Australian Government

Department of Health

Inquiry into Australian Government Funding: Audit Report No. 50 (2017-18)

Primary Healthcare Grants under the Indigenous Australians' Health Programme

Joint Committee of Public Accounts and Audit

Department of Health Submission

Introduction

This submission seeks to provide the Committee with:

- an implementation status update on the recommendations of the Australian National Audit Office (ANAO); and
- an outline of future plans and milestones for actions still to be completed, incorporated in advice on implementation of the audit recommendations and our responses to broader findings.

Background

On 26 June 2018, the ANAO published its performance audit into the Department of Health (the Department's) administration of the primary healthcare grants component of the Indigenous Australians' Health Programme (IAHP).

The IAHP complements mainstream health services such as the Medicare Benefits Schedule and Pharmaceutical Benefits Scheme. Together these programs support Aboriginal and Torres Strait Islander peoples' equitable access to health services and address priority health needs in local communities to achieve improved health outcomes.

The Department was pleased that the ANAO concluded that the Department has consolidated the IAHP from its four predecessor programs, supported it through coordination and information sharing activities and continued grant funding. The ANAO also found that grant funding agreements were fit for purpose and that most aspects of the Department's assessment of IAHP primary health care funding applications and negotiation of funding agreements complied with Commonwealth Grant Rules and Guidelines and program guidelines. The ANAO report also found a reduction in administrative complexity and concluded that the design of the program was consistent with the Government's objectives. Further, the ANAO recognised the Department's engagement with stakeholders to support coordination and information sharing.

The report recommended that the Department:

1. *Improve the quality of IAHP primary healthcare value for money assessments, including ensuring their consistency with the new funding allocation model.*
2. *Assess the risks involved in IAHP-funded healthcare services using various clinical information software systems to support the direct online service reporting and national key performance indicator reporting process, and appropriately mitigate any significant identified risks.*
3. *Ensure that new IAHP funding agreements for primary healthcare services include measurable performance targets that are aligned with program outcomes and that it monitors grant recipient performance against these targets.*

The Department accepted the three recommendations and noted the findings of the report.

Implementation status update including plans and milestones

The Department takes a continuous improvement approach to primary healthcare under the IAHP. A number of actions that respond to the recommendations are already well-

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progressed and have been underway for some time. The recent tabling of the ANAO report reiterates the need to continue these activities.

Recommendation 1

In the 2018-19 Budget, the Australian Government announced the introduction of a new funding model for primary healthcare delivered under the IAHP to be implemented from 1 July 2019. The Funding Model will distribute available funding for primary health care as fairly and transparently as possible and make the best use of the funds available. The funding model is based on patient numbers, episodes of care, remoteness and need and has been designed in consultation with the sector.

The introduction of a Funding Model which includes a focus on the most disadvantaged and vulnerable communities, supported by a strengthened evidence base, will significantly enhance the Department's capacity to undertake value for money assessments and target funding according to need.

The Department has been developing the Funding Model with representatives from the Funding Model Advisory Committee (FMAC) since November 2016. FMAC includes representatives from the National Aboriginal Community Controlled Health Organisation and Affiliate organisations, the Australian Institute of Health and Welfare and the Departments of Health, Finance and the Prime Minister and Cabinet. FMAC has met eight times since November 2016. In April 2017, FMAC also established a Funding Model Working Group to access expert advice from stakeholders on technical aspects of the Funding Model. The Working Group has met four times.

To support the implementation of the Funding Model and ongoing program management, the FMAC recommended assessing the current data collection processes undertaken by individual service providers. In response, the Department has introduced a Data Quality Assessment and Support project. The purpose of this project is to ensure that the data reported by health services is captured and reported in a comparable way, and that all service providers receive support to improve their data collection processes where necessary and appropriate. The scope of the project was widely consulted on, including with the Aboriginal Community Controlled Health Sector, and the consultant (KPMG) has engaged extensively with participating service providers and other stakeholders. This project is well-progressed with 53 service providers directly supported to improve data quality collection and reporting.

Throughout the development of the Funding Model and the data project, the Department has provided stakeholders with regular updates through a range of methods including newsletters and regular forums.

Milestone: The Funding Model will be introduced from 1 July 2019.

Recommendation 2

Individual health service providers have the ability to choose their preferred clinical information software for practice management and data reporting. While collecting data from multiple systems has some associated risks, the capacity for choice and flexibility enables service providers to select systems designed to support locally-appropriate patient care.

As part of its risk assessment activities, the Department is working with the various clinical information software vendors to improve the quality and timing of vendor software upgrades which will enhance future reporting processes and outcomes through the Department's Health Data Portal (see below for more information). The four systems most commonly used by Indigenous primary health care service providers produce comparable data reports and send information directly to the Department's Health Data Portal. As such, the Department considers that this is not a significant risk to the IAHP. Nevertheless, we will continue to monitor the approach.

