



ABF: Maintaining the rage

John Pilla, Director, National Health Care Practice

**Lisa Strickland, Associate Director, National Health
Care Practice**






Overview

- Background
- National ABF: impacts to date
- Critical dependencies
- Strategies that work
- Continuing and challenges



Background

Why national ABF?

-  Ideology
-  Transparent mechanism for Commonwealth to contribute more to increasing demand for hospital services
-  Ensure that the Commonwealth's contribution would be for efficient care
-  A mechanism to partly offset the cost of reform
-  To make more explicit the Commonwealth's financial risk in avoidable hospital expenditure



National ABF: impacts to date

Vastly improved ABF infrastructure



Emerging evidence of impacts



Improved efficiency over and beyond efficiency being driven through fiscal policy



Improved budget management at all levels



Financial sustainability



Potential quality of care benefits



Transparency at clinical level

Perhaps its greatest achievement



Catalyst for new thinking about performance management



Critical dependencies

Critical dependencies

 Alignment between national and state ABF arrangements

 LHN capacity and capabilities

 Flexibility that allows LHNs to reform

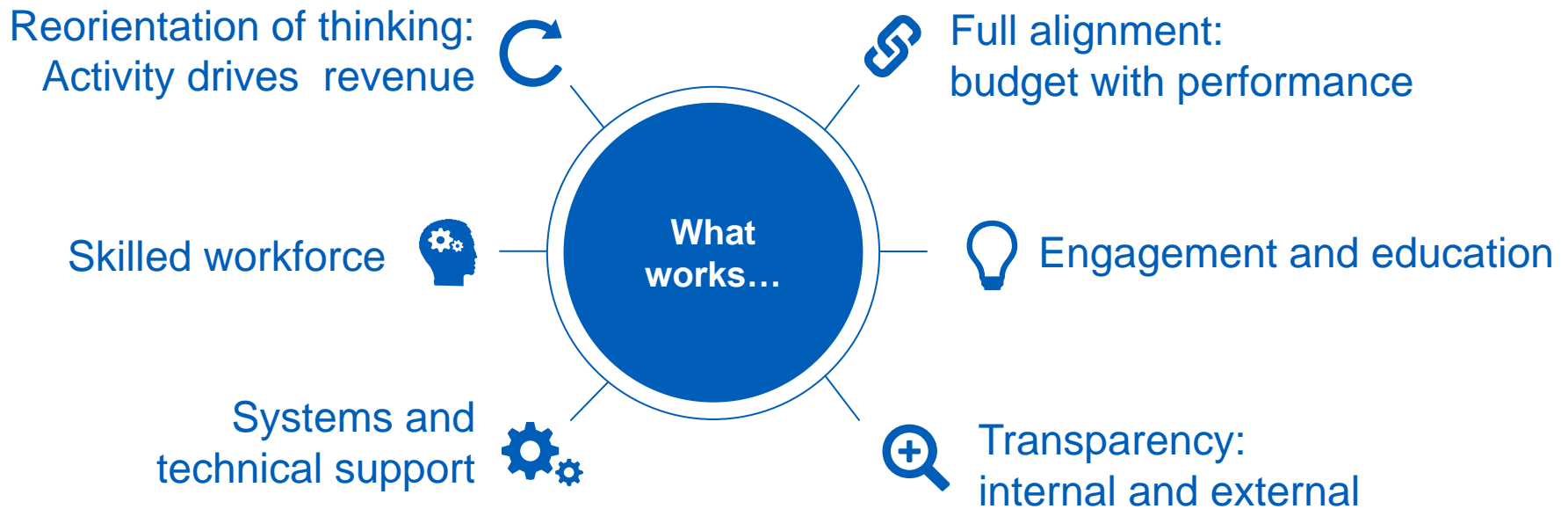
 Clinician engagement

 Support mechanisms



Strategies that work & challenges

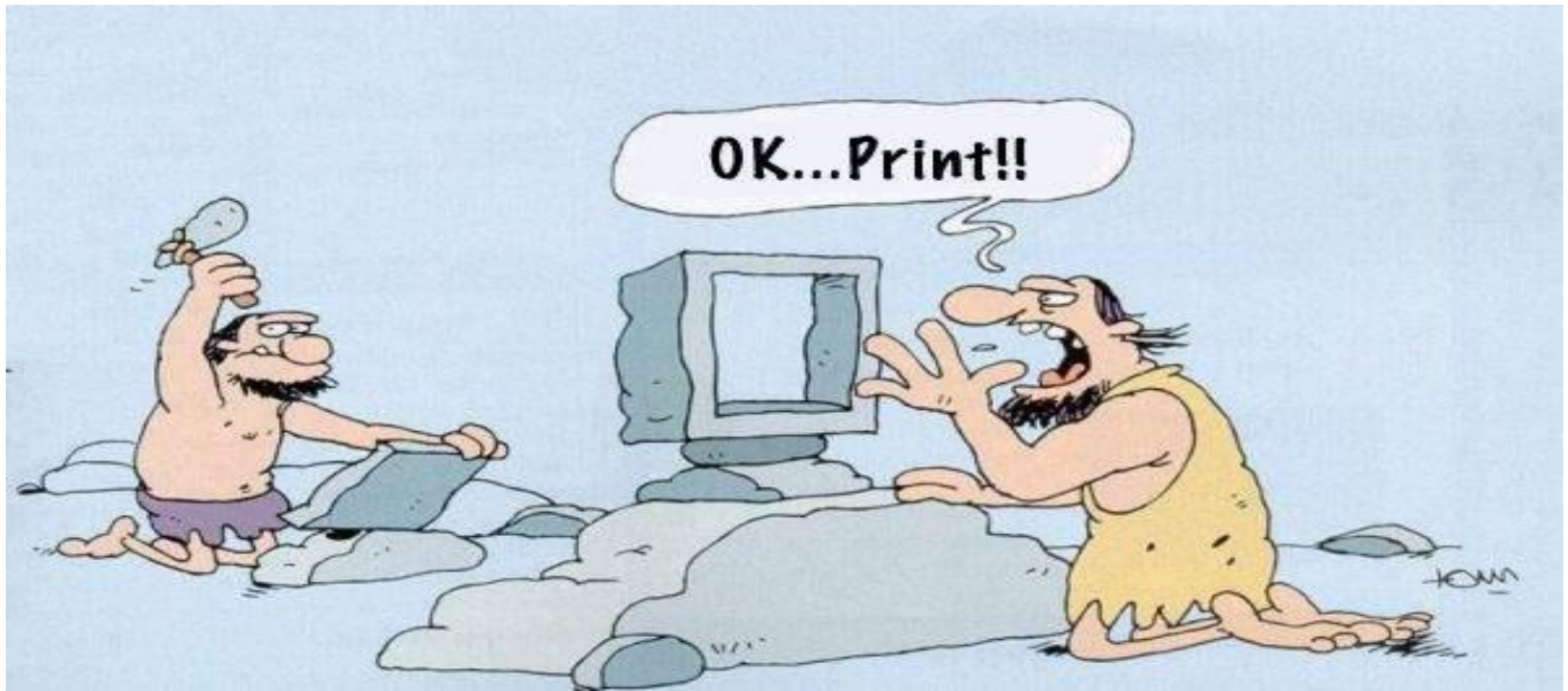
Strategies that work





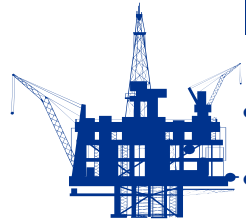
Continuing and challenges

ABF has come a long way but...



What needs to continue?

Investment in ABF infrastructure:



- National developments
- State/Territory supports
- LHN innovation



