

Commissioning Principles

The purchasing principles and priorities are applicable to all Local Health Networks (LHNs), and where relevant, the South Australian Ambulance Service (SAAS) and Statewide Clinical Support Services (SCSS).

1. Activity targets defined within the Base Workload and Service Level Agreements (SLA) will be aligned to the agreed purchasing values and clinical intentions in order to provide services that are:
 - > accessible, clinically and culturally appropriate, timely and affordable
 - > patient centred and based on population health need
 - > well integrated, coordinated and provide continuity of care, particularly for those with multiple ongoing complex conditions
 - > safe, of a high quality and underpinned by evidence, innovation and best practice models of care
 - > efficient and cost effective in order to ensure fiscal sustainability.
2. Activity targets will reflect any agreed modelling assumptions and funding implications of the Clinical Services Plan. LHNs are expected to meet the requirements through use of appropriate tools, incentives and performance arrangements.
3. Where appropriate, activity targets will reflect population growth and adjust for age, sex and socio-economic factors.
4. Purchased activity will be expressed in terms consistent with the use of national Activity Based Funding rules and relevant definitional terms, including sub-acute (rehabilitation, palliative care, geriatric evaluation and management, and maintenance). There will be no change to funding arrangements for Mental Health; Glenside, Older Persons Mental Health Service and Child and Adolescent Mental Health Service will continue to be block funded.
5. Elective surgery activity targets will be defined (as a subset of overall cap) to support the achievement of recommended timeframes for treatment. Some elective surgery procedures may be outsourced to private providers.
6. Investment will be targeted at the services, clinical interventions and models of care which help achieve the agreed SA Health purchasing values and principles and may include but are not limited to:
 - > Hospital in the home and hospital substitution, to assist in reducing appropriate hospital length of stay
 - > interventions and strategies that reduce attendance and/or admission to hospital, including use of intermediate care for selected specialties and innovative shared care solutions
 - > improving outcomes for Aboriginal people and other vulnerable groups
 - > incentivising continuous improvement in patient safety and quality and rewarding the use of national/state best practice care pathways and models.
7. Disinvestment will be targeted at activity which does not add clinical value or does not meet agreed specified criteria. Financial mechanisms may be used to create disincentives for inappropriate care and undesirable outcomes for the consumer.

Purchasing Guidelines and Intentions

1. Changes to the Funding Model

- > The funding model will be updated to Diagnosis Related Group (DRG) version 9.
- > The Department for Health and Wellbeing (DHW) will further evaluate the continued appropriateness of site specific funding/block grants.
- > Site specific funding will be allocated for home ventilated patients.
- > Peer grouping for emergency department and outpatient activity will be evaluated.

- > Hospital peer group values will consider the latest costing data (2015-16) and where agreed, peer group values will be adjusted to reflect clinical models of care changes (any top-up funding will be allocated for a maximum of two years).
- > The counting methodology for all scopes performed will be considered in-year.
- > Outpatient activity which is performed off-site (i.e. GP Plus facilities) will be counted within activity caps where it is considered to be in scope.
- > Any other considerations that ensure an equitable funding allocation based on a balance of funding need versus funding availability.

2. Activity Allocation

The following will be taken into account in determining the activity allocations for each LHN:

- > Changes in population size and profile
- > Current levels of LHN self-sufficiency
- > Socio-economic factors influencing health service demand
- > Identified unwarranted clinical variation, LHN utilisation rates, and indicators of critical underservicing
- > Available funds
- > Projected 2017-18 activity levels.

3. Service Transfers

- > Any agreed service transfers will be funded at the originating site or as agreed by the relevant project board, including:
 - Balance of Repatriation General Hospital decommissioning (Southern Adelaide LHN)
 - activity to Northern Adelaide LHN to support increase in self-sufficiency
 - activity re-alignment to ensure appropriate patient flow across the system.

4. Purchasing Adjustments

- > There will be no payment for out of scope activity; the excluded and restricted procedures policy is currently being updated and implementation will be monitored over the 2018-19 period. The following surgical procedures are currently not funded within South Australian public hospitals:
 - Temporomandibular joint arthrocentesis
 - tattoo removal
 - reversal of sterilisation.
- > No payment for 'admission within emergency department'.
- > No change to same day surgery targets in 2018-19.
- > No change to extended day surgery (23 hours) targets in 2018-19. The policy is currently being reviewed and any agreed change in DRG profile or counting arrangements will be reflected in the activity allocation.
- > No elective short stay medical admissions with a length of stay of less than 4 hours, and with no procedure, will be purchased.
- > Activity will be adjusted to support implementation of new/updated models of care and implementation of national/state clinical care standards, which may include:
 - Chronic Pain model of care (adult and paediatric)
 - specialist palliative care
 - eye pathway and clinical care standards for cataracts
 - colonoscopy quality model of care and clinical care standards
 - state-wide infusion service (transfer to at home/outpatient services)
 - heavy menstrual bleeding (Hysterectomy)
 - diabetes
 - older persons mental health (recommendations from Oakden Review)
 - delirium/cognitive impairment
 - Guardianship of the Minister (vulnerable children)
 - trachoma pathway (Country Health SA LHN)
 - hospital in the home/intermediate care
 - chemotherapy (Country Health SA LHN)
 - respiratory/sleep services
 - trauma.

