Policy Paper:

Pricing Framework for Australian Public Hospital Services and for Allied Health Services

March 2013
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AHPA’s call to action …

- AHPA seeks to work collaboratively with governments and their agencies throughout the introduction, transition and ongoing reviews of the Pricing Framework for Australian Public Hospital Services to enhance outcomes and ensure the design reflects and supports a growing and emerging allied health sector.

- AHPA believes that the funding models detailed in the Pricing Framework for Australian Public Hospital Services could be used as a positive driver to support the increased contribution of allied health.

- AHPA believes that the adoption of the principle of funding evidence-based programs and services will not only enhance quality and safety but further acknowledge the role of allied health services.

- AHPA argues for reform of the current funding framework to a more flexible, future-focused one which is designed to achieve the NHHRC’s vision of ‘a sustainable, high quality, responsive health system for all Australians, now and into the future’.¹

- AHPA seeks funding support for its representatives, who span the relevant allied health professions, which acknowledges the limitations of resources of AHPA and its member organisations.

Position Statement

Pricing Framework for Australian Public Hospital Services and for Allied Health Services

AHPA supports health reform in Australia that works towards universal health coverage – one of the priority objectives of the World Health Organization – ‘ensuring that all people have access to needed promotive, preventive, curative and rehabilitative health services, of sufficient quality to be effective, while also ensuring that people do not suffer financial hardship when paying for these services’.

The emergence and evolution of allied health professions in recent decades presents a significant opportunity to introduce different service delivery models in public health that improve consumer outcomes and are cost-effective. Consumers benefit from access to specialist allied health services only with the appropriate recognition of allied health in the Pricing Framework for Australian Public Hospital Services, including the activity based funding (ABF) systems being introduced.

Health funding models have the potential to contribute significantly to a ‘sustainable, high-quality, responsive health system’. It is of utmost importance that funding models prioritise consumers as the central focus to optimise outcomes, best practice in health care, and adequate and representative funding for allied health services.

Funding models must be structured to support national initiatives which prioritise sustainability, high quality, and evidence-based innovation, and contribute to a body of knowledge including consistent data collection which assists with forward planning.

AHPA seeks to work collaboratively with governments and their agencies throughout the introduction, transition and ongoing reviews of a national Pricing Framework for Australian Public Hospital Services, including ABF systems to enhance outcomes and ensure the design reflects and supports a growing and emerging allied health sector. We seek supported representation that involves all relevant allied health professions and acknowledges the limitations of resources of AHPA and its member organisations, including the reliance on limited operational funding.

There is strong evidence to demonstrate the effectiveness of evidence-based services provided by allied health professionals. Access to ‘the right practitioner in the right place at the right time’ enhances consumer outcomes, reducing their need for more expensive treatments and assisting them to
Contribute both socially and economically to the community. Access to these services in the public health sector is usually very limited due to funding constraints, denying many consumers the opportunity to benefit from these specialist services which have been demonstrated to improve outcomes, assisting their recovery and return to community participation.

It is evident that the contribution of allied health professionals in the health sector is critical to achieving ‘a sustainable, high quality, responsive health system for all Australians, now and into the future’.\(^2\) AHPA believes that the Pricing Framework for Australian Public Hospital Services could be used as a positive driver, supporting the increased contribution of allied health. The public health sector should seek to improve consumer access to services provided by allied health professionals in line with other areas of the health sector where better integration has delivered improved consumer outcomes cost-effectively, and its funding model must support this evolution.

AHPA supports the development of flexible, future-focused funding models which are designed to achieve the NHHRC’s vision of ‘a sustainable, high quality, responsive health system for all Australians, now and into the future … contributing to an agile and self-improving sector’.\(^3\) Funding levels should demonstrate strong links with quality service provision and improved consumer outcomes. Funding should contribute to the national health reform agenda rather than be based on historical principles and trends. Where evidence demonstrates improved consumer outcomes from emerging trends, funding must support change – reflecting the complexity of the service provided, recognising the skills and abilities of the provider and be determined equitably.

Funders must demonstrate a commitment to providing evidence-based health services in the public health sector, supporting the only opportunity for socially and financially disadvantaged consumers to access health services by facilitating rather than limiting access. They must also ensure resources are available to conduct best practice research and support innovation to encourage a continuous cycle of improvement. Australia’s health system must constantly consider opportunities to improve consumer outcomes cost-effectively in order to meet the future challenges, including increased demand and expectations. ABF and other funding models must also demonstrate a connection to the health sector’s vision by supporting evidence-based change and innovation.


