

28 October 2016

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

Dear Mr Downie,

We are writing to provide feedback and express some concern on the *Consultation Paper on the Pricing Framework for Australian Public Hospital Services 2017-18*.

We note under section 10.2 of the previous Pricing Framework for Australian Public Hospital Services (2016-17):

1. The Joint Working Party Sub-committee was to “develop a national best-practice price for hip fracture care for implementation in future years ...” (p.38);
2. “A report detailing the proposed approach to best-practice pricing will be published by IHPA and the Commission in late 2015” (p.38);
3. “IHPA will ... examine the viability and implications of implementing a best practice pricing approach for hip fracture care in future years” (p.39); and
4. “IHPA will work with the Commission to identify the suite of implementation issues that need to be resolved prior to confirming a best-practice pricing scheme for hip fracture care for future years” (p.39).

These four issues and the decision to continue investigation of a best-practice price incentive for hip fracture care are not addressed in the current *Consultation Paper on the Pricing Framework for Australian Public Hospital Services 2017-18*. Best-practice pricing for hip fracture care has been effective in the British National Health Service and many consider hip fracture to be the best condition to trial the concept of paying for quality as it is common, has a significant health and financial impact, and is reflective of institutional care. The groundwork done by the Commission, the Australian and New Zealand Hip Fracture Registry (ANZHFR) and the Joint Working Party means that pricing is feasible and ready to be implemented.

In September 2014, the Australian and New Zealand Guideline for Hip Fracture Care was released; and in September 2016, the Commission released its Hip Fracture Care Clinical Care Standard with agreed Quality Indicators. These documents provide the evidence base for hip fracture care in Australia and New Zealand.

The ANZ Hip Fracture Registry released its first patient level report in September 2016 (copy attached). It provides clear evidence of variation in performance across a number of areas of care, some of which directly impact on patient related outcomes. Putting a price on quality provides a financial incentive for the health

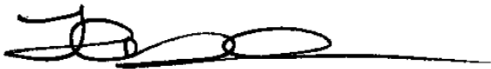
system to improve. We accept there are many drivers of improvement however it would be a pity not to attempt to evaluate the impact of pricing-for-quality on care and outcomes.

The *Consultation Paper on the Pricing Framework for Australian Public Hospital Services 2017-18* takes a more punitive approach to funding of health care and has the potential to be detrimental to care and lead to gaming of a complex system. As an example, using delirium as a condition that is potentially preventable and therefore one that will carry financial penalties is a major cause for concern. Clinicians are making progress in Australia highlighting the importance of screening for delirium and improving patient management. As a result of increased awareness, coding also improves, and we would anticipate with better education and training in detection and management that recorded rates of delirium will increase (not decrease). Financial penalties are likely to inhibit this progress and do nothing to improve care.


We fully appreciate that the health budget is limited but there is more than one mechanism to spending the available money. The packaging and selling of a message is critical and we fear that the punitive approach will not be the best way of engaging with clinicians.

We seek to meet with you to discuss how we can still consider evaluating the impact of financial incentives as a driver for improving performance. This could be done as a pilot study using a rigorous methodological approach and sit alongside current activity providing a direct comparator of the impact of different approaches to improving quality and safety in our health systems.

Yours sincerely,



Professor Jacqueline Close  
Geriatrician and Co-Chair ANZHFR



Professor Ian Harris  
Orthopaedic Surgeon and Co-Chair ANZHFR