ACADEMY OF
THE SOCIAL SCIENCES
IN AUSTRALIA

ASSA Response to Medical Research Future Fund Consultation

The response of the Academy of the Social Sciences in Australia to the Medical Research Future Fund consultation to inform the second Australian Medical Research and Innovation Priorities 2018-2020

31 August 2018

Prof Jane Hall (President Elect)

26 Balmain Crescent, Acton ACT 2601
GPO Box 1956, Canberra ACT 2601
P: +61 2 6249 1788
ABN: 59 957 839 703

Table of Contents

1. Introduction

A consultation by the Australian Medical Research Advisory Board commenced in July 2018. This involves a national consultation to inform the development of the second set of Medical Research Future Fund (MRFF) *Australian Medical Research and Innovation Priorities* (the Priorities) 2018-2020. It includes public forums, targeted themed roundtables, and opportunities for public submissions. The discussion paper for the consultation is available at the following URL:

https://consultations.health.gov.au/health-economics-and-research-division/medical-research-future-fund-consultation-for-the/

What follows is the response of the Academy of the Social Sciences in Australia (ASSA) to the call for submissions. This submission is also publicly available online at the MRFF website mentioned above.

2. Which three of the 2016–2018 MRFF Priorities need further focus?

i. Behavioural economics application
ii. Building evidence in primary care
iii. Disruptive technologies

3. How can the 2016–2018 MRFF Priorities identified above be extended or re-emphasised in the 2018–2020 MRFF Priorities?

How can the application of behavioural economics be extended or re-emphasised?

ASSA supports the continuation and extension of the priority 'behavioural economics application'. We note that this field combines social psychology and economics. Its application has become popular in public health interventions in other countries; similarly, in Australia with its inclusion in the Boosting Preventive Health Research to encourage healthy lifestyle choices and the 'Keeping Australians Out of Hospital' initiative. These applications are also described as Nudge Theory which focuses on structuring choices so that consumers are encouraged to choose better alternatives.

ASSA draws attention to the underlying premise that government is well placed to judge what is better. This has been contested in the relevant literature. We appreciate the potential for the push-back from the public, led by civil rights and privacy advocates concerning the ethics and legality of such matters, especially given the recent concerns about the use of private health records and their security. Therefore we support the extension of this priority to include the ethical, legal and broader social ramifications of these approaches.

ASSA also notes that economics and psychology can be applied more broadly than consumer choices in the public and preventive health space. This priority should encompass understanding incentives and motivations across all the individuals and organisations in the health system, whether as consumers, patients, providers, funders and health delivery organisations. It should also recognise that many health decisions are the result of the interaction of consumers and providers, subject to various constraints and policy settings, in the context of asymmetric information and a third party payer system. These decisions are the key drivers of overall health expenditure as well as the efficiency and effectiveness of that expenditure.

ASSA argues that this priority should encompass rigorous investigation of consumer/patient preferences, experiences and decision making; it should also include individual provider decision making, incentives and motivations. It should recognise that there are many influences on consumer choices, including financial incentives and peer norms. Similarly for individual providers, the motivation is complex and encompasses financial and non-financial incentives. This approach should seek to understand the influence of the policy environment, the financing and funding mechanisms and the legal and regulatory environment. It will use economic design tools to create new market structures which drive better outcomes.

ASSA argues that these approaches require an understanding of the social sciences that is unlikely to be found in current service delivery organisations. The effectiveness of this priority will depend on complementary investment in capacity building.

How can the building of evidence in primary care be extended or re-emphasised?

ASSA supports the continuation of the priority ‘building evidence in primary care’. We note that aggregate primary care expenditure accounts for the same proportion of total health care expenditure as hospital care. Since the discontinuation of the Primary Health Care Research Evaluation and Development strategy, there has been substantial decrease in primary care research, in research translation and in capacity building.

ASSA notes that primary care research is much broader than research conducted by general practitioners or research confined to individual or groups of general practices. There is a strong need to improve the evidence base for the development of health policy and the advances being made in the availability of administrative data and linked data sets open new possibilities for research.

International data sets also provide new avenues for investigating what works in primary care, from individual provider decisions to funding mechanisms and other policy settings.

ASSA argues that this priority should address a range of topics related to proposed and potential new reforms. There is a need to assess acceptability to consumers and providers (such as patient registration, capitation funding) as a basis for designing policy. There is a need to explore consumer and provider behaviour in relation to prevention, chronic disease management and key topics such as the use of antibiotics. Reforms such as integrated care programs have proven difficult to implement in this country due to a range of factors including the challenges in understanding how to embed such approaches in current primary care businesses in a way that is financially sustainable. There is also a need to explore new funding models that overcome the current divide between primary and hospital care; these could include models of managed competition and regional fund holding. We include in this priority making better use of international comparisons. Increasingly relevant cross-country data sets are becoming available which facilitate quantitative analyses of comparative performance.

