

A review of data capture, costing and pricing for virtual care in Australian public hospitals: Insights and challenges

Introduction

Australia's Independent Health and Aged Care Pricing Authority (IHACPA) undertakes an ongoing program of work to ensure that hospital costing, classification, and pricing evolve in line with changing models of care and the shifting cost profiles of healthcare delivery. The rapid expansion of virtual care since the onset of the COVID-19 pandemic has highlighted significant variations in service delivery and data reporting for virtual care services. To address these challenges, IHACPA commissioned a review to examine the role of virtual models of care in the health system, with a focus on their activity, costs, and integration into national pricing and funding.

Methods

The review combined multiple approaches to assess virtual models of care, establishing a comprehensive evidence base on the current state of these models. It involved an analysis of national and state/territory-level hospital definitions and data collections to examine how virtual care is recorded. Additionally, consultations and workshops were held with approximately 140 stakeholders, including representatives from government agencies, health departments, local health networks, health services, industry, and international experts. The review also drew on findings from peer-reviewed and grey literature on how virtual models are being defined and represented in data collection, classification, costing, pricing and funding across different health care systems.

Results

A key finding of this review was that all identified virtual models of care are included in national pricing, either through activity-based or block funding. However, while most virtual care models are captured within existing activity and cost data collections, they are not always explicitly identified under current reporting specifications. Furthermore, there is inconsistent allocation of the costs associated with virtual care in national costing.

These findings have highlighted a need to develop an appropriate definition and taxonomy to support improved visibility of virtual care in data collections, which would support a range of benchmarking and monitoring functions over time, including for safety and quality monitoring. There is also a need to drive improved costing practices in health services to ensure service innovations can be better reflected in classifications and pricing model refinements over time.

Discussion/conclusions

The review findings demonstrated the importance of designing flexible casemix classifications that can adapt to changes in care delivery over time. Ultimately, rapid changes in virtual care delivery were generally able to be accommodated within existing funding systems without intervention. However, the review demonstrated the demand for casemix classifications to support functions such as safety and quality monitoring and increasing transparency over service delivery models. Agreed definitions will be critical to drive the consistency required to enable these outcomes.

This review also underlined the importance of high-quality clinical costing frameworks as critical in ensuring costing practices and allocations reflect service innovations. However, it has highlighted the ongoing trade-offs faced by health systems in managing the burden of data collection, and the granularity of costing, classification and pricing, with overall resource constraints. It is likely that advances in the efficiency of activity and cost data collection will become increasingly important into the future given these trade-offs.