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WOMEN'S HEALTHCARE AUSTRALASIA

Dear Tony,

Thank you for the opportunity for Women's Healthcare Australasia (WHA) to make a submission in relation to IHPA's Work Program for 2015-16.

As you know, WHA's membership comprises both specialist women's hospitals and general hospitals with maternity and women's health services. We now have 70 maternity units in our membership ranging from large city services with 10,000 births per annum to small rural units with fewer than 500 births a year. Together our members are providing care for more than 100,000 women giving birth each year, or approximately one third of all births in Australia. Details of our members are available on our website.

WHA acknowledges that IHPA's objectives in calling for public submissions on its work program are to:

- enhance focus on the equitable funding of public hospitals
- improve efficiency, accountability and transparency across the public health care system, and
- drive financial sustainability of public hospital services into the future.

In this submission, WHA would like to draw IHPA's attention to an ongoing issue in the delivery of maternity care that relates to all of these objectives, but particularly to the sustainability of public hospital services – that of the care and funding of 'unqualified' neonates. Unqualified babies are currently not in-scope for Activity Based Funding, since their care was not a funded hospital service in 2010. However, we believe this is anomalous to the effective, efficient and sustainable provision of neonatal care by hospitals.

We acknowledge that IHPA is aware of this issue already but would like to encourage IHPA to undertake some more details assessment of this issue and consider strategies to address it in the year ahead.

What is the issue with unqualified neonates under ABF?

In summary, the key issue is that of the more than 312,000 babies born in Australia each year[1], WHA estimates there are tens of thousands who are receiving medical care in maternity hospitals, but whose care does not currently trigger payments under Activity Based Funding. That is because these babies are not able to be recognized as 'patients' under the existing Commonwealth regulation – they are deemed to be 'unqualified' for Commonwealth funding.

As outlined in more detail below, the challenge of providing care for 'unqualified' babies is growing more acute over time. The rising birth rate is placing increasing pressure on cots in approved Special Care Nursery facilities. It is also significant that research over the past decade has highlighted the health benefits to mothers and their babies from remaining together. Even if more Special Care cot were made available, it is appropriate that maternity carers endeavour to care for babies that are not too seriously ill or disabled by providing the required medical treatment to the baby while it remains on the ward with its mother. However to do so means that the hospital is unable to claim funding for that care.

What is an 'unqualified' neonate?

The definition of 'qualified' neonates is set out in Commonwealth regulation: "'Neonatal Facilities for the treatment of newly born children approval under the Health Insurance Act 1973' (Commonwealth of Australia Circular HBF583/PH340, 1999)

This Circular provides for new born babies (defined *as "a child 9 days old or less")* to be qualified as patients and hence be eligible for Commonwealth funding under the National Health Act of 1953 and the National Insurance Act of 1973 only when:

- *the newborn baby occupies an approved bed of a neonatal intensive care facility in a hospital….*
- *there are two or more newly born children of the same mother in a hospital each such child in excess of one shall be deemed to be a patient of the hospital.*

Importantly, the Commonwealth Department of Health and Aged interpreted the above provisions of these Acts to *"provide for the occupancy of a new-born in a special care facility within a hospital"*, not just a neonatal intensive care facility.

[1] Hilder L, Zhichao Z, Parker M, Jahan S, Chambers GM 2014. Australia's mothers and babies 2012. Perinatal statistics series no. 30. Cat. no. PER 69. Canberra: AIHW. http://www.aihw.gov.au/WorkArea/DownloadAsset.aspx?id=60129550054

Neonatal special care is defined in the Circular to mean *"monitoring and care for newly born children suffering from illness or disability at birth requiring specialist medical care, nursing attention and hospital treatment".* Special care is further elaborated to include:

- continuous monitoring of respiration or heart rate or by transcutaneous transducers
- receiving additional oxygen
- receiving intravenous glucose and electrolyte solutions
- being tube fed
- monitoring following minor surgery in the preceding 24 hours
- being barrier nursed
- receiving phototherapy

On its own, this definition could include babies receiving medical care while on the ward with their mother, but the Circular specifically excludes this scenario, stipulating that *"the default benefits are not payable in respect of a newly born child accommodated in hospital with the mother unless such a child is accommodated in a separate special care facility which has been specifically approved for that purpose"*.

The Circular stipulates a range of conditions that must be met for a neonatal Special Care Nursery/NICU to be deemed to be approved. These relate to the expertise and mix of staffing, access to pathology and other diagnostic testing services, and referral systems in place for the unit.

What is the current picture re care of unqualified neonates?

WHA understands that this Commonwealth Circular has not been updated since 2001, whereas prior to that time it was reviewed and updated every 3-5 years. Yet the circumstances in which newborn care is provided have changed considerably during the past 15 years. There are at least 2 key factors at play:

1. **Increased demand for finite special care nursery cots**
   Demand for special care nursery places is often outstripping supply due to a variety of factors including:
   - significant increases in the annual birth rate (up 21% since 2000) to 312,159 babies[2]

[2] Hilder L, Zhichao Z, Parker M, Jahan S, Chambers GM 2014. Australia's mothers and babies 2012. Perinatal statistics series no. 30. Cat. no. PER 69. Canberra: AIHW., page 66 http://www.aihw.gov.au/WorkArea/DownloadAsset.aspx?id=60129550054

- increased rates of birth by caesarean section (at 32.4% of women nationally in 2012, up from 23.3% in 2000)[3]. Caesarean section has been found to be associated with an increased likelihood of NICU admission for those neonates born by caesarean section compared with babies born vaginally.[4]
- Improvements in technologies and know-how to support pre-term babies at younger gestational age (now available in specialist sites for babies as young as 23-24 weeks gestation) has contributed to increased demand on finite beds and other resources in neonatal special care nurseries.