ASSA argues that this priority is critical to evidence based policy in this component of the health sector. Further, we note that across the health sector there is a strong reliance on the randomised controlled trial as the gold standard of evidence. Social sciences methods present robust observational methods which take into account issues of context and the interaction between the intervention and the context which are crucial to the successful implementation of social reform.

How can disruptive technologies be extended or re-emphasised?

ASSA supports the continuation and extension of the priority ‘disruptive technologies application’. Developments in AI and automation are increasingly impacting upon the delivery of human services, extending from rural and remote Australia to urban areas. The use of e-therapy, medical apps and even the use of avatars in the delivery of human services, including medical consultations and psychotherapy will affect the employment of medical, allied health (including psychologists and counsellors) and even health management/administrative staff in many facets of their work.

ASSA argues that this priority should encompass the implications for future employment. There will need to be re-estimates of the projections of demand for these human services over the medium term. There will need to be concomitant changes in the education of these professionals to meet this changing employment environment.

4. What unaddressed gaps in knowledge, capacity and effort across the healthcare system and research pipeline need to be addressed in the 2018–2020 MRFF Priorities?

i. Social justice and equity
ii. Business of the health sector
iii. Capability building

Why does social justice and equity need to be addressed in the Priorities?

ASSA notes the request in the consultation document to consider the role the MRFF can play in supporting health and social justice for the vulnerable populations both in Australia and globally.

ASSA supports the recognition of social justice and equity as an MRFF mission. The Australian health system performs extremely well in international comparisons, except in the dimension of equity. We argue that this is a dimension of health system performance that should be recognised as a major gap. Health equity intersects with broader issues, including increasing insecurity in employment, housing affordability, education debt, growing mistrust of institutions and government, the alienation of groups who feel they are failing to share economic benefits and the consequent political instability. It fits in the framework of the social contract and the trust between the population and social institutions including government. We argue that addressing this issue will require large scale and transformational research.

ASSA notes the evidence of the poor performance of the Australian system in terms of equity – poorer health outcomes for disadvantaged and vulnerable groups, growing numbers of Australians reporting inability to get need care or buy prescription medicines due to cost. We also note the unintended consequences of policies that target vulnerable groups: they fail to protect those who, though still suffering disadvantage, fall outside the target group (such as the group characterised as the working poor); and they lead to behaviours such as reducing work participation and income to remain eligible for a concession card.

We also note the intergenerational aspects of equity. In a tax financed system like Australia, the working population contributes the major proportion of the health care finance. The population group that benefits most, however, is directed to the elderly. This imbalance of contributions and benefits received has not been a major issue while the major beneficiaries have been a relatively small population group. The ageing of the population is changing this dependency ratio and increasing the relative burden on the young.

ASSA argues that simply including consideration of distributional aspects or impacts on the

most vulnerable population groups is not enough. There is a relationship between how health care is financed (general taxation, special levies, insurance, out of pocket costs), and who has financial and physical access to services, what health services are produced and where providers choose to locate and practice within the public and private systems. Improving equity requires consideration of how social factors influence health outcomes; and includes investment in health literacy, financial literacy and understanding risk. It requires design of programs and new technologies that are accessible and understood by all groups in society. Intergenerational issues include understanding how both biological and social risk factors are passed from generation to generation.

ASSA recognises the gaps between the health and wellbeing of indigenous populations and the non-indigenous population in Australia; we also recognise the special historical and cultural issues that surround indigenous disadvantage. We do not intend to subsume equity for indigenous peoples in this priority; redressing indigenous disadvantage requires whole of government responses including but not limited to the health sector.

ASSA supports the establishment of a research initiative that is broad, multidisciplinary and ambitious.

Why does the business of the health sector need to be addressed in the Priorities?

ASSA supports the application of social sciences to understand the business of the health sector. The health care sector is rapidly changing; relevant factors include the rise of large for-profit corporations in health care delivery, the dominance of a small number of firms and institutions in several markets, horizontal and vertical integration, the advent of new technologies most notably genomics and precision medicine, increasing sources of information readily available to consumers, and the use of data analytics. The need to improve health sector productivity as a key to Australia's economic welfare has recently been emphasised by the Productivity Commission and the Council for the Economic Development of Australia (CEDA). Health system reforms to improve productivity are called for; health care is now big business.

