Government of **Western Australia**
Department of **Health**

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Ms Joanne Fitzgerald
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Via email: Joanne.Fitzgerald@ihpa.gov.au
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Dear Ms Fitzgerald

CONSULTATION PAPER ON THE PRICING FRAMEWORK FOR PUBLIC HOSPITAL SERVICES 2023-24 – WA SUBMISSION

Thank you for the opportunity to provide a submission to the *Consultation Paper on the Pricing Framework for Australian Public Hospital Services 2023-24.* Western Australia's consolidated feedback is provided in Attachment A.

The State's response to the COVID-19 pandemic has resulted in substantial changes to service delivery, models of care and activity levels across all areas of the Western Australia (WA) health system. Some of the costs were not reflected in the 2020-21 cost data, which will be used for the development of the pricing model for 2023-24. The impact of these changes will be evident for several years and needs to be considered over time.

WA welcomes the second year of shadow pricing of community mental health services using the Australian Mental Health Care Classification during 2023-24. This will allow WA to continue its implementation of relevant costing systems and processes. WA is supportive of IHPA's plans regarding classification refinements, funding model enhancements, continuing work on virtual care, innovative funding models as well as safety and quality reforms.

Please note that further comments will be provided during the statutory 45-day Ministerial consultation period when the Draft Pricing Framework 2023-24 is released.

If you have any queries, please contact Michael Moltoni, Director Analytics and Performance Reporting on (08) 6373 1816 or Michael.Moltoni@health.wa.gov.au

Yours sincerely

Angela Kelly

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A/DIRECTOR GENERAL

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Attachment A: WA Submission

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ATTACHMENT A
WESTERN AUSTRALIA'S SUBMISSION TO THE CONSULTATION PAPER ON THE PRICING FRAMEWORK FOR AUSTRALIAN PUBLIC HOSPITAL SERVICES 2023-24

Introduction

Western Australia (WA) welcomes the opportunity to provide feedback to the Independent Hospital Pricing Authority (IHPA) on the *Consultation Paper for the Pricing Framework for Australian Public Hospital Services 2023-24*.

Impact of COVID-19

1. ***Are there any specific considerations IHPA should take into account for assessing COVID-19 impacts on the 2020–21 data in the development of NEP23?***

Whilst 2020-21 is the first full year affected by COVID-19, WA did not have the surge in cases like those experienced in other jurisdictions due to the border closure and other public health measures. The 2020-21 data was largely driven by costs associated with COVID-19 preparedness as opposed to service delivery and patient care.

Health Service Providers (HSPs) will need ongoing support in relation to managing the ongoing impact of COVID-19 particularly on HSPs' ability to deliver existing services productively due to disruption in supply chain, infection control measures, public health measures, staff and patient attendance, and compliance related costs.

- Disruption in supply chain has caused the price of goods to increase and the availability of specific goods can cause cancellation of service or suboptimal care.

- Increased infection control measures and compliance have led to increasing resource utilisation in Personal Protective Equipment, mask fit testing, cleaning, patient transport, equipment and change clinical care models like aerosolised procedures, visitor restrictions requiring access management, training and education on new protocols, and the creation of a COVID-19 taskforce to manage the pandemic.

- Mandatory staff furlough and resource re-allocation to COVID-19 related activities have increased on-costs relating to leave liability as well as increased agency costs to replace furloughed staff. This may have an unrealised cost for HSPs as staff begin to take leave which may in turn necessitate employment of additional agency staff.

- The de-skilling of staff reallocated into less specialised clinical or non-clinical roles could also have an impact on future service delivery. Teaching and training was not prioritised during the pandemic resulting in HSPs needing to provide additional training and upskilling for staff, potentially impacting their ability to deliver other services.

- COVID-19 has impacted activity and cost in the short to medium term by forcing many hospitals to structurally re-adapt services to support the management of COVID-19 pathways for patients. Many of these changes believed to be short-term arrangements may become enduring changes over several years.