2. Changing evidence re the wisdom of separating neonates from their mothers

Newborn babies requiring specialist medical care, nursing attention & hospital treatment are required to be separated from their mothers if their treatment & care is to attract funding. Research now confirms the benefits to the health and wellbeing of both newborn babies and their mothers from skin to skin contact and breastfeeding.[5] Some unwell neonates can receive appropriate medical treatment while remaining on a ward with their mothers, but such care is currently unfunded so there is little incentive for providers to keep mothers and babies together except where special care nurseries are overcrowded.

These factors are resulting in many hospitals providing care for babies on wards that they would once have admitted to a Special Care Nursery. In an effort to gauge the extent of this practice WHA recently invited its members to participate in a spot check of the neonates in their care on an agreed day. The survey asked hospitals to undertake a spot-check at a time of their choosing on Wednesday 15 April and to record:

- Total number of newborn babies present in the hospital on the day of the survey
- Total number of newborn babies admitted to their NICU and/or SCN (qualified)
- Total number of newborn babies rooming in with their mothers on wards (Labour or postnatal) – ie 'unqualified', and
- Of the unqualified babies, the number receiving medical care and type of care being provided

[3] AIHW NPSU 2003. Australia's mothers and babies 2000. AIHW Cat. No. PER 21. Canberra: AIHW National Perinatal Statistics Unit (Perinatal Statistics Series no. 12)., page 16 http://www.aihw.gov.au/WorkArea/DownloadAsset.aspx?id=6442458935

[4] Tracy SK, Tracy MB, Sullivan E 2007 'Admission of Term Infants to Neonatal Intensive Care: A Population-Based Study, *Birth* 34:4 December 2007

[5] For an overview of evidence on the benefits of skin to skin contact and breastfeeding see for example the World Health Organisation's Reproductive Health Library: http://www.who.int/elena/titles/early_breastfeeding/en/

47 WHA member hospitals responded, including tertiary hospitals and Level 1-5 maternity units from both urban and regional/rural areas. Collectively these hospitals care for **98,646** births per annum or approximately one third of total annual births in Australia.

The hospitals reported the following

- On 15 April 2015 they were caring for a total of **1,193** babies of which:
  - **579** (49%) were in NICU, Special Care, or admitted without their mother
  - **614** (51%) were with mothers on wards (unqualified)
- Of the unqualified babies:
  - **210** (34%) were receiving no additional medical care
  - **404** (66%) were receiving medical treatment
- The main forms of medical care/treatment being provided to the unqualified babies were:
  - Monitoring due to low birth weight: **3**
  - Receiving more than routine observations: **381**
  - Receiving phototherapy**: 124**
  - Receiving gavage or other assisted feeding: **14**
  - Receiving other treatment, including diagnostic testing, IV antibiotics or other medical treatment **171**

  NB the breakdown of treatments does not match the total number of unqualified babies receiving care because many of the babies were receiving more than one treatment.

Where to from here?

Due to ethics considerations, WHA was careful to ensure that no individual baby could be identified in the data provided back to WHA. The data was also collected on just one random day. The data collected is therefore indicative only and further, more rigorous analysis of the extent and types of medical care being provided to unqualified newborns would be required if this issue were to be effectively considered and addressed. However this preliminary data suggests there is a significant issue of underfunding of neonatal care in Australian maternity services at present due to the outdated definitions of qualified and unqualified baby upheld by the 2001 Commonwealth Circular.

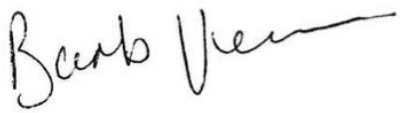
WHA acknowledges that this issue can not be resolved by IHPA in isolation. It will be up to the Commonwealth government to determine its position on the definition of a qualified neonate by updating its Circular. Technically care of unqualified neonates may be out of

scope for IHPA as their care was not a funded hospital service in 2010. However it is clear that care of most newborns is and will continue to be provided by hospitals, and that if Activity Based Funding is to provide a sustainable basis for the provision of neonatal care, then there is a case for reconsidering the definition of qualified babies, to include all those babies for whom specified medical treatment needs to be provided. WHA believes the location of the care (in NICU, in Special Care or on a ward) ought not to be the defining factor in whether funding is provided, but rather the identified and documented clinical need and treatment provided for each neonate that is less than well at birth and in the early weeks of life.

WHA would be interested to discuss this further with IHPA. We are confident our members would be willing to provide any assistance that might be required to undertake a more rigorous analysis of this issue than our preliminary spot-check can provide.

Thank you again for the opportunity to provide advice on these matters.

Kind regards



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