ASSA recognises that, in the Australian health system, business incentives are poorly aligned with the delivery of better health outcomes. Australian health care funding is largely based on fee for service and so drives volume rather than patient and social value. This new priority will focus on understanding the business models that prevail in the health sector; how these businesses interact with organisational and policy settings; how they interact with their customers; and how policy including but not limited to funding models can deliver improvements in health sector productivity, better patient outcomes, and better value for money into the future.

ASSA argues that this will require the application of a range of social science disciplinary perspectives and methodological approaches. There is a need for investigation of the impact of the policy and regulatory environment, market structures, and funding mechanisms. It will consider

individual provider decision making, incentives and motivations. It will explore the capability of provider firms to adopt and adapt modern management approaches and data analytics to support. It will draw on innovative work models. It will include investigation of consumer responses to new business offerings such as changes in health insurance plans. The aim is to design market structures that encourage successful businesses to deliver value for the health dollar to the Australian community.

To illustrate how these various factors work together consider how changes in funding methods might be designed and implemented. This will require several elements. 1. Identifying what funding approaches will reward efficiency and effectiveness; for example, being able to measure how providers really add value and do not just select low risk patients. 2. Ensuring these will be effective in the prevalent business models; for example, the implementation of integrated care approaches often fail as businesses built on fee for service do not find it worthwhile to institute new approaches for a small group of patients. 3. Understanding the regulatory environment; for example, ensuring bonus payments can be made to practices or networks rather than individual providers. 4. Identifying financing approaches that best contain co-payments and support access to affordable care in the context of large corporations in health services delivery, varying levels of supply of doctors, and formal an informal vertical networks. 5. Ensuring the data analytics and management capacity exists to respond to the new approaches; for example, the introduction of Activity Based Funding in public hospitals improved incentives but needed investment in management accounting systems. 6. Ensuring acceptability to clinicians and patients; unless these changes are accepted they will not be implemented.

ASSA argues that there is a significant gap in understanding the business of health care. For governments to design successful reforms which will improve productivity and deliver better health outcomes for Australians, a more sophisticated research approach to understanding how health care entities work as businesses is required.

Why does capability building need to be addressed in the Priorities?

ASSA notes the MRFF support for capacity building and argues that the existing support for fellowships should be extended to include more scope for health services, health system and health policy research. Existing fellowships supported by the MRFF so far are limited to clinicians and those wanting to work on a specific industry project. The development of capacity in disciplines such as statistics/data analytics, economics, sociology, psychology, and ethics has been ignored. ASSA argues that new fellowships in health services research, health system and policy research should be established.

ASSA also supports the development of fellowship schemes which provide more than time on a specific research project. ASSA points to fellowship programs which provide broad experience

and develop a cross sector cohort of researchers, managers, clinicians and policy makers. Such programs offer the opportunity to participate in high level briefings and master classes, training in leadership, education around policy making and implementation. Successful examples include the US Robert Wood Johnson Fellowships and the various fellowships offered by the Commonwealth Fund.

International exchange fellowships can be a very important facilitator for international collaboration. There is currently the opportunity to partner with the Commonwealth Fund to increase the number of Harkness Fellows in Health Policy and Practice (which gives mid-career Australians the opportunity to work in the US for a year) and to reinstate the Australian-American Health Policy Fellowship (which worked to bring Americans to Australia). No doubt similar opportunities can be identified with other countries.

ASSA supports the development of new fellowships aimed at a much broader cohort to build research capacity and research translation capacity both within Australia and through cross country collaborations.

5. Which priorities or initiatives can address the gaps identified in the 2018-2020 MRFF Priorities?

What specific priority or initiative can address social justice and equity?

Health services and systems provides the appropriate strategic platform. However, this platform has not addressed broader topic of health system performance and sustainability and has so far been limited to initiatives which address narrow components of the system. The existing research agencies have failed to develop strong and robust health systems research. Therefore the MRFF response can address a significant gap. It needs to address building scale in the research field and will need to address development of capacity in institutions and in individuals.

ASSA recognises that there are many aspects of health system performance. We support research into equity and social justice as the urgent priority. First, according to OECD and Commonwealth Fund analyses, the Australian health system performs well relative to other developed economics across the dimensions of performance other than equity. Second, the issues of equity are intertwined with other aspects of social justice which are increasing as a critical social issue in Australia. Third, this addresses the role of the MRFF in leading support for health and social justice in Australia and globally.

ASSA argues that the issue of health equity requires a large scale, focused and strategic research program. This will be ambitious in its scope. This warrants consideration as an MRFF

mission. The components of such a large scale program will include:

- Analysis of financing burden and redistribution in Australian society, and impact on access to healthcare services.
- Analysis of the sustainability of health care expenditure and how inter-generational equity can be improved.
- Analysis of urban planning and design, how these impact on health risk factors and outcomes; what can be done to improve outcomes for disadvantaged groups.
- Analysis of how technological developments will affect disadvantaged and vulnerable groups.

