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Department of Health and Aged Care

Joint Committee of Public Accounts and Audit Inquiry into Policy and Program Design and Implementation – Expansion of Telehealth Services

Submission from the Department of Health and Aged Care

September 2023

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Introduction

The Department of Health and Aged Care (department) welcomes the opportunity to make a submission to the Joint Committee of Public Accounts and Audit's *Inquiry into Policy and Program Design and Implementation* of the Auditor General's Report *No. 10 (2022-23) Performance Audit - Expansion of Telehealth Services*.

The expansion of Medicare Benefits Schedule (MBS) telehealth services was a critical measure of the Australian Government's emergency response to the COVID-19 pandemic. The Department provided robust policy advice and rapidly implemented new MBS items to ensure Australians had continued to access essential medical care, including to support Australians in mandatory and voluntary isolation. This contributed to reduced rates of community infection and hospitalisations while simultaneously protecting the health workforce.

Since implementation in March 2020 to July 2023, telehealth items that commenced in response to COVID-19 have been claimed more than 155 million times for services to more than 19 million patients by 102,000 providers. Telehealth remains popular after the acute response to the pandemic, with most new items having been made permanent from 1 January 2022. More than 38 million services were provided to nearly 12 million patients in 2022-23.

The Department acknowledges that the introduction of temporary telehealth arrangements during the COVID-19 pandemic has been characterised as delivering '10 years of reform in only 10 days'. The scale and complexity of the COVID-19 pandemic was unprecedented and the rapid escalation of the global health crisis has provided valuable lessons and insights. The Department also recognises it is important to learn from the pandemic response and build in mechanisms to ensure that the management of risk, implementation, and evaluation of changes to the MBS in the context of a health emergency is robust without jeopardising the integrity of payments and the quality of care.

Investigation of the expansion of MBS telehealth services by the Australian National Audit Office resulted in four recommendations, tabled in January 2023. The Department welcomed and accepted three recommendations in full and one in-principle, and remains committed to improving its governance, risk assessment, program monitoring and evaluation of permanent MBS telehealth items. The Department is following its internal protocols for tracking progress against ANAO recommendations, which informs this submission.

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Terms of Reference

The Joint Committee of Public Accounts and Audit will inquire into and report on the effectiveness of policy and program planning, design and implementation in meeting government objectives as contained in the Auditor-General Report *No. 10 (2022-23) Performance Audit - Expansion of Telehealth Services*. Focus will be given to four recommendations made in:

- chapter 3 on implementation arrangements and
- chapter 4 on monitoring and review.

Auditor-General Report No. 10 (2022-23) Expansion of Telehealth Services

Tabled in Parliament on 19 January 2023, the Auditor-General Report *No. 10 (2022-23) Performance Audit - Expansion of Telehealth Services* was conducted under phase two of the Australian National Audit Office's (ANAO) multi-year strategy that focuses on the effective, efficient, economical and ethical delivery of the Australian Government's response to the COVID-19 pandemic.

The objective and criteria of the report was to assess whether the department had effectively managed the expansion of telehealth services during and post the COVID-19 pandemic. To form a conclusion against the objective, the ANAO adopted the following high-level criteria.

- Was the expansion informed by robust planning and policy advice?
- Was the expansion supported by sound implementation arrangements?
- Has monitoring and evaluation of the expansion led to improvements?

The audit scope did not include Services Australia's administration of telehealth benefit payments, or telehealth services outside of those listed on the MBS (such as those managed by the Department of Veterans' Affairs). The audit examined the incorporation of telehealth integrity risks into Health's provider compliance arrangements but did not evaluate the effectiveness of compliance activities.

The ANAO found the expansion of telehealth services during and post the COVID-19 pandemic met the Australian Government's objectives to maintain access to essential health services and flexible health care. The temporary and permanent expansion of the MBS telehealth items was found to have been informed by largely robust policy advice and planning, however, the department fell short in the governance, risk management and evaluation of the expansion.

The Auditor-General made four recommendations, three of which were agreed by the department, and one was agreed in principle.

The Committee will report and make recommendations on any matters arising from consideration of the report and submissions, including examination of the department's response to the report and progress in implementing agreed recommendations.

Chapter 3 Implementation arrangements

Chapter 3 of the Auditor-General's Report examined whether the telehealth expansion was supported by sound implementation arrangements.

The ANAO found that the department implemented significant changes to the MBS and provided largely appropriate support to delivery partners. However, the telehealth expansion was only partly supported by sound implementation arrangements.

