NSW HEALTH

This is the NSW Ministry of Health's (the Ministry) submission to the review of the Radiation Oncology Health Program Grants (ROHPG) Scheme. It is a consolidated response on behalf of the NSW Health Local Health Districts and Specialty Health Networks.

No formal Terms of Reference were issued by the Department of Health, but the Department highlighted eight areas for feedback.

The Ministry consulted with public and private providers in NSW, through the Radiation Oncology Community of Practice convened by the Cancer Institute NSW.

Executive Summary

- NSW supports the continuation of the ROHPG Scheme.
- ROHPG funds are an essential contribution towards the cost of replacement of equipment. The funds contribute to the maintenance of contemporary radiation oncology equipment. The NSW Government also contributes significant funds towards the capital component of radiation oncology service delivery.
- The Scheme has been essential to the commencement and ongoing viability of rural and regional radiotherapy services.
- Treatment availability has been improved through less down time and improved reliability of new linear accelerators (linacs).
- There are opportunities for improvements to the Scheme, including:
    - An agreed, streamlined process for review and identification of ROHPG eligible equipment, noting that not all radiation oncology equipment in the marketplace should be eligible for HPG funding.
    - A review of ROHPG rates, noting that the value of the HPG rates has been diminished by the rising cost of radiation oncology equipment, and falling exchange rates. Also ROHPG rates paid for more complex planning and treatments should increase. Public sector services in the main deliver the more complex treatments such as total body irradiation, complex head and neck treatments, and treatment of paediatric patients.
- Changes to the funding levels and arrangements under the ROHPG Scheme should not be progressed in isolation from the broader MBS Review.

Background

In NSW, there are 17 public radiation oncology treatment centres delivering radiotherapy. This includes the new public centre at Blacktown which will commence operation in early 2016. When this service commences, NSW public radiation oncology treatment centres will have 43 linacs.

There have been numerous reviews of the radiation oncology funding landscape in Australia, at the national and state levels, including the comprehensive report 'A Vision for Radiotherapy – Report of the Radiation Oncology Inquiry 2002'[1] (the Baume Inquiry). The Baume Inquiry made a number of recommendations in relation to the usage, future funding and delivery of radiation therapy in Australia.

[1] Baume P, chairperson. Radiation Oncology Inquiry. A vision for radiotherapy. Canberra, Commonwealth of Australia, 2002

The Report included several recommendations related to funding, principally that funding for equipment older than 20 years should be phased out with a reasonable period of notice; that linacs should be replaced before they reach 12 years of age; and ROHPG payments to public and private providers should be 'more equal'.

The ROHPG Scheme plays a fundamental role in delivering contemporary radiation oncology equipment to public centres in NSW. The Scheme is delivering what it set out to do which is to provide curative and palliative treatment to Australians with cancer through access to high quality radiation oncology services, delivered safely and accurately on up to date equipment, and coordinated with other cancer treatment and planning processes.

The revision of the ROHPG Scheme in 2008 which moved public providers to a machine specific regime and increased rates for public radiation oncology services to be equal to those paid to private services facilitated a more timely replacement of equipment in NSW public centres.

NSW Health centres undertake a program of review and replacement of radiation oncology equipment, to maintain currency with best practice and treatment outcomes. The upgrade and replacement of ROHPG eligible radiation oncology equipment across NSW rural and regional centres in particular would be not be possible, or would be significantly delayed, without the funds provided by the ROHPG Scheme.

Areas for feedback

The Department of Health advised that the review is to ensure that the Commonwealth funding is 'contemporary, fair and equitable'. It has requested feedback on the following areas:

1. <u>The benefits and limitations of the ROHPG</u>

Benefits

- The Scheme is delivering what it set out to do which is to provide curative and palliative treatment to Australians with cancer through access to high quality radiation oncology services, delivered safely and accurately on up to date equipment, and coordinated with other cancer treatment and planning processes.
- There is compelling evidence that investment in radiotherapy not only enables treatment of large numbers of cancer cases to save lives, but also brings positive economic benefits.[2] ROHPG funds contribute toward this investment in radiation oncology equipment and the resulting economic benefits.
- The average age of radiation oncology equipment in NSW public centres has decreased markedly due to the contribution of ROHPG funds toward more timely replacement of equipment. This has complemented the NSW investment. By the end of 2014, the average age of linacs in NSW public centres is 4.08 years. These linacs are capable of delivering more contemporary and complex treatment, and treatment availability is also improved through less downtime and improved reliability.
- Highly valued elements of the Scheme include that it is a machine specific funding system, so particular machines are identifiable and capital balances are linked to individual pieces of equipment.

