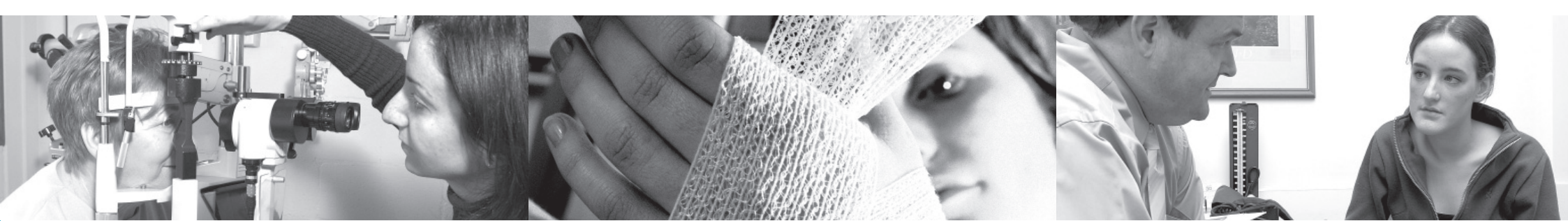


Victorian Ambulatory Classification System (VACS) clinical verification and activity audit - Recommendations

Department of Human Services Response



A Victorian
Government
initiative



Victorian Ambulatory Classification System (VACS) audit report

Summary of recommendations from Healthcare Management Advisors Pty Ltd

In 2005 the Department of Human Services Victoria engaged Healthcare Management Advisors to undertake an audit to investigate outpatient clinic services in those Victorian hospitals funded through the Victorian Ambulatory Classification System (VACS). The findings of the audit are outlined in the *Victorian Ambulatory Classification System (VACS) clinical verification and activity audit: Executive summary* report.

Healthcare Management Advisors state in the *Executive Summary* report “*Findings showed that overall, the system is working well. There are a few minor findings ... which need to be addressed in order to improve the value of the VACS reporting and funding system. Where there are issues (data accuracy, non compliance with counting and reporting, definitions for counting and reporting and multidisciplinary clinics - definition, counting, reporting) further discussion and resolution is required.*” The *Executive summary* also identifies 29 recommendations suggested by Healthcare Management Advisors as an outcome of the audit. The recommendations are grouped into six main areas covering issues relating to VACS:

- Processes
- Definitions and categories
- Clinical Panel
- Multi-disciplinary clinics
- Action to be taken by hospitals
- Costing

This document lists the 29 recommendations made by Healthcare Management Advisors and provides a brief overview of relevant current policy/status and departmental response to that recommendation.

Note: The letter ‘R’ and number in parenthesis in the ‘Audit recommendations’ column refer to the respective recommendation in the Executive Summary.

Victorian Ambulatory Classification System (VACS) audit report

Summary of recommendations from Healthcare Management Advisors (HMA)

Audit recommendations	Current status	Department of Human Services response to audit recommendations
Recommendations relating to: VACS processes		
<p>1. It is recommended that the rules associated with VACS data submission (approval, notification of changes, categorization of clinics, notification of hospital liaison) be totally reviewed, re-distributed to hospitals regularly and centralised (for example the Policy and Planning Manual and the Agency Information Management System (AIMS) web site). (R1)</p>	<p>General details of VACS are provided in the <i>Victoria – Public hospitals and mental health services Policy and funding guidelines: Conditions of funding</i>, and reporting requirements in the Agency Information Management System (AIMS) manual online. Hospitals can notify the department of clinic changes or new clinics at any time during year, with a final cut off date for presentation to the VACS Clinical Panel annual meeting for approval for inclusion in VACS. The department formally requests hospitals provide an up-to-date VACS contact on an annual basis, and informally in communications during the year.</p>	<p>Support provision of more detailed information on rules. Preparation is underway by the Funding Policy Unit (FPU) to produce more comprehensive guidelines on all aspects of VACS (policy and reporting) for the Web, in the <i>Victoria – Public hospitals and mental health services Policy and funding guidelines</i> and the AIMS manual (linked for updating). Hospital contacts will be requested to ensure that this information is passed on internally or access provided to all relevant parties. The FPU has also emphasised in correspondence to CEOs this year (when providing VACS clinic schedules) the importance of updating schedules and VACS contact details.</p>
<p>2. It is recommended that the VACS rules be made more specific as to the level of detail required for changes (is it necessary to notify a change of clinic day or time) and that one system for notifying changes be instituted: either an amendment form or submission of the Schedule with changes highlighted. (R5)</p>	<p>The original VACS Notification form for hospitals to notify new clinics, ceased clinics and changes to existing clinics was updated in July 2004 to more clearly identify changes. Hospitals have been provided with and requested to use this form consistently since VACS commenced. However, with the advent of electronic provision of schedules, some hospitals have preferred to use schedules to highlight changes in clinic names, etc., but still have to provide a form for new clinics.</p>	<p>This recommendation has been implemented, but reference to change will be included in updated guidelines as per above response to Item 1, Recommendation 1. The guidelines will re-iterate that the Notification form remains the formal method of submitting for clinic approval for inclusion in VACS.</p>

