

Service Purchasing Request

The NSW Health Purchasing Framework informs the funding model by determining the annual mix and volume of services that should be purchased from Districts and Networks in order to deliver the objectives, goals and outcomes articulated through Future Health and the emerging priorities of both NSW Government and NSW Health.

Activity purchasing decisions are made to deliver health services that improve health outcomes, the experiences of receiving and providing care, and the efficiency and effectiveness of care.

Completing this request form will provide the required evidence for a purchasing request to be considered by the NSW Ministry of Health.

Please complete the form and return to System Purchasing Branch at MOH-ServiceAgreementSPB@health.nsw.gov.au or email if you have any questions about the form.

1. GENERAL INFORMATION

Completed By:	
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Date	17/04/2024

2. PURCHASING REQUEST OVERVIEW

Overview			
Brief description of request	Heart and Lung Activity – increase cost weights for this activity in line with study commissioned by St Vincents Hospital Sydney and Alfred Health		
Request reason	Highly Specialised Service		
Request type	<input type="checkbox"/> Activity	<input checked="" type="checkbox"/> Block	<input type="checkbox"/> Both
Total request	NWAU22		\$ \$3.7m
Funding type <i>Select one</i>	<input type="checkbox"/> One-off <input checked="" type="checkbox"/> Recurrent		
Funding year			
Net Present Value (\$) <i>(if known)</i>	\$	Benefit Cost Ratio (if known)	
Request impact	<input type="checkbox"/> Local Initiative	<input checked="" type="checkbox"/> Statewide Program	
Divestment/Offsets considered?	<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> No	Value (\$) \$

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3. PURCHASING REQUEST

3.1 Service description

As a tertiary and quaternary level public hospital, St Vincent's Public Hospital Sydney (SVHS) delivers an extensive heart and lung (HL) service extending to research and training in HL transplantation, cardiothoracic surgery, cardiology, interventional cardiology, electrophysiology studies, respiratory, and sleep medicine. From a clinical perspective, SVHS delivers a comprehensive range of adult HL medical and surgical inpatient services, non-admitted procedures and service events, inpatient consultations, advanced cardiac imaging and diagnostics, cardiac pre and rehabilitation for patients presenting from across the state.

As designated by the NSW, SVHS is a provider of supra LHD and statewide services, including:

- HL transplantation (**sole provider in NSW**).
- Organ retrieval (**being the sole recipient of HL retrievals**).
- Transcatheter Aortic Valve Implantation (**as the NSW referral centre**).
- Extracorporeal Membrane Oxygenation (ECMO) therapy for people with serious forms of heart and lung disease.

Beyond the comprehensive range of specialised and statewide services detailed above, SVHS continues to be a pioneer in the treatment of structural heart diseases, facilitating MitraClip and TriClip percutaneous valve repair, with a world first ground-breaking trans-catheter implantation of prosthetic a tricuspid heart valve replacement on a patient who would not have qualified for open heart surgery. SVHS also delivers Cardiac Magnetic Resonance Imaging (C-MRI) via the SVHS Advanced Cardiac Imaging Centre (ACIC), minimising reliance on serial biopsy otherwise required to recognise rejection in heart transplantation patients, and better care of patients with inflammatory, infiltrative, fibrotic and adult congenital cardiac disorders.

SVHS HL transplant program is one of Australia's largest and longest-running programs, with survival rates that exceed that of international benchmarks. It is the only HL transplant program in NSW, and together with the Alfred Hospital in Melbourne accounts for 80% of the episodes of care in the two heart and lung transplant AR-DRGs in Australia. In addition to serving the population of NSW, SVHS remains a major referral centre for South Australia and the Northern Territory.

SVHS HL transplant services involve a range of complex interventions and diagnoses prior to, during and post the acute Transplant procedure. These services span across a common pathway, starting with an initial assessment through to pre-habilitation, acute admitted procedure(s), followed by rehabilitation and longer term post-acute care. This patient journey varies depending on each patient's clinical situation and condition.

Given the individual complexities of the patient, and therefore the complexity of care provided to the patient, the associated costs tend to be variable and notably higher than other AR-DRGs. It is critical to understand the factors contributing to the increased costs of this highly specialised services, and to ensure sufficient funding to ensure continued sustainability of a statewide transplant service for the people of New South Wales.

3.2 Need for service

Describe the need for the service, including:

- *Provide local population health needs - epidemiological, qualitative or quantitative data*
- *The problem this service is trying to solve*
- *Identify inequalities or gaps in service*

Heart disease remains the leading single cause of death in NSW, with cardiovascular disease, including heart, stroke and blood vessel disease, accounting for almost 28% of all deaths in NSW and

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resulting in more than 110,000 hospital admissions a year.

In line with the prevalence of disease, the projected demand for heart and lung services at SVHS is expected to be substantial as result of:

- I. National reform strategies to increase organ and tissue donation, coupled with innovations to make more donations viable such as donation after circulatory death (DCD) technology (pioneered at SVHS) are driving increases in transplantation.
- II. Growth in HL transplant which will impact demand for non-admitted services and other critical transplant support services such as those provided across endocrinology, gynaecology, dermatology, immunology, gastroenterology, rehabilitation and mental health.
- III. Rapid medical advances continuing, complex, multi- morbid patients are living longer, where the acuity of SVHS's inpatient cohort is likely to continue to increase.