\(^3\) Ibid.
Background

The challenge of adopting a funding model for the provision of health services in hospitals that encourages the delivery of quality health services which contribute to good outcomes for consumers and demonstrates effective and efficient use of resources is a dilemma shared by many developed countries. In Australia, the challenge is further complicated by our federated structure, fragmented health sector and geographic diversity.

Lengthy negotiations have taken place to introduce a nationally consistent activity based funding (ABF) approach commenced as part of the National Health Reform Agreement to work in partnership to improve health outcomes for all Australians. Agreement was reached by the Council of Australian Governments (COAG) in August 2011 and an independent statutory authority – Independent Hospital Pricing Authority (IHPA) – was established under Commonwealth legislation in December 2011.

IHPA is charged with determining the National Efficient Price (NEP) for public hospital services, allowing for the national introduction of the Pricing Framework for Australian Public Hospital Services, including ABF systems. The implementation of an ABF approach aims to ‘improve transparency, and strengthen incentives for efficiency in the delivery of public hospital services’. ⁴ It aims to provide ‘an accurate and visible allocation of funding … based on the activity they perform. This requires an ability to define, classify, count, cost and fund activity in a consistent manner’. ⁵

For most Australian jurisdictions, a nationally consistent model of ABF builds on the funding models already utilised. The breadth of services covered by ABF has been identified across multiple streams of services which are mainly provided in public hospitals, but incorporate other settings including outpatient and community-based settings.

Implementation of a national ABF model commenced with three streams in July 2012 and is ongoing.

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Pricing Framework for Australian Public Hospital Services and for Allied Health Services

AHPA supports health reform in Australia that works towards universal health coverage – one of the priority objectives of the World Health Organization – ‘ensuring that all people have access to needed promotive, preventive, curative and rehabilitative health services, of sufficient quality to be effective, while also ensuring that people do not suffer financial hardship when paying for these services’. Consumers, as well as their families and carers and the broader community benefit from equitable access to quality, evidence-based health services. Funding models must be based on principles of equity of access, quality and cost-effectiveness and be considered in the broader context of the entire health sector. This is particularly relevant in the public health sector, often the only option for socially and financially disadvantaged consumers to access health services.

It is widely documented that changes in the health needs of the Australian population – including population growth, ageing, the management of chronic disease and mental health, and increased health literacy and expectations – will continue to place increasing pressure on the sector to deliver high quality, safe and accessible services in a timely and cost-effective manner. AHPA contends that introducing innovative reforms across all areas of the health sector that capitalise on the emergence and evolution of allied health professions in recent decades presents a significant and largely untapped opportunity to introduce different service delivery models that are both effective and efficient.

Better utilisation of allied health professionals is essential to building ‘a sustainable, high quality and responsive health system’.

Achieving equitable and future-focused activity based funding

Significant barriers exist to introducing a nationally accepted ABF model across all Australian jurisdictions that accounts for diversity, such as geographic isolation and socially disadvantaged consumers, including Indigenous communities. However, the introduction of a nationally consistent

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ABF model that covers seven diverse service streams provided through the public health sector presents an opportunity.

Widespread and ongoing health reform in Australia is required to reach appropriate goals. For Australia’s health system, these goals are perhaps best reflected in the key statements made by the National Health and Hospital Reform Commission (NHHRC) in its report, *A Healthier Future for all Australians*. Published in June 2009, it recommended adoption of the vision ‘A sustainable, high quality, responsive health system for all Australians, now and into the future’, and identified three reform goals:

- Tackle the major access and equity issues that affect people now.
- Redesign our health system to meet emerging challenges including increased demand on workforce.
- Create an agile and self-improving health system for future generations.  

Health funding models, including ABF, have the potential to contribute significantly to a ‘sustainable, high-quality, responsive health system’. They must support national initiatives which prioritise sustainability, high quality, and evidence-based innovation, and contribute to a body of knowledge including consistent data collection which assists with forward planning. Collaboration and decision-making at all levels – governance, planning, service design and delivery, and review – must be inclusive of stakeholders from the entire health sector, taking into account likely changes due to emerging trends. Importantly, collaboration should also serve to better engage all stakeholders to promote connection, understanding and innovative thinking across the sector.

