



Mr James Downie  
Chief Executive Officer  
Independent Hospital Pricing Authority  
Level 6, 1 Oxford Street  
Sydney NSW 2000

Dear Mr Downie,

*James*

**RE: Independent Hospital Pricing Authority Work Program 2020-21 – Review  
Organ Donation, Retrieval and Transplantation**

St Vincent's Health Network Sydney (St Vincent's) writes to make a submission to the Independent Hospital Pricing Authority's (IHPA) Work Program 2020-21. The submission follows on from correspondence between St Vincent's and the Acting Deputy Secretary Australian Department of Health, Tania Rishniw, in March 2020.

Firstly, thank you for undertaking this review. St Vincent's has been the provider of Heart and Lung Transplantation in NSW for over 30 years. In the early years National funding for the Heart/Lung Program was provided to both Victoria and NSW. Over time, both Western Australia and Queensland developed their own programs and funding became a State responsibility.

Rigorous efforts to capture and report the full cost of heart/lung organ retrieval in an Activity Based Funding environment have not been successful for a variety of historical and methodological reasons. This cost burden has been exacerbated by the introduction of a new technology to maintain the viability of organs for transplants called Organ Care Systems.

Until 2019, St Vincent's did not report the cost of air travel as we were generously supported by philanthropy. This means that the current period, 2019-2020, is the first year that NSW Health has provided support for organ retrieval flights. Transport data indicates the incidence of flights for organ retrieval in NSW is higher than in other jurisdictions as NSW has a demand for heart and lungs that local donations do not meet.

The NSW Health Cost Accounting Guidelines specify that only those costs that relate to a donated organ within NSW are reported. There are two shortcomings in the current NSW and IHPA costing methodology:

1. The cost of any retrieval outside of NSW is excluded.

2. The cost of “bailouts” (unsuccessful retrievals) cannot be linked to a specific facility. As there is no reported donor there is no means to distribute those costs. Bailout costs may range from the initiation of a possible retrieval to the preparation and travel of retrieval teams.

As noted above, the Organ Care System, is now being utilised to maintain organ viability. As each unit costs \$US40,000 they are not used in all retrievals and are more likely to be used for interstate retrievals. Once again, these costs are not fully reported as only those costs associated with NSW donors are reported through to NSW Health, and subsequently the Australian Government and the IHPA.

Last financial year the cost of St Vincent's Heart/Lung Program organ retrieval was \$3,086,290 for salary and wages and Goods and Services (including flights). As currently only those costs associated with intrastate donors contribute to the development of the relevant Nation Weighted Activity Unit (NWAU), there is no capacity to distribute the cost associated with retrieving organs from States other than NSW nor from bailouts. Without this capacity to distribute cost, St Vincent's has no means to seek recompense for this activity for providing patients with a second chance at life that would not otherwise be available.

IHPA's document “Technical Specifications 2019-20 National Pricing Model” Section 2.2.2 notes that the “total cost reported against posthumous organ donors in 2016-17 is \$2,811,976.” While there can be no perfect comparison between years it can be seen clearly that St Vincent's cost for retrieval of organs for the Heart/Lung Program alone is greater than the reported National figure for all organ donors.

In light of this, St Vincent's considers that the derived NWAU for the Heart and Heart/Lung Transplant Diagnosis Related Group (DRGs) is inadequately weighted due to underreporting. As you would be aware the lag time between reporting costs and any recalibration of the NWAU is approximately 2 years meaning these costs have to be carried until the new weights are available.

St Vincent's also recommends greater transparency at the State and National level as to how the costs incurred and reported by Local and Specialty Health Networks such as St Vincent's are adjusted and redistributed to transplant DRGs.

St Vincent's appreciates the difficulties associated with finding an equitable and appropriate means to fund these services but urges the IHPA to examine the existing methodology and processes.

Once again thank you for providing the opportunity for St Vincent's to highlight these issues. Please do not hesitate to seek any further information or a more comprehensive breakdown of the costs of Heart/Lung Program organ retrieval. Initial enquires may be

directed to Steven Carr, SVHNS Chief Financial Officer and Director of Corporate Services, by e-mail to [steven.carr@svha.org.au](mailto:steven.carr@svha.org.au) or phone on 02 8328 3685.

Yours sincerely,

Handwritten signature in blue ink that reads "A. M. Schembri".

A/Professor Anthony M. Schembri AM  
**Chief Executive Officer**

Date: 06.04.2020