
AMA Response to Questions on Notice: Senate Select Committee on Financial Technology, 1 July 2020

AMA President, Dr Tony Bartone, provided expert testimony to the Senate Select Committee on Financial Technology on 1 July 2020. There were two questions taken on notice which the AMA has provided answers to below.

Question: Estimate of the cost savings if e-prescriptions and telehealth become permanent

AMA Response

The AMA was not involved in the development of a business case for e-prescribing. This work was done by the Department of Health. The 2018-19 Budget funded a national electronic prescribing system with an aim to improve Pharmaceutical Benefits Scheme efficiency, compliance, drug safety and data collection, and to enable a more efficient and user-friendly system for patients and prescribers¹. Therefore, it is on track to be permanent and the AMA strongly supports it becoming a lasting feature of our health system.

The ongoing use of paper scripts does not make sense for many patients, when a digital e-prescribing alternative is now well on its way to becoming available. Paper prescriptions interrupt a mostly digital workflow, from clinical to pharmacist software systems. While there are several causes of medicine related problems that amounts to an annual cost of \$1.4 billion in Australia², ePrescribing has the potential to contribute to reducing some of this cost. Potential cost savings when ePrescriptions are implemented can be explored by assessing the patient's medicine journey.

Patient travel to prescriber:

Patients are sometimes unable to travel to their prescriber due to a range of factors such as geographical distance, the cost of travel, and time off work. Telehealth can prevent unnecessary travel, and patients who live some distance from their treating doctor will avoid long waits for paper scripts. This combination reduces the risk of patients avoiding treatment which may exacerbate their health issue, causing them to require a higher (and more expensive) level of care.

Patient receives prescription from the prescriber:

The time and financial cost of printing out and signing a paper prescription is removed by ePrescribing, leaving more time to focus on patient care in a consultation.

There is a time and financial cost imposed on prescribers and patients to duplicate a lost paper original script. ePrescribing reduces the risk of a lost prescription. There may also be avoidable costs if hospital

¹ Commonwealth of Australia, Budget Measures Budget Paper No. 2 2018-19. 2018 Canberra.

<https://archive.budget.gov.au/2018-19/bp2/bp2.pdf>

² Pharmaceutical Society of Australia, Medicine Safety: Take Care. 2019 Canberra: PSA. <https://www.psa.org.au/wp-content/uploads/2019/01/PSA-Medicine-Safety-Report.pdf>

readmissions are the result of a lost script, if the patient cannot afford the time or financial cost of paper script renewal.

Importantly, prescribers at a Residential Aged Care Facility (RACF) who are using an electronic medication chart that meets the electronic prescribing conformance requirements are no longer required to provide prescriptions separately to the dispensing pharmacy, significantly reducing the time spent managing prescription paperwork.

Patient visits the pharmacy:

Illegible handwriting or poorly printed or faxed prescriptions can make it difficult for pharmacists and patients to determine medication and dose, increasing the risk of medication error and time and money spent to obtain a replacement prescription.

Patient flexibility in how they receive their medicines is maintained through receiving a token for their prescription via SMS, an app, or email. Patients can also choose to authorise pharmacists to access their medications via the Active Script List which shows the medicines prescribed and dispensed. This may be useful for patients with multiple and complex medications. The speed of updating the patient's Active Script List may reduce prescription misuse as prescription dispensing data is more readily available for real-time prescription monitoring.

Cost savings from telehealth:

While the benefits of telehealth extend beyond mere cost savings, the permanent adoption of telehealth will reduce costs across the health system while improving patient outcomes.

Several factors contribute to these savings, with the most notable being the cost associated with travel, and the societal cost for the patient, such as time off work (i.e. reduced productivity) to attend outpatient clinics. Travel costs, including fuel, meals, and potentially accommodation increase with patient rurality and can present a barrier to accessing care³.

Telehealth services delivered to Indigenous Australians can greatly decrease the cost of consultations and health service delivery. Teleophthalmology services decreased the cost per consultation to \$107 compared with \$260 for face-to-face services. Likewise, the use of telehealth for the home monitoring of chronic conditions reduced the cost of health care delivery by an estimated 40% compared with face-to-face⁴. Store and forward teledermatology is also more economical than face-to-face care, and this difference increased the further the patient needed to travel access face-to-face dermatology services⁵.

Telehealth can also reduce the cost of providing health care when considering the costs associated with health professionals needing to travel for home visits, and the cost to the government for rural aeromedical evacuation and health care in institutions like correctional facilities.