What specific priority or initiative can address the business of the health sector?

ASSA argues that health services and systems provides the appropriate strategic platform for a new priority: “The business of health care”. ASSA proposes the following specific initiatives:

- Investigation of the effects of corporatisation in the health sector. This would describe market structures and how they have changed, analyse the extent of effective competition, and evaluate the effects on service use, expenditure and access to care.
- International comparative analysis of market structures in health care. This would take advantage of the existing work of international collaborations, particularly the OECD, to compare and contrast market structures and regulation.
- Evaluation of health funding policies. This would evaluate how funding and the consequent financial incentives impact use of services, expenditure and where possible health outcomes. The development of linked data in Australia provides an opportunity to apply new rigorous econometric, statistical and data analytic techniques.
- Investigation of consumer and provider preferences and decision making. This would address the issues of consumer acceptability, provider choices and how these impact the sustainability of new models of care. It would use innovative approaches in behavioural laboratory experiments and field studies. It will provide insights on health care utilisation, costs, and health outcomes, and will answer questions about why individuals make the choices we observe and what will happen if the policy setting changes.

What specific priority or initiative can address the development of capabilities?

ASSA supports the MRFF strategic platform is the development of capacity and collaboration. While this stands as a goal in its own right, this is also a necessary underpinning for the other priorities

identified. ASSA proposes building research capacity in individuals through the following Fellowship initiatives:

- Establish new Fellowships targeted to health services research, health systems and policy research.
- Build Fellowship programs which build strong networks and provide broad experiences and training in leadership and implementation.
- Open negotiations with ANZSOG, ACHSM and Australian health ministries to build leadership programs for health services executives.
- Open negotiations with appropriate agencies in other countries to build international collaborations.

6. How can current research capacity, production and use within the health system be further strengthened through the MRFF?

ASSA argues that there is also a need for institutional strengthening across the social sciences applied to health, around health services and health systems research. This can be achieved by programmatic funding for research that builds scale, ensures critical mass in terms of researchers, and longevity in terms of employment and research focus. From this, research centres can develop collaborations with health sector organisations. There are models in Centres of Excellence programs (ARC and NHMRC) which could provide a basis for development.

ASSA argues that more support for building capacity within the health sector is needed to encourage an appetite for research within the health sector, to facilitate relevant research, and to enable translation into policy and practice. A successful example is provided by Cancer Australia's support for clinical trial groups. Under this program, Cancer Australia funds Multi-Site Collaborative Cancer Clinical Trials to build capacity in clinical trials. This program also funds technical support groups in areas such as clinical trial design, measurement of quality of life and health economics, to work with Clinical Trial Groups to improve the design and implementation of clinical trials and enhance the transition into policy. ASSA proposes the following specific initiatives:

- Establishing a research funding program for Centres of Excellence in identified priority areas.
- Establishing a technical support program to link research with health sector users.

The National Institute of Research could possibly address a number of the gaps described; and implement a number of the initiatives we have proposed. However, in the absence of further

information about the role, purpose, structure and scale of any Institute we are unable to comment. ASSA recommends that consultation about the development of an Institute or Institutes be undertaken to progress this strategic platform.

7. Additional comments on the Discussion paper

ASSA supports the arguments of a recent UK report on health research funding: Jones and Wilsdon, *The Biomedical Bubble*, NESTA 2018. This advances the case that there has been a narrow focus on the investment of research and development funding into biomedical sciences. While this has brought great payoffs in terms of new economic activity (largely in the pharmaceutical sector) and improved treatments and health outcomes, these returns will not continue at the same rate in the future. Current and emerging health problems will require more focus on the economic and social factors which are associated with who gets sick, who gets treatment and who benefits in terms of health outcomes. These trends call for a more sophisticated understanding of how research can improve health, prevent disease and ease the pressures of the health system. The Report calls for a rebalance, driven by a greater diversity of priorities, politics, places and people.

ASSA endorses the view that reducing the burden of disease will require a much broader scope for research than the biomedical sciences; and that truly transformative research will extend beyond the biomedical bubble.

ASSA is available at any time to further discuss this submission and would welcome to opportunity to work with the MRFF on furthering any of these initiatives, including convening roundtables on specific topics.

Academy of the Social Sciences in Australia
26 Balmain Crescent, Acton ACT 2601
GPO Box 1956, Canberra ACT 2601
P: +61 2 6249 1788
Dylan.Clements@assa.edu.au