

27 July 2015

Mr James Downie  
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Dear Mr Downie

**Consultation Paper on the Pricing Framework for Australian Public Hospital Services 2016-17**

Thank you for inviting input to the *Consultation Paper on the Pricing Framework for Australian Public Hospital Services 2016-17*.

As you know, Universities Australia, through our Health Professions Education Standing Group (HPESG), continues to take a strong interest in the work IHPA is conducting, particularly the treatment of teaching, training and research for Activity Based Funding (ABF) purposes. We welcome the opportunity to contribute.

In our view, teaching, training and research (TTR) are core and critically important functions of Australia's public hospital systems.

We value the approach IHPA is taking with regard to TTR. This reflects an appreciation of the complexity of these functions, which are vital in public hospitals and to the quality and capacity of our health system as a whole. They should continue to be supported, whether through ABF or other funding arrangements.

We also note that IHPA are currently undertaking an extensive TTR costing study which will inform advice that may be put to Health Ministers (under COAG) in negotiating future health funding. The HPESG has contributed to the study, understands extensive data collection is underway and that a final report is due in early 2016.

Consequently, with regard to the *Consultation Paper on the Pricing Framework for Australian Public Hospital Services 2016-17*, Universities Australia recommends that any developments with the pricing framework take account of:

- The need to support continuance of Teaching, Training and Research (TTR) activities in public hospital systems, and the valuable work IHPA is progressing to ensure this is recognised in the ABF process;
- The importance of the current TTR study, outlined in brief on pages 13-14 of the consultation paper; and
- Several key issues identified in the consultation paper which should also be considered in conjunction with TTR, once the study is completed. These include, for example:
  - the variability of costs relating to health service type / hospital scale;
  - the implications of using alternative geographical classification systems (ABS remoteness classification or the Modified Monash model);
  - bundled pricing of activities in patient care, recognising this involves discussion of quality / patient centred care, and as such has implications for clinical education arrangements; and
  - the overall evaluation of the IHPA ABF work.

Universities Australia has no objection to this submission being made available on the IHPA website.

If you would like to discuss any of these comments, please contact Allan Groth on 02 6285 8106.

Yours sincerely



*Jal* Anne-Marie Lansdown  
**Acting Chief Executive**