Although the department conducted risk-based post-payment compliance activities, the governance arrangements for the implementation of temporary telehealth involved inadequate assessment of the implementation and integrity risks.

Chapter 4 Monitoring and review

Chapter 4 of the Auditor-General's Report examined whether monitoring and evaluation of the telehealth expansion led to improvements.

The ANAO found the department did not plan for performance monitoring or evaluation of temporary or permanent telehealth. Performance monitoring of the temporary telehealth expansion was limited and lacked measures and targets that could inform judgements about performance, and there was no evaluation that could assist with the design and implementation of potential expansions to telehealth during future emergency conditions. Evaluation of permanent telehealth is developing.

The ANAO made two recommendations aimed at capturing the lessons of COVID-19 telehealth as a pandemic response and settling plans for the evaluation of permanent telehealth.

Progress against recommendations

Recommendation One

The Department of Health and Aged Care strengthen its systems of control for the implementation of material changes to the Medicare Benefits Schedule, to embed elements of governance that are currently unaddressed including documentation of key implementation issues and decisions, and planning for performance monitoring and evaluation.

Health's response to the recommendation (as shown in the published report):
Agreed.

The ANAO noted that implementation of expanded MBS telehealth items prioritised rapid deployment and the normal Department of Health and Aged Care program management framework was not adhered to, nor was there exemption from this requirement. Whilst noting this, routine business and governance processes that were followed include obtaining relevant policy authority, drafting regulations through normal processes, communication to stakeholders and post implementation review processes.

The Department's framework for implementation planning and tracking may be appropriate for measures of significance, though it is optimised for programs other than the MBS which undergoes many amendments annually. For reference between March 2020 and September 2022 there were 1,117 new MBS items created; 1,276 items ceased; and 3,889 item descriptor amendments. The Department is taking steps to formalise, at the policy development stage, consideration of whether MBS amendments are 'material' and therefore should be managed as a project, whether additional specific post-implementation evaluation is required; and if so, identification of relevant resources required and suitable timing.

Progress update:

The Department has a project underway to bolster governance arrangements for changes to the MBS. Specifically, this will assist with defining material changes to the MBS that require adherence to the Department-wide project and program management framework and provide guidance to better tailor and embed systems of control for implementing material changes. The outcome from this project will assist MBS policy staff with the documentation for the management of implementation and integrity risks, and mechanisms for oversight, performance monitoring, and evaluation.

The MBS policy division is also establishing a Program Management Office, to ensure all MBS changes are assessed using a common methodology for complexity. This will inform any necessary updates to standard protocols and affirm current protocols that remain fit for purpose.

Timeframe for completion: First quarter 2024

Recommendation Two

The Department of Health and Aged Care develop procedures that ensure proposed material changes to the Medicare Benefits Schedule are subject to a structured and documented risk assessment that covers implementation, integrity and other risks.

Health's response to the recommendation (as shown in the published report):
Agreed.

The ANAO noted the heightened focus on post-payment compliance for telehealth services, employing standard MBS methodologies for payment compliance risks and associated treatments. These are based on requirements for all 5,800 plus MBS items including the telehealth items that mirror or replicate the face-to-face items. Though the Department identified relevant risks in its advice to Government, including in policy proposals, the ANAO is of the view that risk identification and treatment strategies in relation to policy development and monitoring were incomplete. In responding to this recommendation, the Department will assess how to best identify which of the many thousands of MBS changes are 'material', whether use of the standard Risk Potential Assessment Tool is suitable for material MBS changes and ensure that legal risks are identified and mitigated.

Progress update:

The Department of Health and Aged Care's Medicare Integrity Taskforce is working to implement reforms to strengthen Medicare integrity and facilitate improved risk-based decision making. The March 2023 Independent Review of Medicare Integrity and Compliance (Philip Review) reported several shortcomings in Medicare integrity and compliance and made a series of recommendations to strengthen the integrity of Medicare, covering governance and structure, operational processes, modernising technology, and strengthening legislation.

The Taskforce has begun to systematically address the vulnerabilities and disconnections identified in the Review and ensuring integrity risks are considered as part of the development of Medicare policy. This work will determine whether the Risk Potential Assessment Tool is better suited for material MBS changes less than $30 million.

Timeframe for completion: First quarter 2024

Recommendation Three

As a component of a broader review into the COVID-19 pandemic response required under the Australian Health Sector Emergency Response Plan for Novel Coronavirus, the department considers the lessons learned for future pandemic preparedness from the inclusion of temporary telehealth items as one of several COVID-19 pandemic response measures.