Integration of ABF into performance management:

- National
- Jurisdictional
- Health Service



Investment in performance methods:

- Data analytics
- Clinical costing

What are the challenges?



Ensure that ABF remains relevant to the reform agenda



Jurisdictions need to maintain the integrity of ABF



Hospitals need to continue with ABM



Keeping clinicians engaged and on side



Workforce regeneration and up-skilling



The new frontiers

Do we dare to be brave?

Pricing

- *Move away from average cost to efficient cost based pricing*

Payments

- *Bundled payments*
- *Value based*
- *Consumer directed care*



kpmg.com/socialmedia



kpmg.com/app



© 2016 KPMG International Cooperative ("KPMG International"), a Swiss entity. Member firms of the KPMG network of independent firms are affiliated with KPMG International. KPMG International provides no services to clients. No member firm has any authority to obligate or bind KPMG International or any other member firm vis-à-vis third parties, nor does KPMG International have any such authority to obligate or bind any member firm. All rights reserved.

The information contained herein is of a general nature and is not intended to address the circumstances of any particular individual or entity. Although we endeavor to provide accurate and timely information, there can be no guarantee that such information is accurate as of the date it is received or that it will continue to be accurate in the future. No one should act on such information without appropriate professional advice after a thorough examination of the particular situation.

The KPMG name, logo are registered trademarks or trademarks of KPMG International.