

Senate Community Affairs Committee
ANSWERS TO ESTIMATES QUESTIONS ON NOTICE
HEALTH AND AGEING PORTFOLIO

Supplementary Budget Estimates 2010-11, 20 October 2010

Question: E10-371

OUTCOME 0: Whole of Portfolio

Topic: NATIONAL HEALTH AND HOSPITALS NETWORK

Written Question on Notice

Senator Fierravanti-Wells asked:

In relation to Activity Based Funding (BRP2 page 229) and the Independent Hospital Pricing Authority (BRP2 page 233)

- a) What progress has been made in implementing each of these measures?
- b) For each one, what consultation has occurred with (i) state governments (ii) clinicians (iii) other stakeholders?
- c) What are the major implementation issues and concerns in respect of these measures?
- d) What funding has been provided for each of these measures? In respect of allocated funding please advise by state, how much has been allocated, for what purpose and to whom?

Answer:

- a) Work has commenced to develop the information, communication and technology (ICT) capabilities which are required to support Activity Based Funding (ABF) and the Independent Hospital Pricing Authority (IHPA). It is expected that legislation will be introduced to establish the IHPA in the winter 2011 sittings and work is underway on the business processes and organisational design for the authority to inform its establishment.
- b) At the level of officials, the principal method of consulting with states and territories is through the Health Reform Implementation Group (HRIG), which includes representatives at deputy secretary level from treasury departments, first ministers' departments and health departments from all participating states and territories and from the Commonwealth. The HRIG has established a sub group on activity based funding to advise it on the development of ABF. The HRIG has endorsed the establishment by the Commonwealth of a clinical advisory committee on activity based funding, and this is underway. In addition, in areas such as activity classification development, there are mechanisms for clinical input. For example the University of Wollongong is contracted to the Department to develop the next version of Australian Refined Diagnosis Related Groups (AR DRGs), and to update the International Classification of Diseases, Version 10, Australian Modification and the Australian Classification of Health Interventions, as part of which they are convening clinical groups to provide input. There are a range of mechanisms for engaging with other stakeholders. For example, the Commonwealth provides funding to states and territories for liaison officers to support public hospital participation in the National Hospital Costs Data Collection (NHCDC), a critical component for the establishment of ABF. Historically, public hospital participation in the NHCDC has covered more than 90 per cent of public hospital admitted episodes, demonstrating a very high level of public hospital participation and support.

c) Work to establish activity based funding is tracking well.

d) The 2010 Federal Budget allocated \$163.4 million over four years for the Commonwealth to develop the business information systems to support the IHPA, the National Health Performance Authority (NHPA) and the Department of Health and Ageing in the performance of their functions under the national health reforms. The 2010 Federal Budget allocated \$91.8 million over the forward estimates period to establish the IHPA. These two allocations do not include funding for the states and territories.