

Activity Based Funding welcome



IHPA

Shane Solomon, Chair, IHPA
Tuesday 24 June 2014

Welcome

Activity Based Funding Conference 2014

23 - 25 June 2014, Melbourne Convention and Exhibition Centre, Australia

www.abfconference.com.au



Why Activity Based Funding Matters

- **Fairness** – paid the same amount for the same service
- **Transparency** – no special treatment
- **Efficiency** – benchmark payments
- **Productivity** – do more, get paid more
- **Purchasing** – funders buy what the community needs most



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Progress Report

– Australia’s quiet funding transformation

Putting ABF on the ground

- All States/Territories now funding using ABF – 20 years after Victoria and SA – without the world falling apart
- We now have a single ABF currency for Australia – transparency, efficiency, benchmarking
- Extended beyond AR-DRGs – outpatients, A&E, sub-acute, block funding of small rural hospitals
- Clearer understanding of “what is a hospital service”
- Close attention to data quality – getting better



Progress Report

– Australia's quiet funding transformation

Moving to achieving the potential outcomes of ABF

- Beyond having a currency: purchasing frameworks becoming the main game
- Early signs of narrowing in variability between hospitals
- Potential distorted incentives avoided – low value activity; hospital readmissions; quality; public/private mix
- Engagement between all jurisdictions to solve complex ABF methodology problems – how the federation should work
- Growing quality of the submissions IHPA receives from jurisdictions

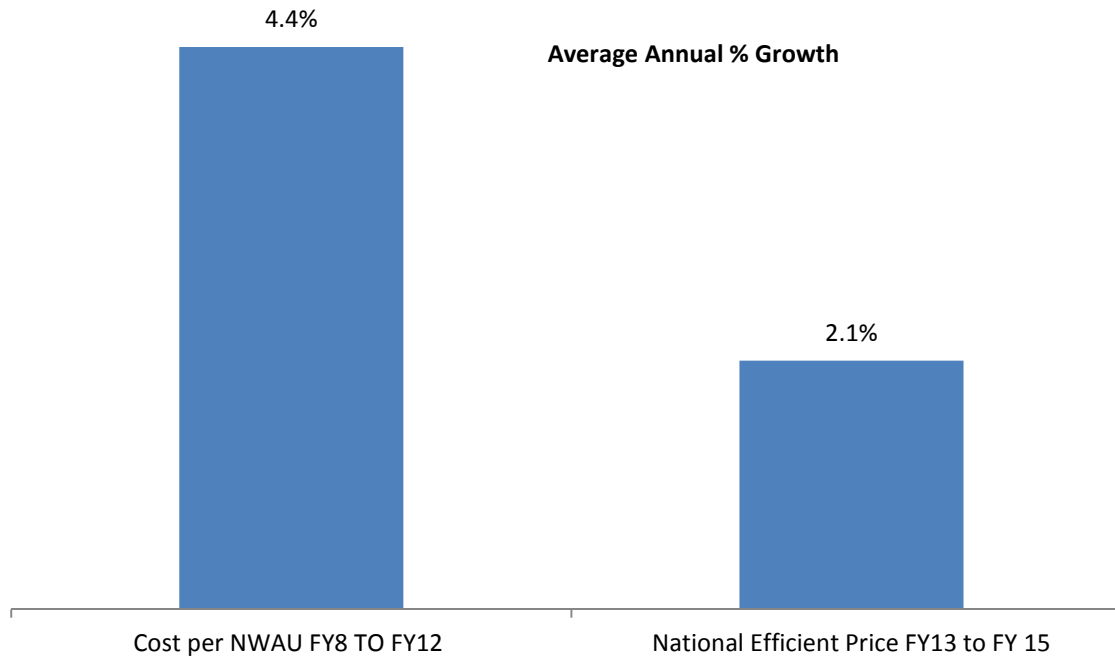


Progress Report

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Moving to achieving the potential outcomes of ABF

- Early evidence of reducing cost of growth in hospital service costs



Post budget future of national ABF?

- From 1 July 2017, Commonwealth funding on the basis of CPI and population growth – not ABF
- Proposed creation of Health Performance and Productivity Commission (no date), merging multiple existing bodies, including IHPA and NHPA
- Policy perspective – ‘States/Territories run hospitals and they should decide how to fund them, and what would add value at a national level’



Post budget future of national ABF?

- White Papers on Reform of the Federation and Taxation set further policy context
- Meanwhile, IHPA has produced 3 National Efficient Price determinations, and 2 National Efficient Cost determinations....two more required before new funding model



IHPA's issues for consultation

- Bundled pricing
- NEP – beyond the mean?
- Adjustments to the NEP – evidence of unavoidable variations
- Telehealth
- Multi-disciplinary case conferences



What does the future hold?

- Once you have ABF, it is a hard habit to kick
- Key focus on how to use ABF as a purchasing tool
- Continued need for national development on classification and costing – brings together the best talent in the country; allows believable benchmarking



Questions?





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