Thursday 11 July 2019

Mr James Downie
Chief Executive Officer
Independent Hospital Pricing Authority
Level 6, 1 Oxford Street
Sydney NSW 2000
submissions.ihpa@ihpa.gov.au

Dear Mr Downie

**RE: Pricing Framework for Australian Public Hospital Services 2020-21**

The Society of Hospital Pharmacists of Australia is the national professional organisation for more than 5,300 pharmacists, pharmacists in training, pharmacy technicians and associates working across Australia's health system. SHPA is committed to facilitating the safe and effective use of medicines, which is the core business of pharmacists, especially in hospitals.

SHPA is pleased to have the opportunity to be part of the consultation process for the development of the Pricing Framework for Australian Public Hospital Services 2020-21 discussion paper and has specific responses to the following sections and questions.

**Are the Pricing Guidelines still relevant in providing guidance on IHPA's role in pricing Australian public hospital services? Does the proposed addition to the Pricing Guidelines appropriately capture the need for pricing models to support value in hospital and health services?**

Yes, the Pricing Guidelines remain relevant in guiding IHPA's efforts in pricing Australian public hospital services. SHPA supports the proposed addition of 'Promoting value' to the list of Pricing Guidelines to support innovative and alternative funding solutions that deliver efficient quality care with a focus on patient outcomes. Improving the efficiency and the quality of care provided in public health services is core to hospital pharmacy practice. Research from eight tertiary public hospitals has demonstrated that for every $1 invested into clinical pharmacy services to initiate changes in medication therapy or management, approximately $23 was saved through[1]:

- Reduced length of admission
- Reduced risk of readmission
- Lower medication costs
- Reduced laboratory monitoring and pathology tests
- Reduced medical procedures

SHPA notes that the 2019-20 Federal budget contained an unexpected Budget measure, the *Improving Access to Medicines — supporting community pharmacy* measure which will reduce hospital pharmacy remuneration by $44 million. This Budget measure will take effect from 1 October 2019.

SHPA estimates this equates to more than a $30 million cut to medicines management in public hospitals. Without this funding more than 500 hospital pharmacy jobs are likely to be lost. These jobs are roles filled by clinical pharmacists who provide fundamental pharmacy care services to enable safe and quality use of medicines. Without this critical investment in the workforce, hospitals are put on the back foot to avoid receiving negative funding adjustments for sentinel events relating to medication use and administration, medication-related hospital acquired complications and medication-related avoidable readmissions.

As per IHPA's Pricing Framework regarding the Treatment of Commonwealth Programs to avoid duplication of payments for services provided, Commonwealth funding for hospital pharmacy through the National Health Reform Agreement (NHRA) has been offset by PBS remuneration. Discussions with the Federal Government have indicated that given PBS remuneration will decrease from 1 October 2019, the hospital pharmacy sector stands to receive increased funding through the NHRA 2020-25 to make up for this shortfall.

Given that one of IHPA's Pricing Guidelines is 'Maintaining agreed roles and responsibilities of governments determined by the National Health Reform Agreement', SHPA asks that IHPA take a proactive approach to assessing the impact of this cut to Commonwealth funding of hospital pharmacy remuneration and the adjustments it may require to its Pricing Framework and Workplan.

**Do you support IHPA making the NBP publicly available, with appropriate safeguards in place to protect patient privacy?**

SHPA supports IHPA's intention to make the National Benchmarking Portal (NBP) containing activity, cost and hospital acquired complication rate data at a hospital level publicly available with appropriate safeguards. Such data is immensely important to highlight trends and areas that may have local issues requiring local solutions. Furthermore, it can assist funders and stakeholders with resource allocation to identify which health services require additional investment to improve the quality and safety and care at that specific health service.

For example, if the NBP showed that certain hospitals had issues regarding medication-related hospital acquired complications and medication-related avoidable admissions, and were receiving negative funding adjustments for these, it would assist jurisdictional governments to identify where targeted investments in the hospital pharmacy workforce in these health services would improve the quality and safety of healthcare. In recent years, it has taken individual high-profile cases of serious medication error resulting in patient death or severe patient harm for hospital funders to increase investment in hospital pharmacists in public hospitals, to avoid similar tragedies from occurring.

**Is IHPA's funding approach to HACs improving safety and quality, for example through changing clinician behaviour and providing opportunities for effective benchmarking?**

SHPA appreciates and supports IHPA's current funding approach to HACs to improve safety and quality in hospitals, and in theory this should change clinician behaviour. However, as mentioned above, the federal funding cut to hospital pharmacy remuneration and thus workforce, hampers hospital pharmacy departments' abilities to detect, manage and reduce the incidence of HACs. SHPA's Standards of Practice of Clinical Pharmacy Services states that 1 full-time pharmacist is able to provide clinical pharmacy services to 20 overnight admitted patient beds. Clinical pharmacists who provide fundamental pharmacy care services to enable safe and quality use of medicines such as:

- detect and manage drug interactions, overdosing and underdosing of medicines
- detect prescribing errors on medication charts and discharge prescriptions
- conduct clinical review of patients to reduce complications and burden of polypharmacy
- provide therapeutic drug monitoring to avoid toxicity
- reduce the risk of long-term harm such as opioid dependence

Given this funding cut puts up to 500 hospital pharmacy jobs at risk, a greater number of inpatient beds will be without the medicines management support provided by a dedicated clinical pharmacist. This creates an environment potentially at greater risk of HACs. International evidence supports the value of hospital pharmacy in reducing errors and improving patient care.

SHPA would welcome greater discussion of the connection between improving safety and quality of medicines use and the funding of services such as hospital pharmacy.

If you have any queries or would like to discuss our submission further, please do not hesitate to contact Johanna de Wever, General Manager, Advocacy and Leadership on jdewever@shpa.org.au.

Yours sincerely,

Kristin Michaels
Chief Executive

**References**

[1] Dooley, M. J., Allen, K. M., Doecke, C. J., Galbraith, K. J., Taylor, G. R., Bright, J., & Carey, D. L. (2004). A prospective multicentre study of pharmacist initiated changes to drug therapy and patient management in acute care government funded hospitals. British journal of clinical pharmacology, 57(4), 513–521. doi:10.1046/j.1365-2125.2003.02029.x