In addition, the Department has implemented a number of initiatives that provide better assessment and mitigation of the risks of multiple information software systems. These initiatives will support the direct Online Service Reporting (OSR) and national Key Performance Indicator (nKPI) reporting processes (which form the basis for reporting on primary health care service delivery) irrespective of the clinical information software used. These initiatives include:

- developing processes to identify errors before reporting and to revalidate data after software updates are released by vendors *(milestones to be delivered by March 2019)*;
- enhancing data validation processes, to more quickly identify errors in data before submission *(milestones to be delivered by June 2019)*;
- developing accurate clinical coding rules *(milestones to be delivered by March 2019)*; and
- supporting better, ongoing communication between health service providers and software vendors to resolve individual data collection issues.

In addition to improving identification and mitigation of risks, these initiatives will provide further benefits, including improving data quality, streamlining and reducing future reporting burdens.

Recommendation 3

The Department is developing, in consultation with stakeholders, primary healthcare funding agreement schedules that will:

- include enhanced measurable performance targets; and
- monitor grant recipient contributions to outcomes.

In parallel, the Department is reviewing the nKPI and OSR collections in 2018. The review will:

- assess the utility of the existing indicators;
- consider the inclusion of new indicators in priority areas such as ear health, sexual health and social and emotional wellbeing; and
- consider how to minimise the resources required to collect data from services providers and maximise the utility of the data collected.

The review is being undertaken by the Australian Institute of Health and Welfare (AIHW) and is supported by extensive stakeholder engagement with state and territory governments and sector representatives on the Health Services Data Advisory Group and the National Aboriginal and Torres Strait Islander Health Standing Committee. The inclusion of new indicators will be agreed through the Australian Health Ministers' Advisory Council. Improving the utility of data will support service providers' continuous quality improvement efforts and provide the Department with a stronger platform to monitor performance.

These activities will be complemented by a review of the IAHP Guidelines in 2018-19 as well as other health reform initiatives, with a particular focus on strengthening Aboriginal and Torres Strait Islander access to primary health care. Use of the new Commonwealth Standard Grant Agreement for this purpose will further strengthen the Department's application of best practice principles.

Milestone one: the review of the nKPI and OSR collections will be completed by the end of 2018. Milestone two: The Funding Model will be introduced from 1 July 2019.

Additional information to support implementation of recommendations and in response of other findings
Data improvement –Health Services Data Portal
The Health Services Data Portal is currently being used by a number of external Departmental stakeholders for a range of reporting purposes. The Portal is compliant with all relevant Australian Government security standards.

The Portal is being extended and improved to take on an Indigenous-specific reporting role to support nKPI and OSR data collection. Once available, the Indigenous Portal will provide a safe and secure tool through which service providers can submit relevant data. The Indigenous Portal is currently in a user testing phase with rollout expected in late 2018, if the trial is successful.

Data governance
The Department has an existing framework governing the collection, storage, ownership, access and usage of nKPI and OSR data. The Framework is currently being reviewed to accommodate the introduction of the new arrangements relating to the Indigenous Portal. The review will be undertaken by the end of 2018.

Grants assessments and monitoring: quality and risk management

The Department has invested significant effort into streamlining its grant administration processes to align with the new Whole of Government Standard Grant Agreement and Community Grants Hub. This has included a redesigned grant risk management framework, and a new quality assurance framework that together address issues identified in the report in relation to consistent application of service provider risk assessments in grant decision making.

Additionally, the Department has strengthened its use of the various methods and tools available to undertake balanced and thorough grant assessments under the IAHP. This includes taking into account:

- the necessary corporate and clinical governance requirements of a service provider for effective primary health care;
- linkages to other key service providers in the region; and
- the assessment of relative primary health care needs for Aboriginal and Torres Strait Islander people (including drawing on data and analysis made available through Public Health Information Development Unit at Torrens University and the AIHW).

Given the geographically dispersed nature of IAHP service providers, many of which operate in remote and very remote locations, access to alternative primary health care services can be very limited. As a result, the Department needs to balance a range of considerations in formulating proportionate responses to identified program and service provider risks to ensure an area has continued access to services.

The Department closely monitors risks and issues identified at a service provider and/or regional level. Changes in a service provider's capacity to deliver services are identified through a range of sources including Departmental engagement with the provider, information provided by stakeholders such as other service providers in the region, or via consumers and peak bodies. The Department will continue to strengthen its approach to risk management, while keeping safety, quality and continuity of services for patients as its highest priorities.

Program evaluation

The Department has engaged independent consultants to evaluate the IAHP to assess the effectiveness of primary health care for Aboriginal and Torres Strait Islander people and to inform improvements. These evaluations mark the first in a rolling series of comprehensive evaluations of the IAHP. The first phase to develop a co-designed evaluation approach with stakeholders was completed in mid-2018. The second phase of evaluation implementation will commence later in 2018 (subject to Government approval) and be implemented over a four year period.