

Health Innovation Fund – Stage Two

FEDERATION FUNDING AGREEMENT - HEALTH

| Table 1: Formalities and operation of schedule | | | | | | | | | | | | | |
|--|---|-------------------------|---------|-------|------------------------|--------|--------|--|--------|--------|---|-------|-------|
| Parties | Commonwealth and Victoria | | | | | | | | | | | | |
| Duration | This Schedule is expected to expire on 1 June 2026 or on completion of the project, including final performance reporting. | | | | | | | | | | | | |
| Purpose | <p>This Schedule will support the delivery of:</p> <p>A project that promotes post-pandemic recovery and system sustainability in Victoria through new funding and care models.</p> <p>The project involves five activities that advance the National Health Reform Agreement (NHRA) long-term health reform agenda including:</p> <ol style="list-style-type: none"> 1. Developing standardised referral criteria and care pathways for specific high-volume procedures to ensure patients only receive surgery if it is the best option for them, and to identify and educate patients with modifiable risks among the patients to undergo surgery. 2. Rapid surgery throughput - standing up and scaling innovative same day surgical models in key specialties, as well as reducing length of stay for patients. 3. Conducting a waitlist audit and establishing gatekeeping processes to reduce use of procedures with limited evidence of clinical benefit for specific clinical indications – ensuring patients get the care that is right for them. 4. Design, implementation and evaluation of an integrated model of care for patients with atrial fibrillation that aligns clinical practice across primary and acute care settings to improve patient outcomes. 5. Desktop analysis of the potential impacts of funding models on clinical outcomes within public hospitals. | | | | | | | | | | | | |
| Estimated financial contributions | <p>The Commonwealth will provide an estimated total financial contribution to Victoria of \$13.032 million in respect of this Schedule.</p> <table border="1"> <thead> <tr> <th>Table 1 (\$ million)</th> <th>2020-21</th> <th>Total</th> </tr> </thead> <tbody> <tr> <td>Estimated total budget</td> <td>13.032</td> <td>13.032</td> </tr> <tr> <td>Less estimated National Partnership Payments</td> <td>13.032</td> <td>13.032</td> </tr> <tr> <td>Balance of non-Commonwealth contributions</td> <td>0.000</td> <td>0.000</td> </tr> </tbody> </table> | Table 1 (\$ million) | 2020-21 | Total | Estimated total budget | 13.032 | 13.032 | Less estimated National Partnership Payments | 13.032 | 13.032 | Balance of non-Commonwealth contributions | 0.000 | 0.000 |
| Table 1 (\$ million) | 2020-21 | Total | | | | | | | | | | | |
| Estimated total budget | 13.032 | 13.032 | | | | | | | | | | | |
| Less estimated National Partnership Payments | 13.032 | 13.032 | | | | | | | | | | | |
| Balance of non-Commonwealth contributions | 0.000 | 0.000 | | | | | | | | | | | |

| | |
|------------------|--|
| Additional terms | <p>Victoria will ensure the Commonwealth is provided with contemporary information about the expected delivery schedule for each project (expected major milestone delivery dates including completion) and advise the Commonwealth as soon as practicable of any significant deviations from agreed project plans. Victoria will share key findings, products and insights from outcomes outlined in this schedule as they arise with the Commonwealth and other states and territories.</p> <p>Victoria will undertake the activities for outcomes 4 and 5 in line with the further details outlined in Appendix A.</p> <p>The Parties agree that the final report deliverables for Outcomes 4 and 5 will be shared with all states and territories once complete.</p> <p>The NHRA provides that the Commonwealth will not fund a service where the same service, or any part of the same service, is otherwise funded by the Commonwealth. Victoria will ensure that any claim for funding under the NHRA is not funding services, or any part of a service, provided for under this agreement and will maintain appropriate records.</p> <p><i>The Health Insurance Act 1973</i> prohibits the payment of Medicare benefits where other government funding is provided for that service. Victoria will ensure any agreement for the provision of services using funding under this agreement recognises the operation of the <i>Health Insurance Act 1973</i>.</p> |
|------------------|--|

