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Professor Michael Pervan
Chief Executive Officer
Independent Hospital and Aged Care Pricing Authority (IHACPA)
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Dear Professor Pervan

Re: Consultation Paper on Pricing Framework for Australian Public Hospital Services 2025-26

The Royal Australasian College of Medical Administrators (RACMA) is the only specialist medical college that trains doctors to become specialist medical leaders and managers. Our education programmes, including our accredited flagship Fellowship Training Programme, aim to equip doctors with the leadership and management skills needed to influence and lead the Australasian healthcare systems with the clear aim of improving health outcomes for Australians and New Zealanders. RACMA Members fill diverse roles including Chief Executives, Chief Medical Officers, Directors of Medical Services, Heads of Departments, and positions in the university and defence sectors.

RACMA appreciates the opportunity to provide feedback on the IHACPA Consultation Paper on the Pricing Framework for Australian Public Hospital Services 2025-26.

Newly published Australian research shows that inefficient work practices and/or processes is the No 1 negative driver on professional fulfilment, burnout and perceived impact of workplace issues on wellbeing in doctors (working in regional hospitals in Australia; <https://www.ijme.net/>). Given our increasing hospital costs and challenging medical workforce issues anything we can do to remove system inefficiencies addresses both imperatives.

RACMA continues to support an evidence-based activity-based funding system and underscores the importance of maintaining the independence of classification systems, cost and price weights, and overall pricing through an independent authority. An independent authority is crucial to ensure transparency, fairness, and consistency in the allocation of resources within the healthcare system.

Care should be taken to balance system complexity with improved predictive value for costs, ensuring that the system remains comprehensible for clinicians. A system that is too complex may hinder clinicians' understanding and engagement, thereby affecting the quality of care delivery. Simplicity in system design can enhance usability and foster greater acceptance among healthcare providers.

To this end, we emphasise the necessity of making tools aimed at clinicians and clinician educators more accessible. Specifically, tools such as NWAU calculators should be device-independent to enhance usability across various platforms. Currently, the limitation of these tools to specific platforms, such as the inability to use Microsoft Excel tools on web-based or MacOS-based platforms, presents a significant barrier. This issue should be urgently addressed to ensure that all clinicians have equal access to these essential resources, facilitating better financial planning and resource allocation at the clinical level.

Thank you once again for the opportunity to comment.

Yours sincerely,

Dr. Helen Parsons CSC FRACMA
RACMA President