- Vaccines were made available to the public from February 2021. This would also influence the utilisation of hospital-based care depending on each State's ability to delay COVID-19 case spread in conjunction with the ability to rapidly deploy and encourage their respective population to vaccinate. It could be argued that a State's ability to delay the spread of COVID-19 and to rapidly vaccinate its population would have an impact on the 2020-21 data.

- Further to this, WA questions if IHPA has the necessary robust data to take into consideration each State's public health policies and its effectiveness impacting on 2020-21 activity and cost?

Classifications used to describe and price public hospital services

2. ***Are there any barriers or additional considerations to using AR-DRG Version 11.0 to price admitted acute services for NEP23?***

There are no barriers identified at this stage. WA understands that IHPA will be launching an education program on AR-DRG V11 and details will be promoted to relevant stakeholders. WA suggests if a general information session could also be organised for clinicians and business-related staff (i.e., non-coders).

3. ***Do you support IHPA's proposal to refocus some resources on projects that prepare for ICD-11 implementation? Please provide suggestions for any specific 'readiness' projects you would like to see progressed.***

WA supports IHPA's proposal to ensure all relevant systems and staff have the required information and training. Readiness projects or initiatives that may be considered are suggested below.

- Development of promotional materials by IHPA as a signal to stakeholders that ICD-11 is coming and training resources especially for coders and Health Information Managers will be made available in due course. Early advice on any competency requirements for coders would be useful.

- Availability of a forum where jurisdictional representatives can share their ICT systems' capability to accommodate the new requirements, noting that ICD-11 was developed based on an electronic medical record environment.

WA will work with IHPA to ensure the education and training materials are fit for purpose.

4. ***Are there any barriers or additional considerations to using AN-SNAP Version 5.0 to price admitted subacute and non-acute (SANA) services for NEP23?***

There are no barriers to the use of AN-SNAP V5 to price SANA services from a data collection and national reporting perspective.

5. ***Are there any barriers or additional considerations to using AMHCC Version 1.0 to price community mental health care for NEP23?***

Data quality including compliance to clinical complexity measures (such as HoNOS and LSP-16) and the mental health phase of care (MHPoC) remains an ongoing issue. Education and training are continuing to address data quality issues.

There is work to be progressed to integrate the costing of community services into the WA's costing system. It is intended that costing at MHPoC level will commence using the 2021-22 dataset.

WA looks forward to IHPA's Statement of Impact of moving community mental health services from block to ABF using AMHCC V1.

Setting the national efficient price

6. ***Are there any adjustments IHPA should prioritise investigating to inform the development of NEP23?***

Mother Baby Unit (MBU) and Unqualified Newborns
WA has previously raised issues regarding these items and suggested that a specific MBU costing study should be undertaken to assess the true cost of delivering the service. Currently WA is providing additional funding support to address the shortcoming of the ABF model. WA asks that IHPA revisit a specific adjustment for this service.

IHPA advised that the feasibility of updating the funding methodology for unqualified newborns will be progressed in consultation with stakeholders. WA notes that this will include review of definitions and associated business rules.

Genetic Services
In last year's submission, WA provided evidence to support the increased costs for genetic/genomic services and how to fund genetic services in a more appropriate way. The suggestions remain applicable and work to improve the accuracy of data collection and pricing for the provision of genetic services is important. WA is supportive of IHPA investigating adjustments to genetic services, however there is ambiguity whether hospitals across Australia have consistently collected and costed genetic services.

Age
WA suggests that IHPA investigate adjustments to account for age, noting the complexity involved in treating elderly patients who tend to be admitted with more than one condition.

Deferred refinements
WA notes the deferred refinements to the Indigenous adjustment and investigation of socioeconomic factors, which will be included in the 2023-24 work program.

7. What cost input pressures that may have an impact on the national pricing model and are not included in the NHCDC should be considered in the development of NEP23?