Table 2: Performance requirements, reporting and payment summary

| Outputs | Performance milestones | Report due | Payment |
|--|---|---|---|
| <p>Promoting post-pandemic recovery and healthcare sustainability through delivery of the systematic reform activities described in this Schedule:</p> <ol style="list-style-type: none"> Developing standardised referral criteria and care pathways for specific high -volume procedures to ensure patients only receive surgery if it is the best option for them, and to identify and educate patients with modifiable risks among the patients to undergo surgery. Rapid surgery throughput - standing up and scaling innovative same day surgical models in key specialties, as well as reducing length of stay for patients. Conducting a waitlist audit and establishing gatekeeping processes to reduce use of procedures with limited evidence of clinical benefit for specific clinical indications – ensuring patients get the care that is right for them. | <p>Project plan setting out the:</p> <ul style="list-style-type: none"> The project description/scope, activities, milestones (including timeframes), budget breakdown, target population, stakeholder engagement (including co-design), governance, success measures and evaluation. The plan should also include the risk management approach (with consideration of privacy impact if required). <p>Annual progress report for the period from commencement of the project to 30 June 2022 detailing the:</p> <ul style="list-style-type: none"> progress to date on the milestones in the project plan against the three activities; and project risks, issues and learnings. <p>Annual progress report for the period from 1 July 2022 to 30 June 2023, detailing the:</p> <ul style="list-style-type: none"> progress to date on the milestones in the project plan against the three activities; and project risks, issues and learnings. <p>Final evaluation report, which includes an evaluative component that aims to assess impact on patient outcomes such as readmission rate and complication rate, length of stay, cost and elective surgery waitlist across the three activities.</p> <ul style="list-style-type: none"> Victoria will determine the scope and methodology for a final evaluation of the benefits and learnings from the project. The final evaluation report will detail outcomes of the project, key achievements and challenges, with supporting data where available. Evaluation reports will be shared with all jurisdictions. The report is to include supporting data, where available. Performance indicators should be meaningful, simple and comprehensible to the public. Indicators should be limited to those necessary to measure performance and inform the public about progress of the project. | <p>18 June 2021 (Complete)</p> <p>30 September 2022 (Complete)</p> <p>30 September 2023 (Complete)</p> <p>30 September 2024</p> | <p>\$13.032m (completed)</p> <p>Nil</p> <p>Nil</p> <p>Nil</p> |

Table 2: Performance requirements, reporting and payment summary

| Outputs | Performance milestones | Report due | Payment |
|--|---|--------------------------|------------|
| <p>4. Design, implementation and evaluation of an integrated model of care for patients with atrial fibrillation that aligns clinical practice across primary and acute care settings to improve patient outcomes.</p> | <p>Provision of a report outlining the methodology and initial design for the project including:</p> <ul style="list-style-type: none"> • The outcomes of desktop research of existing integrated models and analysis of the potential barriers and opportunities for their application in Victoria. • The outcomes of stakeholder mapping including the Hospital & Health Service(s) (Local Hospital Network) and associated Primary Health Network(s) selected to co-design and test the integrated care model. • Information about arrangements for project governance. • Project planning documentation identifying key activities, milestones and expected delivery dates to ensure completion of the project and its evaluation by March 2026. | <p>30 September 2024</p> | <p>Nil</p> |
| | <p>Provision of a progress report including information about:</p> <ul style="list-style-type: none"> • Progress against the project plan. This should include how the model of care has been co-designed to respond to identified need(s), has been implemented and is being monitored collaboratively by the Hospital and Health Service(s) and Primary Health Network(s) and other stakeholders reflecting a co-commissioning approach. • The outcome of the co-design process, including the problem definition determined in collaboration with partnering stakeholders (which must include consumers and clinicians across primary and acute care settings), the agreed model of care for implementation and evaluation, and the rationale for how the model of care addresses the defined problem. • Information about the methodology for evaluating the model of care and its impact (including outcome measures and targets by which success will be measured), and observations and preliminary findings (if available), including those relating to consumer and provider experiences. • Any refinements or adjustments made to the model of care and/or the evaluation approach. | <p>30 June 2025</p> | <p>Nil</p> |
| | <p>Provision of a final evaluation report for the project, including:</p> | <p>1 June 2026</p> | <p>Nil</p> |

