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PRICING AND FUNDING FOR SAFETY AND QUALITY, TO AVOID UNNECESSARY AND UNSAFE CARE

In 2016 all Australian governments signed a Heads of Agreement that committed to improve Australians' health outcomes and decrease avoidable demand for public hospital services through a series of reforms including the development and implementation of funding and pricing approaches for safety and quality.

Subsequently, the Independent Hospital Pricing Authority (IHPA) was directed to advise on options for a comprehensive and risk adjusted model to determine how funding and pricing could be used to improve patient outcomes across three key areas: sentinel events, hospital acquired complications (HACs) and avoidable hospital readmissions.

HACs are complications which occur during a hospital stay and for which clinical risk mitigation strategies may reduce the risk of their occurrence. Identification of most HACs is dependent upon the use of the Condition Onset Flag (COF). The COF is used to indicate whether a diagnosis was present on admission or hospital or occurred during an episode of care. HACs are defined using the criteria of preventability, patient impact (severity), health service impact and clinical priority. The list of HACs is available at <https://www.safetyandquality.gov.au>.

Currently, IHPA has recommended that all HACs across every hospital face a reduced funding level to reflect the extra cost of a hospital admission with a HAC, including an approach for risk adjustment based on a patient's complexity. Under this option, the magnitude of the reduction would vary for each HAC.

This talk will focus on the construction and application of the risk adjustment model for the pricing and funding of HACs.

Biography

Sarah Neville is the Director, Pricing at the Independent Hospital Pricing Authority (IHPA), and is responsible for delivering the National Efficient Price annually. Sarah's background is in mathematics and statistics, holding a Ph.D. in statistics from the University of Wollongong. She was invited to present doctoral research at the University of Oxford in 2012. She recently spent six weeks in remote Australia working with Miwatj Health Aboriginal Corporation developing better ways to communicate key health statistics to Indigenous Australians.

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