

NATIONAL PUBLIC HEALTH PARTNERSHIP

**Resource Allocation  
in Public Health  
*- moving forward***

**WORKSHOP REPORT SUMMARY**

**18 AUGUST 1999**

**SYDNEY**

# SUMMARY

## Overview

The National Public Health Partnership auspiced a national workshop titled '*Resource Allocation in Public Health - Moving Forward*' in Sydney on 18 August 1999. All States and Territories, and the Commonwealth were represented. In all, thirty-seven people attended including public health managers and various outside experts.

The workshop dealt with the question of '*how to get the best population health outcomes for limited and constrained resources*' by exploring State and Territory experiences in applying various resource allocation tools. The aim was to identify shared issues and problems that might be the subject of common activity.

The workshop concluded broadly that a national approach is needed to:

- (i) determine how best to develop and use the available resource allocation tools within the public health sector;
- (ii) determine what role public health might play in the larger debate on strategic investment in health; and
- (iii) develop a common understanding of health economic principles and methods, and to integrate economic analysis to other approaches and information to improve public health decision-making.

## Workshop Outcomes

Participants agreed that the main elements of a national approach to resource allocation should comprise:

- a set of shared objectives between jurisdictions for national collaboration to develop improved resource allocation decision-making in public health;
- agreed principles which should underpin resource allocation in public health;
- a national framework, to guide epidemiological and economic analysis, which identifies the various levels of decision-making and the type of information needed to make decisions;
- a summary of the analytical tools and their use including the conditions for their successful implementation;
- development of a tool kit for economic evaluation;
- dissemination of state/territory experiences on resource allocation (particularly on Program Budgeting Marginal Analysis and Health Benefit Groups) with the aim of mutual learning to develop tools and their application in this area; and

- a concerted strategy to using the results of economic evaluation to promote the benefits of public health approaches within the broader health care sector, across government and with the public in general.

The importance of the National Public Health Partnership in supporting national development initiatives was strongly emphasised.

## **Workshop Presentations**

**Brian Corcoran** opened the Workshop on behalf of the NPHP Group by covering the following key points:

- existing information needs to be pooled to develop a more systematic, whole-of-health, whole-of-government approach to resource allocation in population health;
- the need for evidence to inform resource allocation decision-making;
- the need for scenario planning which uses epidemiology and economics to forecast outcomes of various courses of action;
- the use of Burden of Disease study information to help prioritise areas for further economic analysis and intervention; and
- the need for public health programs to be rigorously underpinned by epidemiological and economic evaluation to ensure their value is clearly understood by all.

**John Deeble** presented on his background paper '*Resource Allocation in Public Health: An Economic Approach*' and briefly covered expenditure trends on public health in Australia, the financing structure, and described the primary economic evaluation tools of cost benefit, cost utility and cost effectiveness studies. He concluded that:

- public health requires a tool box of resource allocation tools to meet its various needs;
- Program Budgeting Marginal Analysis (PBMA) and Health Benefit Groups (HBG) are two approaches which have potential for public health; and
- in developing this tool box and exploring different approaches, public health would be well advised to take one step at a time in order to develop the necessary building blocks to move forward.

**Frida Cheok and Meryl Edward's** from South Australia and NSW respectively reported on their states' experience with PBMA and concluded that though the approach has much to offer, care needs to be taken on how it is implemented - a common problem not unique to PBMA. To be of maximum use the tool needs to be further developed and analysis is needed to understand the conditions under which it is most likely to be useful. To be effective the approach should:

- be implemented in a way which recognises the context of the organisational structure and culture;

- acknowledge that it may need to be implemented in a context of substantial change ie. additional funds, budget cuts or restructure;
- be backed by central and local leadership;
- include support for training and education;
- be supported by better information systems;
- encourage ownership and provide incentives to share the gains;
- include epidemiologists in the process;
- integrate with other initiatives; and
- ensure the transaction costs of working with the tool do not exceed the marginal gains.

**Theo Vos** presented on Victoria's work on calculating the Burden of Disease using Disability Adjusted Life Year (DALYS) as an outcome measure. By identifying the areas of greatest burden of disease, such an approach can guide the choice of areas which most require economic analysis, including collecting information on efficacy and effectiveness, so that decisions about investment in these areas can be made.

**Carol Beaver** from the Northern Territory presented on ongoing work in that jurisdiction with applying Health Benefit Groups as a whole of health systems approach to informing resource allocation.