E78.3, E78.4, E78.5, Hypercholesterolaemia E83.3, E83.4, E83.8, E83.9 Electrolyte Imbalances
F	F17.2 Tobacco
H	H10.9 Conjuntivitis H11.3, H11.4, H11.9 Conjuctival haemorrhage H15.9 Disorder of sclera H16.9 Keratitis H18.9 Disorder of cornea H21.9 Disorder of iris and ciliary body H25.0 Senile incipient cataract H27.9 Disorder of lens H31.9 Disorder of choroid H35.9 Retinal disorder H40.0 Glaucoma suspect H43.9 Disorder of vitreous body H44.9 Disorder of globe H49.9 Paralytic stramismus H51.9 Disorder of binocular movement H52.0, H52.1, H52.2, H52.3, H52.4, H52.5, H52.6, H52.7 Hypermetropia H53.0, H53.1, H53.2, H53.3, H53.4, H53.5, H53.6, H53.8, H53.9 Amblyopia ex anopsia H54.3, H54.9 Visual impairment H57.1, H57.9 Ocular pain H60.9 Otitis externa
I	I25.2 Old myocardial infarction I87.8 Other specified disorders of veins
J	J06.8, J06.9 Acute upper respiratory infections

Group	ICD – 10 – AM Code and Description
K	K21.9 Gastro-oesophageal reflux disease K22.9 Disease of oesophagus K25.9 Gastric ulcer K26.9 Duodenal ulcer K27.9 Peptic ulcer K28.9 Gastrojejunal ulcer K29.70 Gastritis K30 Function dyspepsia K31.7 Polyp of stomach K31.81 Angiodysplasia of stomach K31.9 Disease of stomach K38.0, K38.1, K38.9 Hyperplasia of appendix K40.21, K40.90, K40.91 Inguinal hernia K41.2, K41.9 Femoral hernia K42.9 Umbilical hernia K43.2, K43.5, K43.9 Hernia without obstruction K45.8 Other abdominal hernia K51.4 Inflammatory polyps K55.21 Angiodysplasia of colon K55.0 Vascular disorder of intestine K57.10, K57.30, K57.50, K57.90 Diverticulosis of intestines K59.0 Constipation K59.1 Function diarrhoea K59.4 Anal spasm K59.9 Functional intestinal disorder K60.0, K60.1, K60.2 Anal fissure K62.0, K62.1, K62.9 Anal Polyp K63.50, K53.58 Polyp of colon K63.9 Disease of intestine K64.0, K64.1, K64.2, K64.4, K64.8, K64.9 Haemorrhoids K66.9 Disorder of Peritoneum K73.9 Chronic hepatitis
L	L29.0, L29.1, L29.2, L29.3, L29.8, L29.9 Pruritus L30.8 Other specified dermatitis
M	M24.38 Pathological dislocation of joint, not elsewhere classified M62.50 Muscle wasting, not elsewhere classified
N	N18.1, N18.2, N18.3 Chronic kidney disease N19 Unspecified kidney disease
O	O23.0, O23.1, O23.2, O23.3, O23.4, O23.5, O23.9 Urinary Tract Infection O99.00, O99.01, O99.02, O99.03, O99.04 Anaemia in pregnancy
P	P07.01, P07.02, P07.03, P07.11, P07.12, P07.13 Low birth weight P39.9 Infection specific to the perinatal period P92.0 Vomiting in newborn
R	R65.0 SIRS of infections origin without acute organ failure
S	S14.70, S14.71, S14.72, S14.73, S14.74, S14.75, S14.76, S14.77, S14.78 Functional spinal cord injury
T	T23.2 Partial thickness burn of wrist and hand

Group	ICD – 10 – AM Code and Description
Z	Z06.50, Z06.51, Z06.58, Z06.60, Z06.63, Z06.67, Z06.69, Z06.70, Z06.77 Resistance to antibiotics Z07 Resistance to antineoplastic drugs Z21 Asymptomatic human immunodeficiency virus infection status Z92.1 Personal history of long term use of anticoagulants

Diagnosis Codes requiring further analysis

NSW Health recommends that the IHPA undertake further clinical review of each diagnosis group listed in Appendix B to ensure that the list is adequately reviewed by relevant specialities. NSW Health recommends that further data analysis is undertaken on activity volume, costs and length of stay, particularly for rural, regional and remote facilities, where pockets of activity may require increased utilisation of resources. This would support the broader review of models of care and assessment of clinical variation.

In particular, NSW Health recommends that the IHPA undertake further analysis on a number diagnosis codes proposed for exclusion from the complexity calculation for AR-DRG V10.0. These codes and a rationale for further review is provided at Table 2.