It is widely acknowledged that the planning and implementation, service design and delivery, and review phases during transition to a national Pricing Framework for Australian Public Hospital Services with nationally consistent ABF systems will be critical to achieving outcomes which meet the needs of funders. It is of the utmost importance that the design prioritises optimal outcomes for consumers by placing them in the centre of the design to ensure best practice. Design of the pricing framework must discourage clinical decision-making which shifts the cost burden to other areas of the sector or is based on ‘quick fixes’. Evidence demonstrates that this generally results in poor use of resources and is not in

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the best interests of the consumer as it often results in additional health service requirements, including hospitalisation.

AHPA seeks to work collaboratively with governments and their agencies throughout the introduction, transition and ongoing reviews of a national funding model to enhance outcomes and ensure design reflects and supports the growing and emerging allied health sector. We seek supported representation that involves all relevant allied health professions and acknowledges the limitations of resources of AHPA and its member organisations.

Allied health professionals: Improving consumer outcomes with cost-effective services

Allied health professions\(^8\) have evolved rapidly over recent decades in response to the growing need for a health workforce with the capability to deliver specialised health services. Through their respective professional associations, the professions have sought to ensure the knowledge, skills and abilities of their professionals enable them to deliver safe, high quality health services. It has been acknowledged that in order to meet increasing demand and higher consumer expectations, their scopes of practice will continue to evolve and further extend the role of allied health professionals.

The allied health workforce in Australia is comprised of allied health professionals and technicians, assistants and support workers who work with allied health professionals.\(^9\) Allied health professionals are usually required to practise autonomously, providing direct consumer care including diagnosis, treatment and rehabilitation. There is strong evidence to demonstrate the effectiveness of evidence-based services provided by allied health professionals. Access to ‘the right practitioner in the right place at the right time’ enhances the consumers’ health outcomes, reducing their need for more expensive treatments and assisting them to contribute both socially and economically to the community.

As the overall body of health knowledge has grown, and greater consumer health literacy has increased their expectations, emerging allied health professions have evolved to meet demand. With around 18% of the total health workforce, allied health professionals now represent a similar proportion


\(^9\) ibid.
to doctors, with a smaller percentage aged over 55 and more rapid overall growth.\textsuperscript{10} Annually, allied health professionals provide over 200 million services\textsuperscript{11} that improve the quality and/or life expectancy of consumers.

Allied health professionals provide evidence-based specialist clinical services in a range of settings in both the public and private sectors. Access to these services in the public health sector is usually very limited due to funding constraints, denying many consumers the opportunity to benefit from these specialist services which have been demonstrated to improve outcomes, assisting their recovery and return to community participation.

As well as utilising the skills of allied health professionals to deliver evidence-based clinical services, their broad knowledge is particularly suited to roles in assessing the needs of consumers, the provision of training and leadership of support staff, contributing to the development of effective multidisciplinary models of care, quality assurance and management. In 2011 the Productivity Commission acknowledged the skills of allied health professionals by recommending they be utilised as assessors, determining the needs of consumers covered under the proposed National Disability Insurance Scheme.\textsuperscript{12}

It is evident that the role of allied health professionals in the health sector is critical to achieving ‘a sustainable, high quality, responsive health system for all Australians, now and into the future’.\textsuperscript{13} The sector must continue to recognise and value allied health professionals, providing an environment that encourages them to strive for improved consumer outcomes, quality and innovation in health service provision. AHPA believes that the Pricing Framework for Australian Public Hospital Services could be used as a positive driver, supporting the increased contribution of allied health and improving access to essential services provided by allied health professionals in line with other areas of the health sector where better integration has delivered improved consumer outcomes cost effectively.

\textsuperscript{11} Allied Health Professions Australia, Allied health professionals: Making an impact on the health of all Australians, Policy Paper – March 2013. Available at: www.ahpa.com.au
Allied health professionals and ABF: Contributing to an agile and self-improving sector

AHPA supports the development of flexible, future-focused funding models which are designed to achieve the NHHRC’s vision of ‘a sustainable, high quality, responsive health system for all Australians, now and into the future … contributing to an agile and self-improving sector’.\(^{14}\) Only by having strong connections between funding, quality service provision and improved consumer outcomes will funding reform contribute to the national health reform agenda.

Prices set in ABF systems should not be based on historical principles and trends. Where evidence demonstrates improved consumer outcomes from emerging trends, models must support change. Funding must strive to reflect the complexity of the service provided, recognise the skills and abilities of the provider and be determined equitably.