Inflation and cost of living
Inflation and cost of living have been headlining indicators in recent months and will continue for the foreseeable future. The NEP modelling considers three years of costed data and normalises for inflation based on this premise. This is reasonable where inflation is relatively stable and has not seen significant increases (or decreases) like it has more recently. IHPA should consider current economic conditions in setting indexation where existing price escalation is out of sync with current inflationary pressures. Reducing the lag time in data to two years will not help with the current inflationary pressures. WA suggests that IHPA consider if there are any publicly available lead indicators that could be considered to assess the indexation rate?

Specific industry wide issues
IHPA has already considered industry wide issues like the increase in the superannuation guarantee in NEP22. However, due to the changing legal landscape impacting health care provision, insurance premiums have also increased disproportionately to standard indexation parameters. Across the system, RiskCover has increased significantly in 2022-23 on top of a significant increase in the prior years. In 2021-22 there has been a significant uplift in FTE across the system, in conjunction with increased bed capacity.

Work Health and Safety Act
A new *Work Health and Safety Act* came into effect on 31 March 2022. Additional responsibilities are placed on management to ensure that workplaces are without risks to the health and safety of any person. In terms of providing a safe workplace, that responsibility has always been there however, the new Act provides greater emphasis on enforceability and prosecution, particularly if an officer is aware of an issue and it has not been rectified. To meet the new requirements, greater investment is required by maintaining staffing levels that prevent burnout and psychological distress; mitigate risk of trauma and ensure there is adequate staff support and supervision.

A copy of the Act is accessible via:
https://www.legislation.wa.gov.au/legislation/statutes.nsf/law_a147282.html

Workforce issues
Global workforce shortages are also impacting cost inputs along with the cost of living and inflation rates across Australia. This is leading to wage increases and a greater demand for a limited workforce further increases costs. Competitiveness is increasing leading to additional incentives being offered to attract and retain health workforce. This is expected to have an impact on the NEP growth rate over coming years. Consideration should be given to equity across jurisdictions given the WA's relative remoteness, both Perth as an isolated capital city and rural and remote WA. Additional location-based weighting should be considered so the averaging effect of the pricing mechanism does not disadvantage WA.

8. Which initiatives to refine the national pricing model should IHPA prioritise investigating?

Specialist children's hospital
WA suggests IHPA investigate a paediatric adjustment incorporating a sliding scale model, dependent on patient age as opposed to the current model which is determined at site specialist level.

Examination of the continuum of newborn care
It is suggested that IHPA investigate the expansion of the categorisation of newborns beyond the delineation of qualified and unqualified. Could a definition/category be created to provide care between unqualified newborns with no complications up to care that does not require a tier 2 nursery interventions, for example to correct jaundice, intravenous antibiotics, blood sugar monitoring, observations for subgaleal haemorrhage post instrumental birth, etc.

Other factors
The WA Sustainable Health Review identified the following key factors contributing to the higher cost of delivering healthcare in WA:

- Unable to achieve the same economies of scale as some other jurisdictions due to low population density;
- Significant socioeconomic disadvantage on communities;
- Costs from delivering basic services in regional areas that cannot achieve the same efficiencies as metropolitan hospitals; and
- A more expensive labour market providing a higher number of specialised state-wide services that deal with a low volume of highly complex specialist cases.

9. What additional data sources are available to support refinement of the national pricing model in relation to adjustments, price harmonisation, unqualified newborns, private patients or organ donation?

WA Health will canvass if additional information relating to unqualified newborns, private patients and organ donation is collected and will advise IHPA accordingly.

Setting the national efficient cost

10. What cost pressures for regional or remote hospitals should be considered in the development of NEC23?

Service development and operational cost of support services for telehealth. Due to the COVID-19 pandemic and WA border restrictions there were additional workforce attraction and retention cost-related pressures which resulted in higher usage of locum, agency and contracted staff. Pauses on elective surgery has had some impact on overall cost pressures for regional hospitals.

11. What specific areas of the Local Hospital Networks and Public Hospital Establishments National Minimum Data Set would you recommend IHPA focus on when developing its independent quality assurance process?

WA seeks clarification on the appropriateness of IHPA undertaking a data quality assurance process over a product that is managed by another agency.