[2] Expanding global access to radiotherapy. [Review] Atun R; Jaffray DA; Barton MB; Bray F; Baumann M; Vikram B; Hanna TP; Knaul FM; Lievens Y; Lui TY; Milosevic M; O'Sullivan B; Rodin DL; Rosenblatt E; Van Dyk J; Yap ML; Zubizarreta E; Gospodarowicz M. Lancet Oncology. 16(10):1153-86, 2015 September

- Advice from a recently established public radiation oncology treatment centre in NSW is that they found the ROHPG Guidelines to be clear, concise and informative about the receipt, governance and use of grant payments.
- The Networking Information System funding component contributes to improvements in networking of services and planning systems to be at best practice standards and which allow faster and more conformal treatments.

Limitations

- Public sector services deliver complex treatments such as Total Body Irradiation, complex head and neck treatments, and treatment of paediatric patients, which require different specialists, and more time for complex planning and/or treatment delivery. NSW would support an increase in the ROHPG rates paid for more complex planning and treatments.
- The HPG rates have not been reviewed since 2010. The ROHPG funds do not fully fund the replacement cost of radiation oncology equipment. The value of the HPG rates has been diminished by the rising cost of radiation oncology equipment, in particular linacs, due to more sophisticated technology inclusions and the falling exchange rate. These factors result in higher proportion of the capital costs of radiation oncology equipment being funded by NSW for its centres. For example, a linac recently procured for a NSW Health centre was $4.3M based on a US$0.70 exchange rate. The current HPG capital balance (dual modality linac without the cost of borrowing) is $2.964M. This equates to approximately 69% of the cost. There are additional costs incurred to ensure the linac is fully operational for items such as software licences, radiotherapy immobilisation equipment, contract costs, and physics QA equipment. These costs are in the order of $300,000 and above.
- The ROHPG payments do not cover the capital cost of superficial or orthovoltage treatment machines. With very low throughput and minimal MBS revenue, the future sustainability of this service in some regional locations is under threat. Many private radiation oncology providers no longer offer this service, which places additional pressure on the public sector. A capital replacement program for superficial and orthovoltage equipment added to the ROHPG Scheme would help ensure the sustainability of this service and should not be too costly with the comparatively lower capital investments and longer machine lifetimes.
- Obtaining a new ROHPG capital balance for ‘planning systems’ is complex. Under the ROHPG Scheme, a planning system includes a range of items such as software and upgrades; hardware such as servers; work stations, and licenses. These items can be upgraded individually over a number of years without the entire ‘planning system’ being upgraded in one instance.
- The ROHPG capital balance rate for a ‘planning system’ with four or more workstations, without cost of borrowings, is $547,217.29. However, this amount is not automatically assigned in full when a centre’s existing capital balance reaches nil. The Department seeks substantiation of costs for new and replaced items over the life of the ‘planning system’ to inform its decision as to the amount to be assigned as a new capital balance. This requires each centre to maintain and provide records of upgrades, replacements and expenses to support their case for new ROHPG capital balances from the Department when needed. Work to simplify this component of the ROHPG Scheme would be supported.
- The Ministry is advised that paper copies of the ROHPG Scheme monthly reports are issued to cancer centres. Having an electronic version capable of accurately and easily

facilitating reconciliation of items, as well as the inclusion of capital opening and closing balances, would be a great improvement for operational management.

2. The purpose of the ROHPG

- The current ROHPG Guidelines (November 2010) state that ROHPGs are an element of the Commonwealth Government's strategy to provide curative and palliative treatment to Australians with cancer through access to appropriate high quality radiation oncology services. Quality radiation oncology services are affordable for patients, delivered safely and accurately, performed using up to date equipment; and, coordinated with other cancer treatment services and planning processes.'
- The purpose of the ROHPG Scheme remains appropriate.
- The Scheme is fundamental to the ongoing delivery of safe, reliable and modern radiotherapy and incremental improvements in patient outcomes. ROHPG funds are an essential contribution towards the cost of replacement of equipment. The NSW Government also contributes significant funds towards the capital component of radiation oncology service delivery. NSW has invested over $100 million since 2003/04 towards new and replacement linear accelerators. ROHPGs have played an integral role in NSW's capacity to deliver modern cancer therapy centres in the geographic areas where most needed.

3. Potential alternative funding models

- NSW Health considers that it is inappropriate for ROHPGs to be considered in isolation from, and ahead of, the MBS review. The HPGs are 'process' payments, that is, they are triggered by and as a result of the MBS item payments. Any discussion of funding models in isolation from the broader MBS review is premature. Opportunities for other billing models, such as bundling items for a course of radiotherapy, is out of the context of the ROHPG review and would be better placed within the review of the radiation oncology MBS items. Reliance on randomised control trials to gain evidence for new or evolving technologies is also a matter that is problematic for radiation therapy, where technology developments are often incremental, and might also be considered in the MBS review in the context of approval of new MBS items.
- Radiation oncology services in Australia are delivered in a complementary system by both public and private providers. A change to ROHPG benefits to either or both will impact the other.
- The Scheme has been essential to the commencement of rural and regional radiotherapy services. However, the current throughput-based Scheme does present some disadvantages to these services, particularly for linacs and Computed Tomography (CT) payments. Regional and rural services that do not have the population to sustain optimal capacity take longer to draw down the ROHPG equipment capital balances. This limits services' ability to upgrade equipment to provide best practice radiation oncology treatments.