Audit recommendations	Current status	Department of Human Services response to audit recommendations
Recommendations relating to: VACS processes (cont...)		
3. It is recommended that the department continue to request annual updates and all hospitals be required to respond. (R6)	VACS schedules are sent formally to Health Services, CEOs, VACS contacts and the Department of Human Services Regional managers on an annual basis with a letter requesting the schedule be scrutinised and updated if necessary. Schedules are also provided on request at any time.	The Funding Policy Unit has continued to stress in the correspondence accompanying the VACS clinic schedules this year, the importance of updating schedules and VACS contact details.
4. It is recommended that the annual update also seek the contact details for the current VACS liaison person and that that person should be senior in outpatient management and all VACS communication be channeled through that person. (R7)	The updated Notification forms requests sign off by VACS contact of all submissions. There appears to be frequent turnover in staff with responsibility for VACS in many hospitals, resulting in personnel at varying levels being nominated as the contact.	As above. The updated guidelines will request that the VACS contact be senior in outpatient management and outline the benefits of such to the hospital.
5. It is recommended that the need for 'frequency of clinics' on the schedule be reviewed and if retained, that the current ambiguity be clarified ('hours per week or encounters per month'). (R8)	Frequency of clinic was placed on schedules at the origin of VACS for the department's information. Notification form requests estimated monthly encounters and schedules changed to reflect this in 2003-04.	This recommendation has been implemented, but reference to the change will be included in updated guidelines as per above response to Item 1, Recommendation 1.
6. It is recommended that the Schedule include all clinics (including privatised) to ensure the department has a complete picture of activity. (Privatised clinics will not require approval or data submission.) (R26)	Private clinics were included on schedules when VACS commenced. Over time, however, while a small number of hospitals have continued the practice for their own purposes, many hospitals complained that it was unnecessary work, since the Clinical Panel does not approve these clinics, nor the Department of Human Services collect this activity data.	Not supported at this stage. While information on private clinics could be a useful planning tool, the varied likelihood of compliance across hospitals would result in an inconsistent and incomplete picture. The department is also working to reduce the reporting burden on agencies and private services are not of direct relevance to the department from a funding perspective. It may be more appropriate to consider when unit record level data is required under Australian Health Care Agreement (AHCA) and systems will be in place to collect all data.

Audit recommendations	Current status	Department of Human Services response to audit recommendations
Recommendations relating to: VACS processes (cont...)		
7. It is recommended that hospitals admitting patients to pre-admission clinic should be advised to stop. (R27)	As part of the Audit process, Healthcare Management Advisors (HMA) provided individual hospital reports, which identify non-compliance issues specific to individual hospitals.	Supported. As part of the audit follow up process individual hospitals directly contravening VACS rules, for instance admitting outpatients and counting activity incorrectly, will be notified by letter. The department is currently revising its admissions policy that will explicitly exclude such anomalies.

Audit recommendations	Current status	Department of Human Services response to audit recommendations
Recommendations relating to: VACS definitions and categories		
8. It is recommended that data for category 609: Other Allied Health should be submitted by the individual clinics approved under 609 so the department can monitor the inclusions. (R2)	VACS allied health category 609: Other Allied Health has grown to incorporate a diverse range of clinics, for example diabetes education, stomal therapy and various nurse run clinics.	The VACS Clinical Panel considers applications for additional VACS categories where there is sufficient demand. However, it is also anticipated that any proposal to further breakdown categories within VACS 609 will be subsumed under the implementation of the AHCA requirements for outpatient data, and which would require input from the Panel.
9. It is recommended that the department review the appropriateness of including episodes at cardiac laboratories (diagnostic) as an approved clinic. (R3)	Documentation of the VACS development process outlines clearly that all ancillary services are included in the VACS bundled 'encounter' payment.	Support a Funding Policy Unit evaluation of the outcomes of the Audit relevant to this item and the descriptions provided by Hospitals in submissions for clinics and the extent to which this is occurring. If appropriate this item should be reviewed under the implementation of the AHCA requirements for outpatient data in which Electrocardiogram services may be considered as clinics.
10. It is recommended that a group be established by the department to review all current VACS requirements and definitions. (R15)		The establishment of a working group to review definitions and requirements of VACS would be useful but needs to be considered in the context of current broader ambulatory care work being undertaken within the department and the timing of implementation of the AHCA agreement and development of outpatient level records.
11. It is recommended that definitions for counting Pre-Admission clinics be reviewed in terms of pre-admission questionnaires and (specialist) nurse-only consultations. (R18)	The VACS funding model provides a Base Grant which covers phone calls and extraneous items to clinics, for example pre-admission questionnaires. Pre-admission clinics run by physicians attract a weight that is intended to reflect resources used for the clinic. Hospitals vary in their use of questionnaires; some are handled by administrative staff, some by nurses.	Should be considered within the scope of response to above Item 10, Recommendation 15.