12. What should IHPA consider when transitioning standalone hospitals providing specialist mental health services to ABF?

WA suggests that IHPA evaluates the relevance of moving these facilities into an ABF environment. If this were to occur on the understanding that the facilities can adequately meet the data requirements such as activity and cost data at a phase level.

Future funding models

13. How is virtual care delivery captured in information systems and data collections?

Admitted patients

Cardiac Telemetry Unit, a virtual care via a telemetry ward-based service was previously established at a teaching hospital in 2010-11. Ten years later, some metropolitan hospitals have developed the Hospital in a Virtual Environment "HIVE" model, where care is provided by clinicians remotely from the patient's bedside. This information is captured by the respective hospital Patient Administrations Systems and included in national reporting.

Non-Admitted patients

Telehealth clinics have been well established for several years and the growth in this model of care has been expanded to several different modalities and recorded against the appropriate Tier 2 category across WA hospitals. In WA, outpatient non-admitted service delivery is captured at both sides of the patient/service provider interaction.

14. IHPA is proposing to investigate the inclusion of emergency department telehealth video consultations in the NAPEDC NMDS and Emergency service care National Best Endeavours Data Set for 2023–24. Are there any other examples of innovative models of care and services related to virtual care that IHPA should also consider investigating?

Virtual Emergency Medicine is being trialled in the metropolitan area where ED clinicians undertake telehealth consultations with ambulance paramedics in-route to the hospital. This includes remote triaging of incoming patients in ambulance to decide where the most appropriate patient care should take place i.e. straight to radiology, admit to wards, urgent care centre. Data is reported in the Emergency Department Information System and investigation is underway to ensure comprehensive data capture and reporting.

The use and take up of **Telehealth** services has expanded significantly into non-traditional areas including mental health, maternity and obstetrics, and palliative care. WA Health would like to work with IHPA to ensure data collection for telehealth is robust for pricing purposes.

Asynchronous healthcare is a form of virtual care where symptoms and health history are recorded and sent to a practitioner who then provides care decisions outside of a real-time interaction i.e. via messaging on a health specific app or via email where a patient and clinician can communicate and provide clinical information and resources to a patient.

A WA hospital is currently piloting a new process where a GP identifies immunology patient deterioration and requires advice. The GP can complete an electronic contact form and arrange an immediate meeting (usually within minutes) between GP, patient and specialist using chat bots and automation to discuss a change in care and recommend a treatment thereby avoiding ED attendance. This can potentially be replicated over other specialty areas. Sustainability is dependent on funding for both the GP and Hospital (non-admitted).

Remote patient monitoring involves the remote care of patients by their healthcare provider often to track physical symptoms, chronic conditions, or post-hospitalisation rehabilitation. Remote monitoring uses mobile technology to collect and send medical and healthcare data to an app, device or service outside of the traditional clinical setting. This includes, but not limited to wearable devices, mobile equipment and devices, Smartphone applications that are used to collect patient measures and online portals used to enter personal health data.

15. What changes, if any, to the national pricing model should IHPA consider to account for innovative models of care and services related to virtual care?

The COVID-19 pandemic in Australia has been a driver for change in patient-centred care. It has provided unprecedented opportunity to develop virtual models of care and therefore also change how the health workforce delivers care. The national pricing model needs to incentivise the virtual care and digital health landscape to leverage and capitalise on improvements made during the pandemic.

Other comments – future considerations

Emergency care
WA suggests that work could be progressed on the IHPA diagnosis short list, both in terms of the grouping of diagnoses into the short list and the potential to incorporate more than a single diagnosis.

Non-admitted data
WA supports any planning work to recommence the non-admitted care classification study that was suspended due to the pandemic. It is hoped that the study will gather data that better reflects the services provided in the non-admitted setting. WA would be interested as a participant site in particular home delivered ventilation and genetics/genomics.

AN-SNAP
IHPA has been previously advised of a local project on post-stroke lateropulsion for consideration when AN-SNAP V5 is due for refinement and WA is keen to provide more details at the right opportunity.