Consultation Paper on Bundling Arrangements for General Use Items on the Prostheses List - MTAA Response

12 October 2022

Overall

In general, MTAA believes that IHACPA is asking the right questions and focusing on the correct data sources for this important process, except overlooking the use of sponsor-provided data. However, there is little information in here about the decisions IHACPA is taking on work which presumably has already begun. MTAA is concerned that there is no actual consultation period following the communication of the IHACPA recommendations in December.

MTAA 1.3 Removal of General Use Items from the list

While the Department routinely refers to the billing codes slated for removal from the Prostheses List (PL) as General Use items this is a misnomer. The removals include many devices deemed ineligible for reasons other than not meeting the Department's new and informally introduced 'specific purpose' criteria, such as drug delivery devices (not implantable).

While it is a shorthand moniker, MTAA does not accept that the bundle is limited to 'General Use' items and should include all items identified for removal on or before 1 July 2023. This includes the microcatheters which the Department has announced for removal on 1 November. There is no practical reason why these can't be included in the calculations. They are simply items missed during the Department's initial review of items for ineligibility of any description and hospitals should not be penalised for this.

3. Data Sources

Q: 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.

Industry doesn't get routine access to HCP data so can't verify its suitability and accuracy. We note that it is generally not aligned with APRA data, which is in part related to the fact that it is not as effective in capturing data for private patients in the public setting.

Q: Do you have any comments on the quality and utility of the proposed data sources for the development of advice on bundling arrangements for General Use Items? Please provide details.

Overall, the data sources listed are suitable with some data sources such as PHDB more suitable for triangulation of data such as HCP. However, MTAA notes that the APRA data on PL usage is not always accurate based on its experience in collecting data from sponsors for the IHACPA benefit review work.

Level 4, 97 Waterloo Road,
Macquarie Park, NSW 2113 Australia
+61 (2) 9900 0600
reception@mtaa.org.au

Q: 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.

The General Miscellaneous volume data reported by APRA is significantly below the volume data provided by our member companies as part of the 2021 data collection process, suggesting a possible serious disconnect. This apparent discrepancy has been backed up by one private hospital chain. Since the permissions for the use of that data doesn't extend to this project, MTAA recommends working with IHACPA to seek these permissions to help understand why there is a gap.

4. Classification systems

Q. 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.

Bundling should not be prejudicial against devices that offer greater clinical or economic benefits and therefore there should not be an attempt to adjust payments down to the lower benefit levels of some devices used in similar circumstances. The goal should be to retain the flexibility for clinicians to use the devices most suitable and this is best done by using historical usage and growth rates at a granular level separating by patient risk to forecast future use and not trying to pre-empt appropriate clinical use, which this project is not suited to answer.

One example is the use of a haemostat with thrombin which is recognised with a higher benefit on the PL than a haemostat without thrombin. This is justified on the basis of evidence suggesting lower rates of bleeding complications and hospital costs for the haemostat with thrombin. If any attempt were made to adjust the bundle down to the haemostat without thrombin benefit level, this would immediately place a barrier to access rather than allowing the hospital to give the clinician judicious discretion.

More generally, IHACPA should be careful about trying to draw conclusions about appropriate use. It is better to recognise bundles based on historical patterns and patient risk. Attempts to adjust the bundle based on assumptions about whether current distinctions PL are valid or not is not appropriate to this process and would essentially result in dictating higher use of certain kinds of products over others.

Q: 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.

Generally, MTAA supports the use of these classifications. Patterns of use/cost of removal items may not follow more general patterns of episode cost and this must be examined at the detailed level (procedure) before consideration of any rollup, including issues arising where there are multiple procedures per episode that could cloud episode-level calculations.

Q: 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.

It is MTAA's view that hospital characteristics are likely relevant, and this should be a point for assessment. Any formula that results in deviation from historical expenditure patterns on these items for a given hospital or hospital group will create hardship for these hospitals, particularly those in rural and regional areas.

Q: 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.

No further suggestions

5. Issues and considerations

Q: Are you aware of any short-term changes, brought on by the impact of COVID-19, to the utilisation of General Use Items among episodes in which these items are used? If so, please provide details that enable the changes to be examined using the 2020–21 HCP data collection.

COVID-19 reduced the number of procedures and therefore overall use, but the key question is whether it changed the type and mix in such a way as to impact the value of items used at the level proposed for calculation and payment. Pre-COVID rates should be compared to COVID rates. No assumptions should be made about whether the historical use and growth of these items is considered appropriate clinically. There is neither the time nor the means to assess this through this process and the concept of delisting is largely intended to rectify any real or imagined overuse. Factors such as the high focus on reduced bleeding and infection rates (examples of a hospital acquired complication events listed by ACSQHC) including by insurers can contribute significantly to the growth rates of use of some products and can't be sufficiently teased out in this process. The assumption should be that clinicians have been using devices they consider reasonably necessary. Higher bleeding rates among previously COVID-infected patients may also be a factor in recent use.

Q: 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.

MTAA is not privy to this detail

Q: 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.

Once a packet of items is opened then manufacturer stipulation in the instructions for use is generally that any contents cannot be used subsequently due to loss of sterility. The manufacturer will generally not guarantee it even if sterility were preserved in the opening of the packet.

However, even if it were used across multiple episodes contrary to the instructions for use, this would intuitively not increase the overall use of the product because there would be fewer follow up orders, so it is difficult to see how this would impact the calculation for similar procedures.

Q: 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.

The Department has been excluding the listing of comparators products for some or all of the groups identified for removal for up to 2 years or more. This has retarded the natural development of the market. This includes products that have been assessed by clinical advisory groups as better than existing products on the market. While it is difficult to quantify the impact of this, it should be offset against any arguments to adjust usage downward for putative overuse that is equally difficult to quantify.