Audit recommendations	Current status	Department of Human Services response to audit recommendations
Recommendations relating to: VACS definitions and categories (cont...)		
12. It is recommended that group clinics be considered in light of number of providers per group; a group with individual treatment plans for participants; and classes where all participants receive identical attention from one provider. (R19)	Current VACS policy (and for reporting purposes under Australian Health Care Agreement (AHCA) and in the National Health Data Dictionary (NHDD) - groups and classes are reported as one occasion of service, irrespective of number of participants or number of providers. In VACS, the allied health Occasions Of Service (OOS) rate is a derived average payment and the department payment is linked to the provider.	The department will articulate more clearly the current policy i.e. non-counting of patients, count group once irrespective of number of providers. This issue will be reviewed under the implementation of the AHCA requirements for outpatient data for counting purposes and in the context of current broader ambulatory care work being undertaken within the department.
13. It is recommended that specialist nurse clinics be allocated to a new VACS category that distinguishes them (professionally) from Allied Health Professionals. (R20)	Nurse run clinics, specialist or otherwise, are currently funded through VACS allied health grant, and categorised as VACS 609, Other Allied Health.	Support an evaluation of the impact of undertaking this change, and if necessary presentation to Clinical Panel. Need to consider that as specialist nurse clinics cover a variety of areas, providing one category would give rise to the same issue identified elsewhere with the Other Allied Health category which covers a range of disciplines. Giving each specialty a category would substantially increase the number of VACS categories and impose more reporting requirements.
14. It is recommended that weights be considered for non-weighted categories only after consistent data definitions and accurate data collection are achieved. (R21) (Recommendation relates to allied health)	Federal and State allied health industry is still defining and developing a national classification for allied health.	At this stage inappropriate to apply until well defined guidelines developed for counting and accountability and in the context of nationally developed classification and counting guidelines.
15. It is recommended that interpreter services (currently covered under separate funding) be considered for inclusion under category 609. (R22)	An Interpreter services grant is provided to hospitals to cover both inpatient and outpatient services to be delivered where and when need is identified, not as targets.	Not supported.

Audit recommendations	Current status	Department of Human Services response to audit recommendations
Recommendations relating to: VACS definitions and categories (cont...)		
16. It is recommended that telephone consultations (currently covered under separate funding) be considered as VACS episodes. (R23)	Telephone consultations are currently covered in the VACS Base Grant. Federal and State allied health industry is still developing a national classification for allied health that is also examining telephone services.	At this stage inappropriate to include until well defined guidelines developed for counting and accountability.

Audit recommendations	Current status	Department of Human Services response to audit recommendations
Recommendations relating to: VACS Clinical Panel		
17. It is recommended that the process of clinic approval and funding approval should be reviewed to ensure one area of responsibility in the department for both. (R4)	The Funding Policy Unit has responsibility for organising the VACS Clinical Panel approval process as part of VACS Policy function, while the Access and Metropolitan Performance Branch (AMP) has responsibility for target setting and consultation and co-ordination of budgets with Finance Branch. As part of this process, the Funding Policy Unit provides AMP with substantial information on Panel outcomes.	Not supported. The Access and Metropolitan Performance Branch has responsibility for performance management of metropolitan hospitals including target setting and monitoring. Rural and Regional Health Services Branch has responsibility for rural hospitals.
18. It is recommended that the Panel meet at least twice per year. (R10)	The VACS Clinical Panel meets annually pre the budget process, to approve new clinic requests as appropriately meeting criteria for inclusion in VACS. During the year hospitals are expected to open and close clinics operating within their targets, notify the department of new clinics opened and these are in turn presented to the Clinical Panel for approval as clinics. Where additional funding is requested for new clinics, hospitals must also submit for this separately as part of the budget process cycle.	As hospitals are expected to operate within targets and budget during the year in regard to opening new clinics, and any new clinics requiring additional funding are subject to the budget cycle decisions, there is no need to convene the VACS Panel more frequently. Not supported.
19. It is recommended that all clinics currently approved or for which data are submitted under Category 609 be re-reviewed by the Panel (to verify clinics such as Birthing Suite and cardiac testing as valid clinics). (R25)	The VACS Clinical Panel does not regularly review its previous decisions on clinics. Clinics are approved or not for inclusion in the VACS model depending on the information supplied to the department on the nature of the clinics. This information is then subject to audit.	Where the audit has reported differences between the nature of the service conducted by the hospital and that as approved by the Panel, the department will write to inform the hospital to cease the inappropriate use of the clinic.