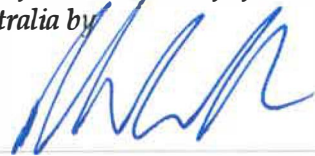
Table 2: Performance requirements, reporting and payment summary

| Outputs | Performance milestones | Report due | Payment |
|---|---|-------------------|---------|
| | <ul style="list-style-type: none"> A detailed evaluation of the integrated model of care and its impact, including whether the objectives and expected outcomes were achieved. An analysis of the conduct of the project including any lessons learned. An assessment of the relevance of any findings to other locations (other Local Health Network equivalents and Primary Health Networks) and potential for translation to those locations. Recommendations to support the implementation of integrated models of care (if successful) more broadly within Victoria, including but not limited to governance, data sharing and funding strategies. | | |
| <p>5. Desktop analysis of the potential impacts of funding models on clinical outcomes within public hospitals</p> | <p>Provision of a report outlining the methodology for the desktop analysis including, but not limited to, information about the:</p> <ul style="list-style-type: none"> Objectives and method of analysis. Arrangements for validating the relevance of existing data to the stated objectives. Measures and indicators by which the outcomes of the analysis will be evaluated. Project planning documentation identifying key activities, milestones and expected delivery dates to ensure completion of the project and its evaluation by December 2024. | 30 September 2024 | Nil |
| | <p>Provision of a progress report including:</p> <ul style="list-style-type: none"> Literature review providing overview of research on bundled payment implementation in Australia and overseas. Conceptual framework that identifies why bundled payments ought to be implemented in Australia, what is required to enable implementation, and how the impact of bundled payments may be monitored at both individual patient and the health system scales. Findings from analysis of existing hospital data to identify where bundled payments may be appropriate to implement. | 1 December 2024 | Nil |
| | <p>Provision of a final evaluation report for the project, including:</p> | 31 May 2025 | Nil |

| Table 2: Performance requirements, reporting and payment summary | | | |
|--|---|------------|---------|
| Outputs | Performance milestones | Report due | Payment |
| | <ul style="list-style-type: none"> Information about the desktop analysis conducted, any limitations of the analysis, and the outcomes of the analysis. An assessment of the impacts of the analysis outcomes against the target measures and indicators, including opportunities for alternate funding models to incentivise improved clinical outcomes through more efficient and effective healthcare and by reducing clinical variation (linked to the available evidence). Any recommendations for further research and analysis. | | |

The Parties have confirmed their commitment to this schedule as follows:

Signed for and on behalf of the Commonwealth of Australia by



The Honourable Mark Butler MP
Minister for Health and Aged Care

14/10 / 2024

Signed for and on behalf of the State of Victoria by



The Honourable Mary-Anne Thomas MP
Minister for Health

24 February 2024

APPENDIX A

Output 4: Design, implementation and evaluation of an integrated model of care for patients with atrial fibrillation that aligns clinical practice across primary and acute care settings to improve patient outcomes.

Context: This project will explore how different sectors of the health system can work together to ensure integrated care for people with atrial fibrillation (AF) across primary and hospital settings. AF is a common heart rhythm condition that impacts two percent of the general population and five percent of people aged over 65. Like other chronic health conditions, it is best managed through an integrated care approach that brings together primary care and acute care providers.

Key aim: The project will design an integrated model of care in Victoria, that takes a holistic patient-centered view and aligns clinical practice across the care journey of someone with AF including services that may be delivered in hospital and community settings. This model will be developed through co-design and implemented in Victoria between selected Health and Hospital Service(s) and associated Primary Health Network(s) (through co-commissioning).

Co-commissioning will involve co-designing the model of care with consumers, clinicians, service providers and other stakeholders, procurement of these co-designed services, and monitoring and evaluation of the model of service to understand impact on consumers.

Key outcome: The project will include an evaluation of the integrated model of care, its implementation, its effectiveness and other considerations identified in co-design (including for data sharing and funding).