Strong ongoing growth in non-transplant cardiothoracic surgery is also projected, which includes emergency and trauma cases, particularly when additional ICU capacity is delivered at SVHS in 2024. As SVHS transplant services grow, other cardiothoracic surgery will grow proportionately to support training and accreditation requirements, and overall service efficiency due to the high fixed costs associated with running the transplant service.

As a designated provider of HL services, SVHS is seeking to respond to the above trends and increasing demand both locally and across NSW in a coordinated manner which continues to deliver:

- Leading, world class patient outcomes and experience
- Rapid access to and consolidation of specialist expertise
- Effective and efficient service delivery
- Expanded access to culturally appropriate care for Aboriginal and Torres Strait Islander patients
- Early identification of clinical deterioration and prevention

Sufficient funding is required to ensure equitable and sustainable access to healthcare – however, existing cost weights do not adequately reflect the true cost of providing low-volume, highly specialised services in HL, resulting in an unsustainable negative contribution margin.

This is reflected in a costing study undertaken with SVHS and Alfred Health in Victoria (the only other heart lung transplant centre in Australia), which compared methodologies and funding regimes to identify whether the existing funding models adequately aligned with the costs incurred to support the Heart and Lung Transplant Services they provide on behalf of their respective states.

At a high level, this analysis identified that:

- I. Both acute admitted Heart and Lung transplant episodes incur a significant negative contribution margin compared to National Weighted Activity Unit (NWAU) revenue.
- II. Given the variation and range of complexities affecting Heart and Lung transplant procedures, the funding formula parameters, including case weights and high boundary points used in the current Independent Hospital and Aged Care Pricing Authority (IHACPA) acute admitted formula are too narrow to cater for the differences in treatment and costs associated with both DRGs.
- III. The organ retrieval program delivered by SVHS also incurs a significant standby cost to health services, which does not readily align well with an episodic, separation activity-based funding formula. An alternative, fixed funding approach would best suit the support costs of the retrieval program. This includes the fixed and variable costs of the staff, travel/transport and fit-for-purpose

In partnership with the Ministry of Health, SVHS will seek to engage with IHACPA to consider an adjusted funding model/price weight. **In the interim however, there is a pressing need for short-term supplementary funding of \$3.7m to cover deficits and ensure the sustainability of the services.**

This supplementary and interim funding is being sought via this purchasing request.

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3.3 Outcomes / benefits

Describe:

- *Expected outcomes – this should include a discussion on the safety, equity, patient experience, timeliness and accessibility, efficacy and cost-effectiveness of the proposed service*

Additional interim funding (in the absence of a sustainable funding model that will provide long-term stability and predictability) will enable:

- efficient allocation of resources, ensuring consistent delivery of services without abrupt interruptions due to funding shortfalls.
- continued delivery of highly specialised, low volume, high-cost quaternary services at the expected level and volume contracted by NSW MoH
- SVHS to continue to provide equitable access to healthcare services for all segments of the population, promoting health equity and reduces disparities in health outcomes among different groups.
- Growth in preventive care, reducing unnecessary hospitalizations, and improving chronic disease management. This can lead to more efficient use of resources and better value for money spent on healthcare.

3.4 Strategic alignment

Select priorities or outcomes that this service will contribute to achieving:

Future Health priority

- Patients and carers have positive experiences and outcomes that matter
- Safe care is delivered across all settings
- People are healthy and well
- Our staff are engaged and well supported
- Research and innovation, and digital advances inform service delivery
- Managing for a sustainable health system

Oral Health Strategic Plan

- Improving oral health wellness across the population
- Providing safe, high quality patient-centred care
- Delivering truly integrated care
- Enabling research, innovation, and health technologies

Regional Health priority

- Strengthen the regional health workforce
- Enable better access to safe, high quality and timely health services
- Keep people healthy and well through prevention, early intervention and education
- Keep communities informed, build engagement and seek feedback
- Expand integration of primary, community and hospital care
- Harness and evaluate innovation to support a sustainable health system

NSW Aboriginal Mental Health and Wellbeing Strategy

- Holistic, person and family-centred care and healing
- Culturally safe, trauma-informed, quality care
- People receive timely emergency care
- Connected care

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Oral Health Strategic Plan

NSW Aboriginal Mental Health and Wellbeing Strategy

- Supporting and developing our workforce

This initiative is most closely aligned to 6th outcome in the NSW Future Health Strategic Framework, 2022-2032, The health system is managed sustainably: The health system is managed with an outcomes-focused lens to deliver a financially and environmentally sustainable future.

More specifically objective 6.3 states 'Adapt performance measurement and funding models to targeted outcomes.' Other associated outcomes include the 1st strategic outcome, Patients and carers have positive experiences and outcomes that matter: People have more control over their own health, enabling them to make decisions about their care that will achieve the outcomes that matter most to them and People are healthy and well: Investment is made in keeping people healthy to prevent ill health and tackle health inequality in our communities.

4. ACTIVITY AND FUNDING BREAKDOWN

- Activity estimates and costs to be considered through the Heart Lung study paper (enclosed). Interim funding request for \$3.7m is made pending review and funding decision on Heart Lung Transplant Services through IPHCA and NSW Health NWAU funding

5. DISINVESTMENT AND/OR OFFSET OPPORTUNITIES

- Not Applicable

6. OTHER