

# Developing an Evaluation Framework for the national implementation of Activity Based Funding



**IHPA**

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# Background

IHPA has commenced an evaluation program to understand the impacts of the national Activity Based Funding (ABF) system.

Our objective is to understand the impacts so that we can continuously improve the national ABF system.

The evaluation focuses on the first four years of national ABF implementation and assesses changes arising during these years.

We are also examining the impacts on data collections and the use of data.



# Purpose

The evaluation seeks to answer the following:

What is the impact of the implementation of national ABF on the outcome domains?

- efficiency of health services
- efficient allocation of resources
- transparency of funding arrangements
- sustainability of financing
- quality, safety and appropriateness of care
- access to hospital based care.

What are the implications for continuous improvement in the national ABF system?



# The Evaluation

The evaluation has two phases:

- Phase one includes the development of an evaluation framework methodology and the establishment of a baseline.
- Phase two is the actual evaluation where the evaluation framework serves as a basis for the evaluation.

In August 2014, IHPA commissioned KPMG and the University of Melbourne to undertake phase one of the evaluation.

The Pricing Authority is yet to determine when phase two will be undertaken.



# What the evaluation is not doing

- Clause 18 of the National Health Reform Agreement (NHRA) refers to a review of the NHRA in 2015-16. This evaluation is separate and independent from any review referred to in Clause 18 of the NHRA.
- Not an efficacy review – nor a cost benefit analysis.

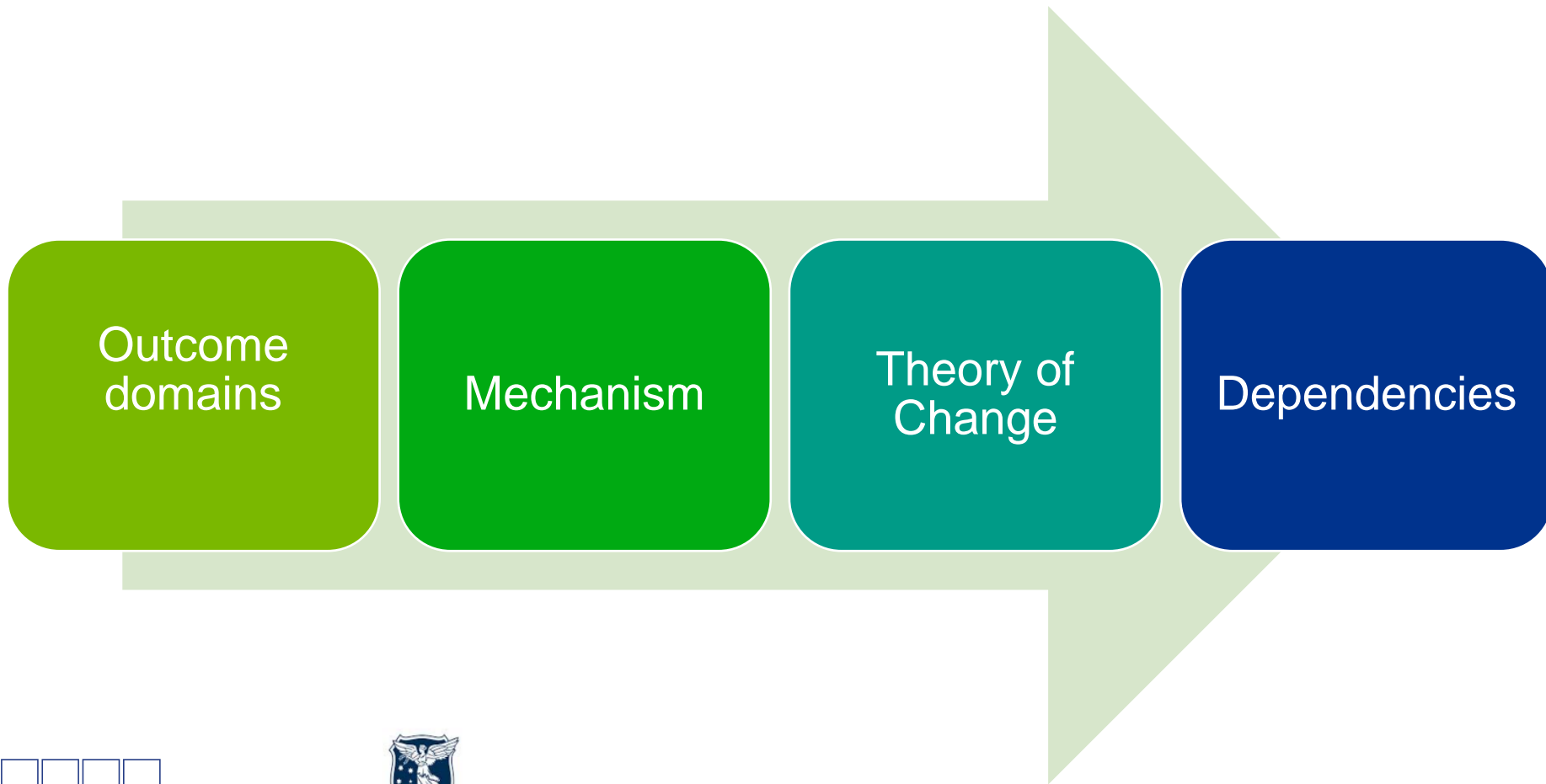


# Approach to developing evaluation framework

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- Logic model
- Study design and preferred method of analysis
- Assessed potential indicators
- Baseline analysis (feasibility)
  - quantitative analysis of indicators
  - surveys of hospitals/hospital networks
  - open forums with jurisdictions
- Draft final evaluation framework

