School of Public Health and Preventive Medicine
Faculty of Medicine, Nursing and Health Sciences

Independent Hospital Pricing Authority

November 4th 2016

Re: Independent Hospital Pricing Authority (IHPA)'s Consultation Paper on the Pricing Framework for Australian Public Hospital Services 2017-18

On behalf of the Monash University School of Public Health and Preventive Medicine, thank you for the opportunity to comment on this important consultation paper. Senior researchers from this School have had a long involvement in the measurement and benchmarking of quality of care in hospitals. It is timely for the Commonwealth to show commitment to quality and safety in our hospitals through its incorporation of these activities in its pricing framework.

We understand that the IHPA report has followed an exhaustive process to define these performance measures and that this has included significant clinical consultation. However, in our view the proposed measures of quality will prove very difficult to measure either systematically or accurately. They will therefore run the risk of inappropriately penalising high performing hospitals and/or failing to recognise poor performers.

It is critical therefore, that as part of the pricing framework that there is timely, independent evaluation of its implementation that particularly focuses on the following risks:

- The risk that hospitals some reporting higher numbers of adverse events are those with the most careful scrutiny and documentation or have a low threshold' for reporting.
- The indicators will require sophisticated risk adjustment which will require significant research and expertise to develop.
- They may drive inappropriate behaviour that is the opposite to that intended (eg by delaying a necessary readmission)
- Their imprecision allows for manipulation of results (gaming)
- They may have little credibility with clinical leaders

In addition to these issues, each individual measure has its own limitations

- SENTINEL EVENTS: happen very rarely, are not consistently reported and have significant threshold issues. For example one hospital may report a preoperative nerve block on an incorrect side as an example of 'wrong side surgery' and another may not. Early experience with sentinel event reporting demonstrated that such ambiguous events were relatively common and the decision whether or not to regard these as sentinel events had a significant influence on reporting rates. In Australia the original list of sentinel events were expanded to include death or serious consequences of errors in drug prescribing. Again thisan area where judgement call are frequent and definitions imprecise. They are particularly inappropriate to use as a quality of care measure.

- PREVENTABLE HOSPITAL AQUIRED CONDITIONS: are not consistently reported, involve significant reporting threshold issues and even if they could be measured consistently would require sophisticated risk adjustment before they could be used.

- AVOIDABLE HOSPITAL READMISSIONS: depend on the interpretation of the word 'avoidable' which may be based on clinical judgement rather than objective fact, e.g. when a post-operative patient is readmitted with cardiac failure or pneumonia. Providing an incentive to avoid readmissions may delay necessary readmissions and reduce quality of care.

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- In our view the proposed measures of quality should not be introduced as the basis for financial rewards or penalties. Because of the limitations of the proposed measures we suggest that payment is dependent on contribution of data to a clinical quality registry (as defined by the Australian Commission on Safety and Quality of Healthcare).

This follows a pattern introduced in the Physician Quality Reporting System for Medicare and Medicaid in the U.S. system. The Physician Quality Reporting System (PQRS) program is a voluntary reporting program that rewards physicians who successfully report data on quality measures to the Centers for Medicare and Medicaid Services (CMS). Physicians who do not participate in the program going forward are at risk for penalties applied to their Medicare Part B reimbursement. "Individual eligible professionals (EPs) and group practices participating in the Physician Quality Reporting System (PQRS) group practice reporting option (GPRO) can avoid the 2018 PQRS negative payment adjustment by satisfactorily reporting 2016 quality measures data to a participating registry." (reference - https://www.cms.gov/medicare/quality-initiatives-patient-assessment-instruments/pqrs/registry-reporting.html)

Through reporting to clinical registries, hospitals will come under their governance structure and will review risk-adjusted and benchmarked indicators and outcomes that are credible to clinicians. When aberrant outcomes occur registries have policies to escalate concerns through hospital management and improve quality of care in a more effective manner.

Thank you again for the opportunity to review and respond to the proposed pricing framework consultation paper. We hope that these comments are helpful

Yours sincerely

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