Audit recommendations	Current status	Department of Human Services response to audit recommendations
Recommendations relating to: VACS Multi-disciplinary clinics		
<p>20. It is recommended that the group focus initially on defining types of multidisciplinary clinics; the counting rules for multidisciplinary and group clinics and specialist nurse clinics. (R16)</p> <p>[Refer to R.15 for reference to ‘group’]</p>	<p>Newer models of care in the form of multi-disciplinary clinics have been developing over the last few years, hence the inclusion in the audit for documentation of their scope and nature.</p>	<p>A full evaluation of these clinics needs to be undertaken to establish whether this is a classification or a costing issue. This will be considered as part of the current broader ambulatory work being undertaken in the department.</p>
<p>21. It is recommended that the definition and counting of multidisciplinary clinics be considered in light of: clinics serviced only by doctors; clinics serviced by a mix of professions; case management meetings (multidisciplinary but no patient present). (R17)</p>	<p>An encounter to a clinic is counted once only irrespective of the number of physicians and allied health clinicians seen by the patient. It is expected that the cost data used to derive weights will reflect the greater use of resources in these clinics.</p>	<p>As above.</p>
<p>22. It is recommended that a review of the pre-admission clinics to identify best practice should be commissioned by the department for the purpose of defining appropriate services and hence counting rules. (R28)</p>	<p>The proposal for a review of pre-admission clinics to identify best practice was initially proposed by an Audit Advisory Committee member and was included as a recommendation by Healthcare Management Advisors (HMA). The department has or is undertaking similar reviews on services with a focus on identifying best practice, for example the Chemotherapy and non-admitted radiotherapy costing and funding review and Maternity enhancement review.</p>	<p>There would be advantages in gaining knowledge for future planning purposes. The proposal will be considered in the light of possible inclusion in other ambulatory care work being undertaken in the department.</p>

Audit recommendations	Current status	Department of Human Services response to audit recommendations
Recommendations relating to: Action to be taken by hospitals		
23. It is recommended that hospitals need to review their internal policies and make them more formal for ensuring compliance with the VACS requirements. (R9)		Support recommendation is relayed to hospitals as part of Audit outcomes. It is anticipated that under the next AHCA the Commonwealth will require unit record data. This will necessitate strengthened adherence to requirements at all levels of the VACS process within hospitals to ensure compliance.
24. It is recommended that all hospitals be encouraged to eradicate the use of manual scheduling (and data collection) systems in ambulatory services. (R11)		Support referral to Office of Health Information Systems for evaluation and possible incorporation into HealthSMART development.
25. It is recommended that the compensable status of patients be clearly identified in respect of the ambulatory clinics (individually) and recorded in the outpatient department section of the record. (R12)		As per Item 24, Recommendation 11. This will also be examined in the context of new unit record data requirements of the Commonwealth under the next AHCA.
26. It is recommended that future changes to IT systems incorporate features that identify at the time of booking, attending and counting, patients who are non-VACS (Department of Veterans' Affairs, inpatients, compensable). (R13)		As per Item 24, Recommendation 11.
27. It is recommended hospitals streamline systems for collecting and reporting VACS data and minimize and educate the people involved so they understand the VACS requirements, monitor changes to clinics at the hospital and perform a quality review of the data. (R14)		Support recommendation is relayed to hospitals as part of Audit outcomes. The Audit has provided substantial impetus to a number of hospitals to develop better internal communication and guidelines on VACS processes. Further development of protocols and procedures will become increasingly important for hospitals as they are required to become compliant with AHCA requirements over the next few years.

Audit recommendations	Current status	Department of Human Services response to audit recommendations
Recommendations relating to: Action to be taken by hospitals (cont...)		
28. It is recommended that hospital management and clinicians work to improve the standard of outpatient clinic documentation. (R29)		Supported as per responses to items 24 and 26 above. This will form the basis of accurate reporting of activity to the Commonwealth as part of the future requirements under the AHCA.

Audit recommendations	Current status	Department of Human Services response to audit recommendations
Recommendations relating to costing		
<p>29. It is recommended that more emphasis be placed on accurate costing (including bundling ancillary services) of ambulatory data at patient level and reflecting multidisciplinary involvement. (R24)</p>	<p>A substantial part of reporting for allied health activity is carried out manually. Hospitals have also not generally progressed in their IT systems to be able to match individual ancillary occasions of service to particular encounters. With a very small number of exceptions, ancillary services, multi-disciplinary clinic costs are cost modelled across outpatients. While this maintains some relativity across VACS differing categories, it does not reflect the usage most accurately.</p>	<p>Support clinical costing investigations and referral to Office of Health Information Systems for evaluation and possible incorporation into Healthsmart development as part of the overall IT application for consistent activity identification.</p>