- > Other adjustments for consideration may include:
 - Impact of implementing ambulance alternative admission avoidance pathways
 - conversion of same day activity to outpatients (e.g. diagnostic testing)
 - conversion of rehabilitation in hospital to rehabilitation in the home, or inpatient to hospital in the home
 - outsourcing of services, e.g. elective surgery procedures, macular degeneration (ophthalmology)
 - relative utilisation (consideration of further targeted reductions/adjustments)
 - intensive care unit utilisation
 - orthogeriatric evaluation and management in the home.

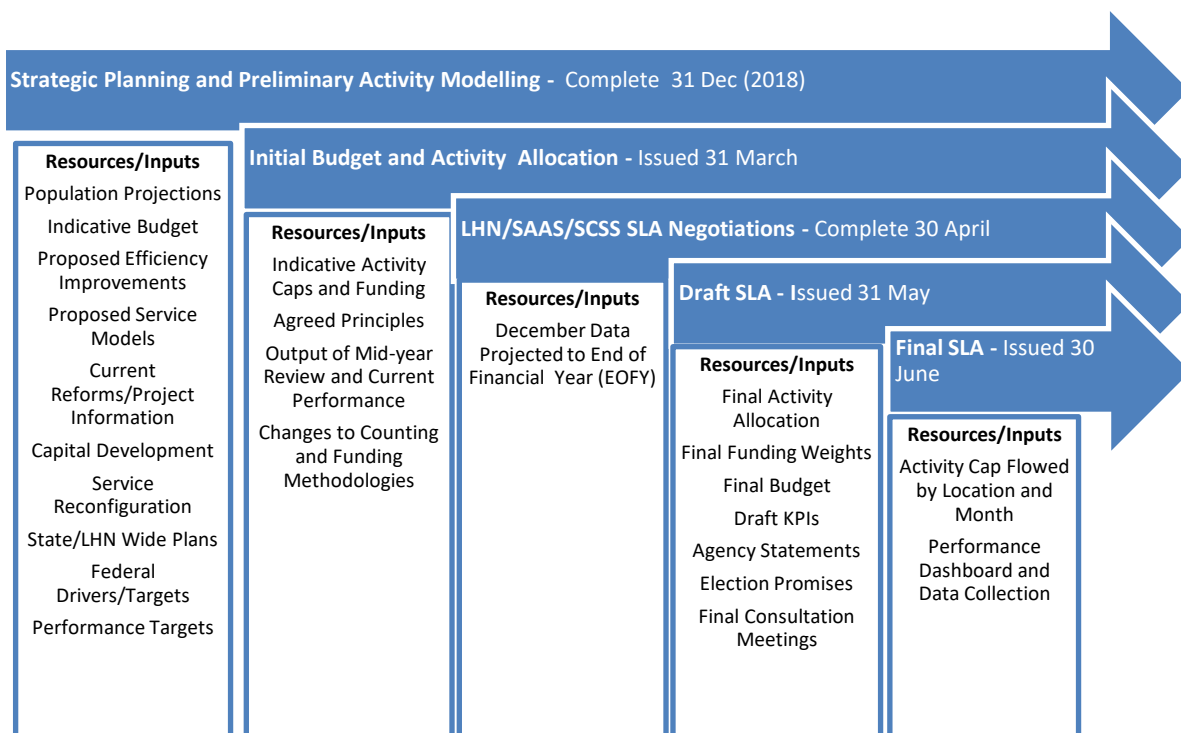
5. Pricing Adjustments

- > Funding will not be provided for sentinel events.
- > Quality improvement payments will be implemented for:
 - Rehabilitation; the application of an incentive payment where the LHN can demonstrate achievement of the agreed quality indicators for each patient separation.
 - Disincentive payments where patients are admitted following a stroke and, where appropriate, are not repatriated within 48 hours of admission (criteria to be developed with the Stroke Reference Group).
 - Disincentive payments for any category 1 elective surgery patients who waited longer than 30 days for treatment.
 - Disincentive payments will continue for any patients who had a visit time in the emergency department longer than 24 hours.
 - Disincentive payments may be considered for non-compliance with Stroke and Fractured Neck of Femur pathways. These clinical indicators will be closely monitored.
- > The Independent Hospital Pricing Authority will apply adjustments that the state funding model will consider for episodes of admitted acute care where a Hospital Acquired Complication occurs. Adjustments will be considered in line with national processes. Improvement targets will be set for each LHN, related to high volume areas i.e. Pneumonia, Urinary Tract Infection.
- > DHW will continue to explore opportunities to implement quality improvement incentives and will focus on opportunities to support quality improvement initiatives planned for implementation in 2019-20.

6. Other

- > Explore invest-to-save opportunities to support future demand management and improve coordination of care:
 - Primary care initiatives and referral practices
 - improve access to diagnostics/screening for earlier detection of illness
 - post-acute care.
- > Explore disinvestment opportunities:
 - Remove services now provided by other departments
 - privatisation
 - aged care (Country Health SA LHN).

Purchasing Timeline



Purchasing Intentions 2019-20

In order to inform purchasing requirements for 2019-20, including opportunities for pricing adjustments, DHW will focus on the following in 2018-19:

- > Preparation for introduction of pricing adjustments for hospital readmissions, in line with national funding guidelines
- > scoping work to support implementation of the Clinical Services Plan
- > scoping work to support implementation of Purple House Service (Country Health SA LHN)
- > any agreed LHN or state-wide priorities for modelling and/or implementation.

The above priorities will form part of the future three-year purchasing plan.

For more information

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