Funding must be structured to seek to ‘tackle the major access and equity issues that affect people now’.\(^{15}\) This is particularly relevant to the Pricing Framework for Australian Public Hospital Services that dictates the level of funding in the public health sector that generally provides the only opportunity for socially and financially disadvantaged consumers to access health services.

Importantly, the Pricing Framework for Australian Public Hospital Services and other funding models must provide resources to conduct research and support innovation to encourage a continuous cycle of improvement which ‘Redesign(s) our health system to meet emerging challenges’.\(^{16}\) Funding models must prioritise enhanced consumer outcomes in order to meet the future challenges of increased demand and expectations, demonstrate cost-effective use of resources and connect to the vision by supporting opportunities for evolution in the health sector.

\(^{14}\) ibid.


\(^{16}\) ibid.
Appendix 1 – Definition of allied health

The allied health workforce in Australia is comprised of allied health professionals and technicians, assistants and support workers who work with allied health professionals.

In this definition, Allied Health Professions Australia (AHPA) aims only to define the allied health professions and their professionals.

Background

In both the international and national domain there is no universally accepted definition of allied health professions. Instead, a range of definitions are used in various sectors. A variety of professions are listed as allied health professions by various government authorities and departments, health service providers, health funds and tertiary institutions. It is well accepted that the allied health subset of the Australian health professions does not include medical, nursing or dental professionals.

Professions Australia has defined ‘a profession’ as: ‘a disciplined group of individuals who adhere to ethical standards and who hold themselves out as, and are accepted by the public as possessing special knowledge and skills in a widely recognised body of learning derived from research, education and training at a high level, and who are prepared to apply this knowledge and exercise these skills in the interest of others. It is inherent in the definition of a profession that a code of ethics governs the activities of each profession. Such codes require behaviour and practice beyond the personal moral obligations of an individual. They define and demand high standards of behaviour in respect to the services provided to the public and in dealing with professional colleagues. Further, these codes are enforced by the profession and are acknowledged and accepted by the community.’

AHPA’s Definition of ‘Allied Health Professions’

AHPA uses and builds on Professions Australia’s definition of a profession with additional specifications:

An allied health profession is one which has:

- a direct health consumer care role and may have application to broader public health outcomes
- a national professional organisation with a code of ethics/conduct and clearly defined membership requirements
- university health sciences courses (not medical, dental or nursing) at AQF Level 7 or higher, accredited by their relevant national accreditation body
- clearly articulated national entry level competency standards and assessment procedures
- a professionally defined and a publicly recognised core scope of practice
- robust and enforceable regulatory mechanisms

and has allied health professionals who:

- are autonomous practitioners
- practise in an evidence-based paradigm using an internationally recognised body of knowledge to protect, restore and maintain optimal physical, sensory, psychological, cognitive, social and cultural function
- may utilise or supervise assistants, technicians and support workers.
About Allied Health Professions Australia

Allied Health Professions Australia (AHPA) is the national peak body for the allied health professions in Australia, with 18 national associations as member organisations. Collectively, these organisations with their members in public, private, not-for-profit, rural and regional services across Australia work together to provide an effective voice for over 57,000 allied health professionals.

As the largest peak body representing and advocating for the role of allied health professions in Australia, AHPA provides unified advice to government and key stakeholders across a broad range of issues, seeking to improve the health and wellbeing of all Australians.

Australia has a well-developed workforce of allied health professionals who utilise their specialised knowledge and skills to improve consumer outcomes. Allied health professionals work autonomously, as part of multidisciplinary teams and are available to supervise other health workers, including assistants and technicians. AHPA and its member organisations consider the role of appropriately trained and regulated allied health professionals is vital to the delivery of safe and effective health services, and ensuring the community has access to ‘the right practitioner in the right place at the right time’.

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- Australian Association of Social Workers
- Australian Music Therapy Association
- Australian Orthotic Prosthetic Association
- Australian Osteopathic Association
- The Australian Psychological Society
- Australian Sonographers Association
- Chiropractors’ Association of Australia
- Dietitians Association of Australia
- Exercise & Sports Science Australia
- Occupational Therapy Australia
- Orthoptics Australia
- Society of Hospital Pharmacists of Australia
- Speech Pathology Australia

Associate members:

- Australian Diabetes Educators Association
- Australian Association of Practice Managers