Health's response to the recommendation (as shown in the published report):

Agreed in principle, noting telehealth has been a significant contributor to the pandemic response, and the parameters and approach for the broader review are yet to be determined by the Government.

The concerns raised by ANAO in relation to the Department's implementation approach for MBS amendments in a national emergency context are interpreted as the bases (sic) for ANAO recommendations 1 and 2, to which the Department agrees.

The Department also notes the transition to permanent telehealth items from 1 January 2022 adopted lessons learned from past and COVID-19 telehealth measures. A wide range of permanent telehealth items, as a significant legacy from the pandemic, include specific provisions for improved patient access in response to COVID-19 infection (including additional temporary measures) and emergencies such as natural disasters. These arrangements supersede the bespoke and one-off temporary telehealth items previously implemented in response to specific droughts, floods and bushfires. The Department's planned post-implementation review of permanent telehealth items (to which Recommendation 4 refers) will consider the clinical appropriateness of the range of these services. Relevant research and evaluations of telehealth by external or independent sources will inform any future telehealth considerations.

Progress update:

The Australian Government's response to the COVID-19 pandemic continues to be informed by leading experts, including the Australian Health Protection Principal Committee (AHPPC) and the Australian Technical Advisory Group on Immunisation.

On 21st September 2023, Prime Minister, the Hon Anthony Albanese MP, announced an independent inquiry will be held into Australia's response to the COVID-19 pandemic. Led by an independent panel, the Inquiry will make recommendations to improve response measures in the event of future pandemics. It will consider opportunities for systems to more effectively anticipate, adapt and respond to pandemics in areas of Commonwealth Government responsibility.

The Independent Panel will deliver a Final Report to Government including recommendations to the Commonwealth Government to improve Australia's preparedness for future pandemics by the end of September 2024.

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More detailed information about the Inquiry can be found at:

https://www.pmc.gov.au/resources/commonwealth-government-covid-19-response-inquiry-terms-reference

Timeframe for completion: Independent Inquiry to provide Final Report to Government in September 2024.

Recommendation Four

The Department of Health and Aged Care finalise its plans to evaluate permanent telehealth.

Health's response to the recommendation (as shown in the published report):
Agreed.

The Minister for Health and Aged Care, the Hon Mark Butler MP, has already requested the MBS Review Advisory Committee (MRAC) to undertake this work, which will be complemented by an independent updated review of recently published research to inform sector wide understanding of telehealth and the regular analysis and publishing of data on usage.

Progress update:

On 1 March 2023, MRAC formally commenced a post implementation review of MBS telehealth arrangements as directed by the Minister for Health and Aged Care. The review responds to the need for ongoing monitoring and evaluation of health services to ensure Medicare supports contemporary, quality clinical care. Earlier discussions on telehealth were also part of previous MRAC meetings held in August and December 2022.

The post implementation review of telehealth complements the work of the Strengthening Medicare Taskforce and will provide advice on:

- Permanent and temporary MBS funded telehealth services;
- The MBS Taskforce Telehealth Principles, and propose a framework for future consideration of MBS funded telehealth services;
- The appropriateness of current settings for video and telephone consultations to ensure the right balance between access, quality and safety (including identifying any specific services or patient populations requiring improved access via telehealth); and
- Current patient telehealth eligibility settings and related exemptions within the MBS.

In addition, MRAC's scope includes the ability to examine a wider range of issues as evidence is considered and provide advice as appropriate.

To date, MRAC has formally convened on 1 March 2023, 10 May 2023, and 8-9 August 2023 to conduct the post implementation review of telehealth.

In conducting this review, MRAC has undertaken to ensure that recommendations are informed by evidence. This has included consideration of literature reviews and research conducted by Bond University and the Australian National University. It has also considered MBS claiming data and Department of Health and Aged Care qualitative research.

In conducting this review, MRAC has also undertaken to engage with stakeholders to inform its recommendations. On 28 June 2023, a targeted consultation process commenced, with a survey on the MBS Review Taskforce telehealth principles distributed to 45 stakeholders. Through this process, 19 stakeholder submissions were received for consideration. In addition, a public consultation of draft MRAC findings and recommendations is expected to be in the coming weeks.

MRAC will continue its review of MBS telehealth services at its upcoming meeting in November 2023. MRAC is expected to provide its final report and recommendations to the Government in December 2023. The Government will consider and respond to MRAC's recommendations in the context of Budget processes.

Timeframe for completion: Last Quarter 2023