



## Government of Western Australia Mental Health Commission

### CONSULTATION PAPER ON THE PRICING FRAMEWORK FOR AUSTRALIAN PUBLIC HOSPITAL SERVICES 2017-18

Thank you for the opportunity to provide feedback on the *Consultation Paper on the Pricing for Australian Public Hospital Services 2017-18*. As the purchaser of specialised mental health services within Western Australia, the Western Australian Mental Health Commission (MHC) supports the appropriate pricing of mental health services.

In relation to the consultation questions:

*Should IHPA consider any technical improvements to the pricing model used to determine the National Efficient Price 2017-18.*

- The MHC notes that IHPA are currently exploring an appropriate proxy for phase of care to implement the newly developed Australian Mental Health care Classification (AMHCC) to price a subset of mental health inpatient activity. The MHC believes it will be challenging to find a suitable proxy for all jurisdictions to use and may potentially deter service providers from implementing the phase of care variable.
- The MHC notes that non-admitted services will continue to be block funded in 2017-18. The MHC supports that further non-admitted mental health activity data is captured within all jurisdictions before the AMHCC is implemented in non-admitted services.
- The MHC suggests that as part of any implementation process of the AMHCC a 'funding floor and ceiling' is introduced for both admitted and non-admitted mental health services at a jurisdictional level so that purchasers and service providers are not penalised with pricing fluctuations. This is important to ensure continuity of services while further refinements are made to the AMHCC, particularly for non-admitted services.

*Do you support the proposal not to fund episodes that include a sentinel event? If not, what are the alternatives and how could they be applied consistently?*

- The MHC supports that safety and quality is an important component of Activity Based Funding. However, any proposal to adjust pricing or funding of safety and quality needs to balance penalties and incentives to ensure perverse patient outcomes do not occur including under reporting or risk adverse clinical practices. Accordingly, the MHC does not support the proposal not to fund episodes that include a sentinel event.
- It is best practice that the reporting of sentinel events and safety and quality issues in general take place in a blame-free culture. The introduction of funding penalties linked to the occurrence of sentinel events risks undermining this culture.
- Importantly, high levels of safety and quality need to be rewarded. If a service or hospital exceeds a set peer benchmark, the service or hospital could be financially rewarded. To further drive innovation, a condition of any incentive funding, the funding can only be spent on safety and quality measures (i.e. monitoring, education and training, research, etc).

The MHC remains committed to working with the IHPA and looks forward to the opportunity to provide further comment on the Pricing Framework or the AMHCC once further information is released.