A home telehealth program for rural paediatric palliative care services in Queensland was found to be significantly more cost effective than face-to-face services. While there were considerable cost reductions for the patient when using telehealth rather than attending outpatient consultations, the savings were

³ Caffery LJ, Taylor M, Lucas K, *et al.* Substitution rates of video consultations for traditional consultations at a tertiary public hospital. *Journal of Telemedicine and Telecare* 2016;**22**:453–8. doi:10.1177/1357633X16672767

⁴ Caffery LJ, Bradford NK, Wickramasinghe SI, *et al.* Outcomes of using telehealth for the provision of healthcare to Aboriginal and Torres Strait Islander people: a systematic review. *Australian and New Zealand Journal of Public Health* 2017;**41**:48–53. doi:10.1111/1753-6405.12600

⁵ Snoswell C, Finnane A, Janda M, *et al.* Cost-effectiveness of store-and-forward teledermatology: A systematic review. *JAMA Dermatology*. 2016;**152**:702–8. doi:10.1001/jamadermatol.2016.0525

largest when replacing home visits with video consultation (\$1214 versus \$294 per consultation). The cost of clinician time and travel, travel expenses for families reimbursed through the Patients Travel Subsidy scheme, outpatient costs and equipment and infrastructure costs were considered⁶.

Likewise, a telegeriatric service model was found to be more economical than the cost of a visiting geriatrician service model. When considering the expense of the round-trip for the geriatrician and four patients per round trip, an estimated \$131 per patient consultation could be saved using the telegeriatric model⁷.

Teleconsultations between doctors in rural locations and paediatric consultants at regional hospitals were found to prevent the unnecessary transfer of acute paediatric patients to larger hospitals. Since helicopter retrieval is the most common means of transfer, the use of telehealth avoided substantial costs⁸. Likewise, economic modelling showed significant cost savings could be made by substituting face-to-face consultations with telehealth consultations for general practice, imaging and orthopaedics in Queensland correctional facilities. Telehealth generated significant savings through reduced transport vehicle cost, correctional staff escort wages and accommodation⁹.

Finally, telehealth has been shown to improve physician productivity using an online case management system for the triaging of patients by geriatricians. While the geriatrician had access to the same online information for face-to-face assessments, they took 26 minutes on average compared to just 10 minutes for the online-only approach. Triaging decisions were not significantly different between online and face-to-face assessment. Thus, online geriatric assessment improves physician productivity with maintaining a high-quality of patient care¹⁰.

While many of the savings described here are associated with the cost of rurality, research has suggested that the use of telehealth for metropolitan patients may achieve cost savings through economies of scale. This is because large numbers of metropolitan patients using video consultations may exceed savings from comparatively smaller numbers of rural and remote patients and their doctors not travelling large distances for appointments. The lack of uptake in telehealth services by metropolitan based doctors (until COVID-19) is influenced by a lack of reimbursement for these services. Overall, larger investment into telehealth under Medicare and more flexible arrangements around their use will likely result in long-term savings to the health care system.

Question: What structures would the AMA suggest to support a successful Medtech sector in Australia?

AMA Response

The AMA does not have deep expertise on the processes and/or supports needed to generate a vibrant medtech industry in Australia. We understand that Australia does have a growing MedTech sector that generates over \$10b in sales and employs over 19000 people according to a 2015 Deloitte Report.

⁶ Bradford NK, Armfield NR, Young J, *et al.* Paediatric palliative care by video consultation at home: A cost minimisation analysis. *BMC Health Services Research* 2014;**14**:328. doi:10.1186/1472-6963-14-328

⁷ Versleijen M, Martin-Khan MG, Whitty JA, *et al.* A telegeriatric service in a small rural hospital: A case study and cost analysis. *Journal of Telemedicine and Telecare* 2015;**21**:459–68. doi:10.1177/1357633X15611327

⁸ Desai S, Williams ML, Smith AC. Teleconsultation from a secondary hospital for paediatric emergencies occurring at rural hospitals in Queensland. *Journal of telemedicine and telecare* 2013;**19**:405–10. doi:10.1177/1357633X13506528

⁹ Taylor M, Caffery LJ, Scuffham PA, *et al.* Economic modelling of telehealth substitution of face-to-face specialist outpatient consultations for Queensland correctional facilities. *Australian Health Review* 2018;**42**:522–8. doi:10.1071/AH17135

¹⁰ Martin-Khan MG, Edwards H, Wootton R, *et al.* Web-based (online) comprehensive geriatric assessment is more time efficient, and as reliable, as reading patient medical records and conducting traditional in person consultations. *Journal of Telemedicine and Telecare* 2016;**22**:478–82. doi:10.1177/1357633X16674088

Further growth will obviously be dependent on the regulatory environment, including the extent to which Australian products are compliant with overseas laws, access to a skilled workforce, appropriate Government incentives and support and the encouragement of collaboration between governments, the research sector and the public and private sectors.

23 JULY 2020

Contact

Simon Tatz

Director, Public Health

Australian Medical Association

Ph: (02) 6270 5499

statz@ama.com.au