# Evaluation logic model, mechanisms and theory





# Qualitative Aspects

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Phase one of the Evaluation included three key methods of qualitative data collection for use in the Evaluation Framework and Baseline report:

- **Surveys** – survey tools were developed for LHN and ABF funded hospitals and block funded hospitals.
- **State and Territory Interviews** – semi-structured interviews were conducted at all State and Territory Health Department (or equivalent) and the Commonwealth Department of Health.
- **Open Forums** – State and Territory open forums were conducted with clinicians, finance staff and business unit staff, including manager and technical ABF staff. An additional open forum was conducted with IHPA's Stakeholder Advisory Committee.

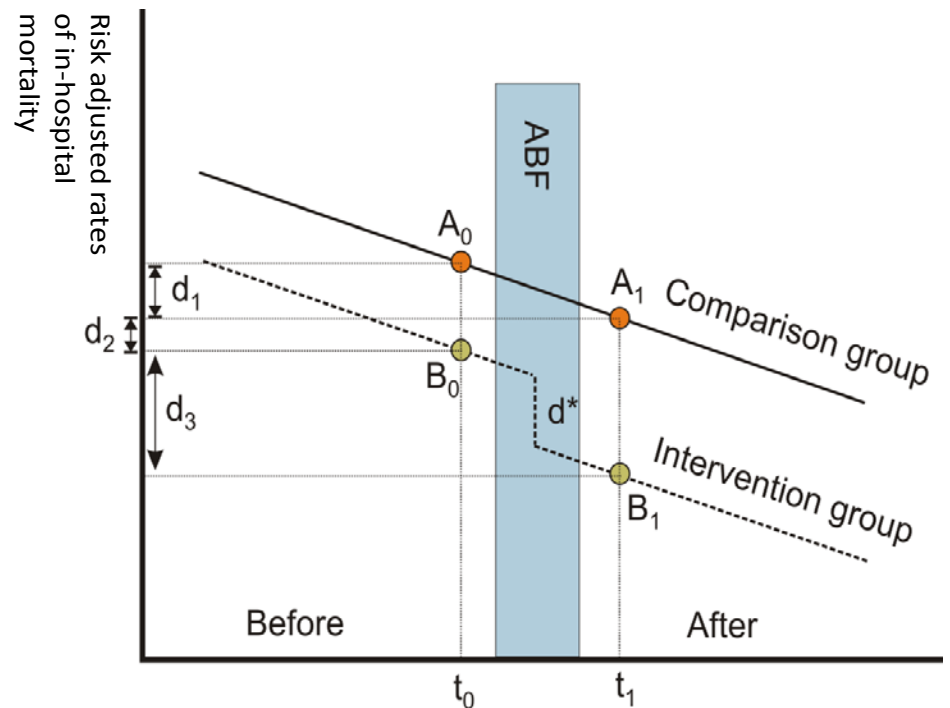
An in-depth analysis of the survey outcomes and details of the open forum consultation and state and territory interview methods and tools will form a part of the Baseline report.

# Evaluation methodology

## Differences within differences study design

- Controlled before and after analyses.
- Examines trends in primary outcomes, relative to a comparison group.
- Intervention and comparison groups.
- Draws on a range of quantitative and qualitative data.

Illustrative example: Impact of ABF on risk adjusted rates of in-hospital mortality



# Domain indicators

Domain	#	Example impact areas
Efficiency of health services	15	Service delivery costs, activity levels
Efficient allocation of resources	5	Resource usage, use of ABF as a management tool
Transparency of funding arrangements	2	Publication of information
Sustainability of financing	2	Information to support decision making
Quality, safety and appropriateness of care	5	Quality of care indicators, length of stay, appropriateness, Patient safety
Access to hospital based care	7	Access to health care services in terms of time and equity of access

# Going beyond the traditional

## New indicators

- Activity based management capability
- Rates of hospital complications as per the Australian Commission on Safety and Quality in Health Care High Priority Hospital Complications list



# Early insights from the baseline analysis

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- The logic model is **valid and consistent** with the views of a broad range of stakeholders.
- The **difference-in-difference methodology is the strongest study design** for this evaluation and is able to be applied using most of the prescribed indicators.
- The majority of **indicators are relevant and feasible**.
- **Qualitative methods** (surveys and open forums) add context to help explain quantitative analysis.
- There are a range of practical implications and **data** issues for the actual conduct of the evaluation, which will require extensive sensitivity analysis and lead times.

# Next Steps

- KPMG and the University of Melbourne are currently finalising the Baseline Report and Evaluation Framework.
- The Pricing Authority will consider when to progress with phase two of the Evaluation over the coming months.



# Questions?



# Contacts

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