Project Delivery Phases

| Project Phases | Expected Timing | Associated Performance Milestone |
|--|------------------------|--|
| Establishment/pre-design phase a) Activities to be undertaken and completed include: i. Research on existing integrated models including barriers and opportunities specific to the Victorian context. ii. Analysis of administrative datasets with assumptions. iii. Completion of stakeholder mapping. iv. Establishment of project governance. | April to June 2024 | Performance Milestone 1 (report outlining methodology and initial design) due 30 September 2024. |
| Co-design phase a) Activities to be undertaken and completed include: i. Identify appropriate Local Health Network equivalent(s) and associated Primary Health Network(s) to co-design and test the model. | July to December 2024 | Performance Milestone 2 (progress report) due 30 June 2025 |

| | | |
|---|---------------------------------|--|
| <ul style="list-style-type: none"> ii. Co-design and testing to involve key stakeholder experts including target population/s to develop: <ul style="list-style-type: none"> i. Problem definition ii. Model of care for implementation and evaluation iii. Rationale of how the model of care addresses the defined problem iv. Outcome measures and targets by which success will be measured | | |
| <p>Testing and implementation phase</p> <ul style="list-style-type: none"> a) Activities to be undertaken and completed include: <ul style="list-style-type: none"> i. Implementation of the model including testing and iteration in line with human-centred design principles. | <p>January to December 2025</p> | |
| <p>Evaluation phase</p> <ul style="list-style-type: none"> b) Activities to be undertaken and completed include: <ul style="list-style-type: none"> i. Review and evaluation of the project including analysis of patient and provider reported outcomes and experience. ii. Provision of recommendations for future activities including scaling of the new model of care. | <p>January to March 2026</p> | <p>Performance Milestone 3 (final evaluation report) due 1 June 2026</p> |

Expected Deliverables

- c) Integrated model of care developed through co-design and implemented through co-commissioning between Health and Hospital Service(s) and associated Primary Health Network(s).
- d) Evaluation of the integrated model of care, its implementation, its effectiveness and other considerations identified in co-design.

Output 5: Desktop analysis of the potential impacts of funding models on clinical outcomes within public hospitals

Context: This project will explore how alternative funding approaches can be used to drive improved clinical outcomes for patients accessing care in hospital settings. It will explore bundled payments, where a specified amount of funding is provided for a patient with well-understood and standard care needs, to understand how this funding approach can contribute to better outcomes for both the patient and the health system.

Key aim: The project will undertake a desktop analysis to understand the impacts bundled payments can have on a patient's clinical outcomes. It will identify the factors that lead to or can impact the success of bundled payment implementation. It will develop a plan for implementation of bundled payments in public hospitals if it is deemed appropriate and valuable through the project's work. It may also identify areas where further research and analysis are required.

Key outcome: The project will include an assessment of the impacts of the analysis outcomes against the target measures and indicators, including opportunities for alternate funding models to incentivise improved clinical outcomes through more efficient and effective healthcare and by reducing clinical variation (linked to the available evidence).

Project Delivery Phases

| Project phases | Expected Timing | Associated Performance Milestone |
|--|------------------------|--|
| Establishment phase a) Activities including procurement of expertise as needed. | March-June 2024 | Performance Milestone 1 (report outlining methodology) due 30 September 2024 |
| Research and review phase a) Outputs developed including research, development of a conceptual framework, data analysis and reporting activities. | July-November 2024 | Performance Milestone 2 (progress report) due 1 December 2024 |
| Dissemination phase a) Activities including sharing of research findings with relevant stakeholders. | December 2024 | Performance milestone 3 (final evaluation report) due 31 May 2025 |

Expected Deliverables

- b) Literature review of bundled payments in Australia and overseas.
- c) Conceptual framework outlining the objectives of bundled payment implementation, and system requirements for implementation, and measures of success for implementation.
- d) Data analysis drawing on National Hospital Cost Data Collection and National Activity Datasets to identify costs of and volumes of priority bundles.
- e) Final report analysing potential implementation of bundled payments drawing on conceptual framework and proposing a roadmap for implementation.
- f) Dissemination of report to stakeholders including but not limited to Australian Department of Health and Aged Care, state and territory departments of health, and Independent Hospital and Aged Care Pricing Authority.