

Australian healthcare funding policy needs a rethink, and value-based payments will be a necessary step towards securing Australia's healthcare system sustainability.

Released today by the Australian Healthcare and Hospitals Association's (AHHA) Deeble Institute for Health Policy Research, the Issues Brief '[A roadmap towards scalable value-based payments in Australian health care](#)' examines the challenges and advantages of moving ahead with a health funding model that includes value-based payments.

The Brief is authored by Professor Henry Cutler, Inaugural Deeble Institute Fellow and Inaugural Director, Macquarie University Centre for Health Economics (MUCHE), Macquarie University.

'Financial pressure on the Australian Government budget is at a historical high, and the health portfolio is no exception,' says AHHA Chief Executive Kylie Woolcock.

'To promote and maintain high-quality, high-value healthcare, we need to adopt alternative funding models, such as value-based payments to provide for the growing number of Australians with complex health conditions where typical activity-based or fee-for-service funding isn't incentivising the best care.

'Value-based payments are designed to incentivise providers and clinicians to change their services to improve value by improving on outcomes that matter to patients, reducing costs associated with delivering those outcomes, or both.

'This type of payment model also shifts the burden of financial risk from the payer, or patient, to the provider. This means that for providers and clinicians to adopt this model successfully, they need clear, accurate and timely health data on the populations they are caring for to assess their care needs and expected health expenditure going forward.

'The value-based payment reform journey will not be quick, but it offers considerable opportunities to complement the future needs and preferences of patients. Who bears the risk and who benefits must be transparent and factored into implementation to predict for uncertainties.

'Substantial investments to improve cost and outcome data collection, analysis and interoperability will not only need to be made by individual providers but across local, state, and federal levels. And we need to expect that we won't always get it right first time.

'Local, State, and Federal Governments should also be looking to adopt these kinds of funding and policy innovations in collaboration to avoid duplication of resources and share lessons learnt during the process.'

The online version of this [media release](#) and the Issues Brief '[A roadmap towards scalable value-based payments in Australian health care](#)' can be found on the AHHA website.

The Australian Healthcare and Hospitals Association is the national peak body for public and not-for-profit healthcare.

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Planning for scalable value-based payments in Australian health care

6 December 2022

The Brief outlines four key recommendations, including the development of a cohesive vision and national 10-year plan for value-based payment integration into the healthcare system and the creation of an independent national payment authority to implement the national plan.

‘Value-based payments are a necessary step towards securing a sustainable healthcare system for Australia. Their purpose aligns with other important healthcare system policies to improve health outcomes and reduce waste, and crucially to provide better outcomes that matter to patients and their families.’

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