Independent Hospital and Aged Care Pricing Authority Consultation Paper on Bundling Arrangements for General Use Items on the Prostheses List

Johnson & Johnson MedTech Response – 12 October 2022

At Johnson & Johnson MedTech (JJMT), we unleash diverse healthcare expertise, purposeful technology, and a passion for people to transform the future of medical intervention and empower everyone to live their best life possible. For more than 90 years in Australia, and a century world-wide, we have driven breakthrough scientific innovation to address unmet needs and reimagine health. In surgery, orthopaedics, vision, and interventional solutions, we continue to help save lives and create a future where healthcare solutions are smarter, less invasive, and more personalised.

JJMT welcomes the opportunity to respond to the Independent Hospital and Aged Care Pricing Authority's *Consultation Paper on Bundling Arrangements for General Use Items on the Prostheses List.*

The primary concern for JJMT is ensuring a continued funding for General Use Items following removal from the Prostheses List (PL). While we note implementation is out of scope for this consultation, it remains a critical input to bundling arrangements. We see the exclusion of this input as a risk to the review of arrangements, which at present only remain viable as an ecosystem of both data analysis to inform process to ensure sustainable funding infrastructure. Implementation remains an outstanding issue that must be addressed.

Sponsors, hospitals, clinicians, and insurers need clarity and full transparency on how these items will be funded, including the details of any forthcoming contractual arrangements between insurers and private hospitals. At present, the medical technology industry is not privy to disclosure on financial arrangements for the current funding mechanisms in the private healthcare sector, nor are we an invited stakeholder to best support casemix arrangements currently.

Our recommendation is that whilst implementation remains out-of-scope for this review, it is an imperative and critical aspect to best inform the review of bundling by IHACPA. Clarity and transparency need to be provided with enough time for all stakeholders to prepare business planning and contracting. If implementation is not appropriately addressed, patient access and clinical outcomes are at significant risk.

We look forward to receiving confirmation for the receipt of the response to this consultation. If any further information is warranted, please contact the authors as per our emailed submission.

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JJMT Responses to Consultation Questions

- *Do you support or oppose the use of the PL product classification within the design of General Use Item bundles? Please provide details in terms of the specific features of the PL classification.*
    - JJMT agrees with the use of the PL current group and subgroup/suffix classification as currently published. The rationale for this aligns to historical comparative clinical assessment of stapler and haematosis technologies whereby these technologies have been listed for clinical interchangeability, from which a benchmark of their value is established more broadly than just a single unit cost. We suggest its critical for the purposes of creating bundled payment as a funding mechanism, that the utility value of the technologies be captured holistically.
    - Whilst the PL has established the grouping of like devices for clinical interchangeability, where it was not able to capture the value of technology utilisation in its listing is the additional economic benefits technologies provide due to the restriction of the suffix definition and structure within the General Miscellaneous grouping scheme.
- *Do you support or oppose the use of the ICD-10-AM/ACHI/ACS classifications within the design of General Use Item bundles? Please provide details of any perceived issues or benefits regarding the use of these classifications.*
    - JJMT agrees with the use of the ICD-10-AM/ACHI/ACS classifications to ensure consistency across both healthcare systems. More broadly, we also acknowledge the relevance of international alignment when it comes to future health technology assessments of new technologies that often replace existing technologies with innovation changing the scope of clinical indication. ICD-10 mapped to current MBS utilisation as a transparent dataset provided to all stakeholders would be valuable for the future implications to how a bundling arrangement will be able to adapt with the innovation of such technologies.
- *Do you support or oppose the use of hospital characteristics within the design of General Use Item bundles? Please provide details of any perceived issues or benefits regarding the use of hospital characteristics.*
    - JJMT agrees with the use of hospital characteristics as the workflow and management of patient treatment varies between the two healthcare sectors of public and private in Australia. Both sectors address length of stay differently, driven by the challenges within current acute surgical management of patients and the currently agreed contacts for in-patient procedures. We see merit in further making these difference more transparent so that the value of these technologies can be appropriately captured for their direct impact to length of stay, avoidance of hospital acquired complications and reduction in other aligned adverse events, such as extended bleeding and/or surgical leaks involving the gastrointestinal tract.
- *Are there any other classification systems that IHACPA should incorporate in the design of General Use Item bundles? If so, please provide details of these classifications and a rationale for their use*.

- JMT is aware of historical banding infrastructure that was a mechanism used in the private sector for general use items and other technologies not listed on the PL. We suggest a review of the current banding arrangements would also be informative to understanding how these have been used and classified within existing bundling arrangements.

Appendix A: Consultation questions

Number	Question	Page
1	*Are you aware of any issues with the HCP data collection that may impact on the way it captures utilisation of General Use Items for private patient services? Please provide detailed examples that illustrate these issues where possible.* o Industry does not currently have access to granular HCP data details. Sponsors of medical technology supplied to private hospitals do not have the ability to analyse HCP data at a hospital level and do not have visibility of the associated MBS code or PHI claims. This is an issue we would like addressed if bundling arrangements are finalised as the funding mechanism for general use items per the current PL Part D list.	10
3	*Are there any other sources of data or empirical information that may be useful in defining alternative bundling arrangements for General Use Items? If so, please identify the specific information and describe the way in which the information could be utilised.* o JJMT would like to see the utilisation within a bundling arrangement be made transparent to the supplier aligned to the MBS codes used. This will help inform industry which at present we do have access to this type of dataset and consequently can not address utilisation scope, which we understand could be a mechanism for refusal of funding by PHI. Industry cannot advise or explain discrepancies if we are not made privy to all elements of a bundling arrangement.	10
4	*Do you support or oppose the use of the PL product classification within the design of General Use Item bundles? Please provide details in terms of the specific features of the PL classification.* o Refer above response.	12
5	*Do you support or oppose the use of the ICD-10-AM/ACHI/ACS classifications within the design of General Use Item bundles? Please provide details of any perceived issues or benefits regarding the use of these classifications.* o Refer above response.	12

Number	Question	Page
6	*Do you support or oppose the use of hospital characteristics within the design of General Use Item bundles? Please provide details of any perceived issues or benefits regarding the use of hospital characteristics.* o Refer above response.	12
7	*Are there any other classification systems that IHACPA should incorporate in the design of General Use Item bundles? If so, please provide details of these classifications and a rationale for their use*. o Refer above response.	12
9	*Are you aware of any existing contracting arrangements between hospitals and insurers that might be considered relevant in the formulation of advice on alternative bundling arrangements? If so, please provide details of the arrangements, noting that IHACPA will ensure confidentiality of this information wherever necessary.* o What is relevant is that as a supplier we do have access or visibility by means of any disclosure to any arrangements in the private sector for delivery of care and its funding. If we are to remain an engaged stakeholder, we would like to see a bundling arrangement also be subject to full disclosure to ensure our supply and funding is fair and equitable.	14
10	*Are you aware of any instances where a General Use Item charge is raised against an individual episode but where the item is used across multiple episodes, such as might occur for multi-pack or multi-use type items? If so, please provide details.* o There are no JJMT medical technologies that are multiple use. All technologies as currently listed on PL Part D are single sterile and supplied and invoiced against each PL billing code as per the governance of the PL and in line with its TGA registration.	14
11	*Are there any other issues of relevance to the formulation of advice on alternative bundling arrangements? If so, please provide details on these issues and their materiality with regard to the formulation of advice.* o Please refer to prior commentary that notes the current lack of full transparency to stakeholders that engage and support the private healthcare sector by means of supply of critical haemostat medical technology deemed necessary for any surgical intervention.	14