  Considering an alternative funding model, based on population, could allow capacity estimates to be derived and payments adjusted based on optimal machine lifetimes. It is noted that much of this forecast data is already required during the ROHPG application process.
- The ROHPG rates table has not been updated since 1 September 2010. It is recommended that a process for the review and updating of rates be implemented, and that this review be conducted annually.

- The Guidelines require that a public sector organisation maintain a separate bank account reported annually, and that ROHPG funds be used solely for refurbishing or acquiring radiation oncology equipment at the location for which the grant was made. A number of NSW Health radiation oncology services are networked and operate across different geographic sites. Removal of the requirement for HPG funds to be expended at the location in which they were made, would be helpful. NSW would assume that private providers may also operate on a networked basis and so consistency across the two sectors would be recommended.
- Radiotherapy treatment is not covered by private health insurance unless delivered in an inpatient setting. Changes to the Medicare Safety Net also impact on the level of out of pockets cost incurred by patients. These are all factors that impact on the radiotherapy service setting in Australia.

4. Determining eligible equipment

- It is important to the ongoing viability of the ROHPG Scheme that there is an agreed process for streamlining review and identification of eligibility of equipment for HPG. The Ministry recognises that not all radiation oncology equipment in the marketplace should be eligible for ROHPG funding. However, with changing technology in the radiation oncology field, it is important to implement a streamlined system for regular review and consideration of these technologies for ROHPG funding.
- For example, the process to arrive at the HPG eligibility for helical tomotherapy with Intensive modulated radiotherapy (IMRT) has been very lengthy. The consultation and review process undertaken by the Protocol Advisory Committee of the Medical Services Advisory Committee (MSAC) began in October 2012. MSAC considered the matter in late 2014 and early 2015, and IMRT was listed on the MBS from 1 January 2016. Helical tomotherapy became eligible for billing under these items from that date and is also now eligible for ROHPG payments associated with utilisation of IMRT items.

5. Workforce considerations

- Changes to the ROHPG Scheme which may result in radiation oncology equipment not being replaced as frequently will have a negative impact on the workforce. More machine breakdowns will impact on patient access and wait lists, and the efficient operation of centres. Equipment which becomes unreliable impacts staff productivity, including radiation oncology medical physicists who are responsible for the safe operation of the equipment. There remains a shortage of this workforce across Australia.

6. Linking funding to quality measures (rather than throughput)

- The current arrangement for funding linked to throughput is acceptable. Further advice on what quality measures are proposed would be required for the Ministry to provide comment.

7. Billing practice complexity

- As the financial and information management systems have improved across NSW Health, there is improved transparency and ability within the system to track financials, including ROHPG receipts and expenditure.
- The requirements for submitting annual financial statements and for separate bank accounts for ROHPG funds are reasonable. In NSW, responsibility for submitting annual ROHPG financial statements to the Department of Health is devolved to Local Health Districts / Specialty Health Networks.
- The Department of Health also has a role to actively oversight the receipt and review of these annual financial statements.

8. Existing supply/potential saturation of services

- Many advances have been achieved to date in increasing the delivery of services closer to home by identifying the geographic areas of need and developing and delivering services to those areas. In NSW, over 95% of the population lives within 100 kilometres of a radiation oncology treatment centre (public and private).
- Centres should be located where there is an identified area of need. The Baume Inquiry observed "that the provision of private facilities follows a commercial judgment which might be different from one based on wider health needs."[3]
- The Department of Health, in consultation with jurisdictions and private providers and other stakeholders, could identify geographic areas of need for a period (perhaps 10-15 years), and this would provide clearer parameters to potential ROHPG applicants for new or expanded centres.
- The Department could also take a more pro-active role not accepting applications that fall within exclusion criteria for example, to develop a centre with a certain number of kilometres of an existing centre where a need cannot be robustly demonstrated.
- It is noted that the Department seeks comment from jurisdictions on ROHPG applications for new centres from private providers. However, currently the outcome of the application is not advised to jurisdictions.
- NSW requests that the Department advise the Ministry when new private centres have been approved for HPG funding to help inform planning for new and expanded public centres.
- It is also recommended that HPG approvals for new centres should be time limited and that applicants approved for new private centres be required to regularly advise the Department of Health on progress in developing the service.

[3] Baume P, chairperson. Radiation Oncology Inquiry. A vision for radiotherapy. Canberra, Commonwealth of Australia, 2002. P. 97