Table 2 - Diagnosis Codes that should be reconsidered from exclusion from the complexity model

Group	ICD –10–AM Code	Rationale
B	B01.9	There is the potential for increased resource utilisation based on the need for patient isolation.
C	C09.01	There is potential for preventative bone strengthening intravenous medications to be used, resulting in an increase in resources.
G	G47.30	There is a potential need for the introduction of CPAP/BIPAP that is 'new' for the patient and not an already established treatment, thereby requiring additional resources.
K	K07.1 to K07.9 K25-K29, K40-K46 K59.0	These codes may be secondary to MMT High volume may equate to high cost Removing this code may increase the LOS across all patient cohorts and may dilute the complexity splits.
O	O23.0	Elimination of this code may result in increased LOS for patients.
R	R64	There is potential for an associated increase in costs and other related utilisation issues if this code were removed.
S	S06.0	A primary and secondary variation review is required to identify impact of this code's removal.

Consultation Question

2. Are there other diagnoses not proposed for exclusion that should be added to the exclusion list?

NSW Health recommends that N184 is added to the list for exclusion on the basis that N183 was proposed. NSW Health supports further analysis of this code.

Consultation Question

3. Do you support the introduction of stabilisation methods to the AR-DRG complexity model?

NSW Health supports the introduction of stabilisation methods to the AR-DRG complexity model. Transparency in the timing and the methodology of the model is essential.

If code increases become too frequent, it becomes difficult to compare trends over time. A balance is needed between evolving the classification systems to keep pace with emerging models of care and the impacts of implementation on jurisdictions. Moving too quickly between DRG versions impacts on the health system's capacity to project and plan activity. It is recommended that IHPA assess potential risks and impacts on the health system resulting from DRG version changes prior to implementation.

Consultation Question

4. Are there other areas of the complexity model IHPA should be investigating to ensure stability between AR-DRG versions?

The IHPA should consider investigating areas of the complexity model where there is a shift between partitions.

Consultation Question

5. Do you support the proposal to differentiate caesarean section types in the AR-DRG classifications?

NSW Health supports the IHPA's proposal to differentiate caesarean section types in the AR-DRG classifications. This split of DRGs would better reflect clinical complexity and emergency status of patients.

Consultation Question

6. Do you support using in labour or not in labour as the measure for differentiating caesarean sections in the AR-DRG classification?

NSW Health supports in principle using the grouping 'in labour' or 'not in labour' to differentiate caesarean sections in the classification. NSW Health raises for consideration how a booked elective caesarean that requires an emergency procedure will be identified. The differentiation may incentivise late caesarean section bookings if going into labour prior still leads to an emergency classification.

Consultation Question

7. Do you support the proposed grouping of nephrolithiasis interventions in the AR-DRG classification for V10.0?

NSW Health notes the previous work undertaken during the development of AR-DRG V9.0 to identify options for combining or redefining the ADRGs for nephrolithiasis interventions. NSW Health supports the proposed grouping of L41 *Ureteroscopy* and L40 *Cystourethroscopy* to create a more clinically coherent grouping.

Consultation Question

8. Do you support the removal of Z60 *Rehabilitation* on the basis that this ADRG is obsolete as a result of changes to the ACS?

NSW Health supports the removal of Z60 *Rehabilitation* as Z50.9 *Care involving use of rehabilitation procedures* has replaced this ADRG.

Consultation Question

9. Do you support reassigning living donor liver procurement episodes to ADRG H01 Pancreas, Liver and Shunt Procedures?

NSW Health is of the view that this reassignment is a more clinically appropriate grouping.

Consultation Question

10. Do you support reassigning episodes with osseointegration interventions of the digits and limbs to ADRG I28 *Other Musculoskeletal Procedures*?

NSW Health is of the view that this reassignment is a more clinically appropriate grouping.

Consultation Question

11. Do you agree with the recommendations that no change be made for AR-DRG V10.0 for acute rheumatic fever, personality disorders, involuntary mental health patient episodes, alcohol and drug disorders, dental extractions and restorations, endovascular clot retrieval, transcatheter aortic valve implantation, reparative transcranial magnetic stimulation and stereo electroencephalography?

NSW Health is of the view that further review in AR-DRG V10.0 is required for:

- alcohol and drug disorders;
- personality disorders;
- endovascular clot retrieval; and
- transcatheter aortic valve implantation.

The DRGs assigned for the patients with alcohol and drug disorders do not reflect the episodes of care where the patient is admitted for inpatient detoxification. Different drugs and/or combinations of drugs require different LOS as well dual diagnoses for patients (for example a patient who has both a drug/alcohol and mental health condition).

Furthermore, procedures such as transcatheter aortic valve and endovascular clot retrieval have significantly different costings from the rest of the DRG in which they are grouped in. The Transcatheter Aortic Valve Implants are significantly more expensive due to the prosthetic that is used, whilst Endovasvular Clot Retrieval requires a 24/7 retrieval team on stand-by for the procedure. The implementation of the stability levers for the Episode Clinical Complexity Model will be skewed if these additional costs are not adjusted for.

Consultation Question

12. Do you foresee any system issues with the increase in characters of the AR-DRG version number with the introduction of AR-DRG V10?

Considerable lead-time will be required (minimum 6 to 9 months) to implement the system change including changes in field size, interface and extracts, and reporting forms redesign. NSW Health will need to complete an extensive gap analysis at the Local Health District/Specialty Health Network and at the State level in order to understand the impact of this change.