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The Australian Supply Chain Reform Agenda: Current Status and Next Steps

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Agenda

1. NEHTA Supply Chain Reform – The Why

2. National Product Catalogue and eProcurement – The How

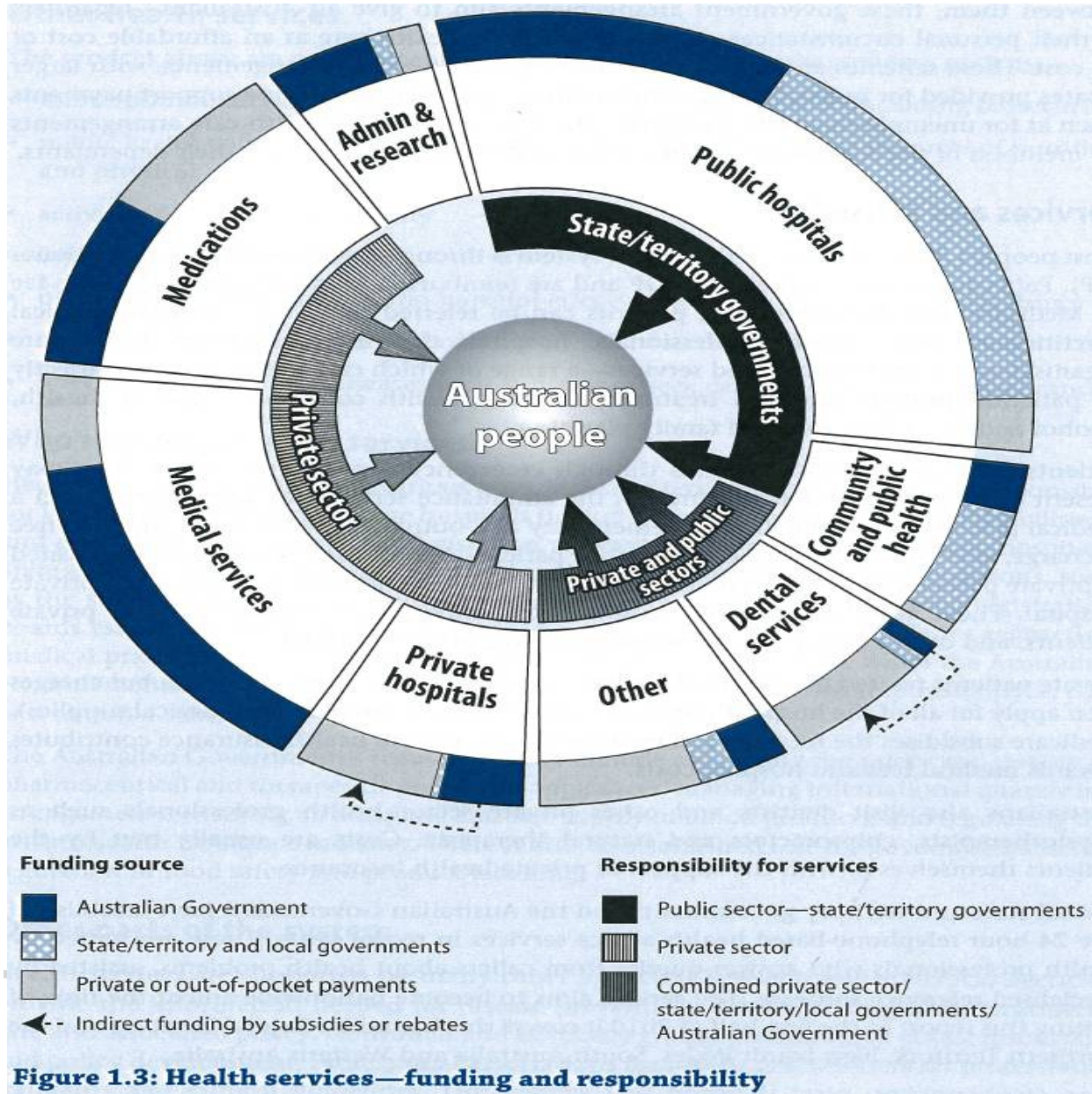3. Enhancing Supply Chain Value – The What

Australia at a glance

- **22.8 million people** currently live in Australia
- **Life expectancy continues to increase,** so an Australian male born today can expect to live to 79.2 years and a female to 83.7 years
- **Australians aged 80 years or over** is about 800,000 (3.7% of the total population); nearly 2/3 are female
- **64% of people live in capital cities,** numbering 14 million in June 2009
- **Expenditure on health was 9.1% of GDP** in 2007–08, amounting to over $103 billion or $4,874 per person (just $10 billion in 1980) AUD$130 billion in 2010-11 (9.8% GDP)
  - 70% is publically funded & 30% privately funded
  - 8 State & Territory Governments (State Health Departments) and Federal Department of Health and Ageing

Australia

STATE	2011
ACT	356,900
NSW	7,317,500
NT	231,200
QLD	4,599,400
SA	1,659,800
TAS	511,000
VIC	5,640,900
WA	2,366,900
Total	22+M

Legend

- International Boundary
- Administrative Boundary
- Road
- Railroad
- River
- ★ National Capital
- ★ Administrative Capital
- • City or Town

0   200   400   600 KM
0   200   400   600 Miles

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PAPUA NEW GUINEA
INDONESIA
Arafura Sea
Cape York
Gulf of Carpentaria
Coral Sea
Indian Ocean

Darwin ★
Katherine
Wyndham
Derby
Port Hedland
Karratha
Ashburton
WESTERN AUSTRALIA
NORTHERN TERRITORY
Tennant Creek
Alice Springs
Mount Isa
Cooktown
Cairns
Townsville
Mackay
QUEENSLAND
Rockhampton
Bundaberg
Charleville
Brisbane ★
Gold Coast
Geraldton
Kalgoorlie
SOUTH AUSTRALIA
Lake Eyre
Lake Torrens
Darling
Bourke
NEW SOUTH WALES
Perth ★
Fremantle
Albany
Port Augusta
Adelaide ★
Murray
Mount Gambier
Geelong
VICTORIA
Melbourne ★
Traralgon
Sydney ★
Wollongong
Newcastle
Canberra ★
AUSTRALIAN CAPITAL TERRITORY
Launceston
TASMANIA
Hobart ★
Indian Ocean

Australian Healthcare Funding

Funding Mix:
- 70% is publically funded
- 30% privately funded
- 8 State & Territory Governments (State Health Departments) and Federal Department of Health and Ageing

Sector Mix:
- 1^0 Care – mainly Federal funded Medicare (UHI)
- 2^0 Care – mixed Federal & State funding
- 3^0 Care – mainly State funded

Funding source
- Australian Government
- State/territory and local governments
- Private or out-of-pocket payments
- Indirect funding by subsidies or rebates

Responsibility for services
- Public sector—state/territory governments
- Private sector
- Combined private sector/ state/territory/local governments/ Australian Government

Figure 1.3: Health services—funding and responsibility

NEHTA's Structure

The National E-Health Transition Authority (NEHTA)
is a company established by the Australian, State and Territory
governments in 2005 to develop better ways of electronically collecting
and securely exchanging health information.

Independent company – state and federally government funded,
including:
- Board of Directors (CEOs of Health Jurisdictions, an Independent
  Director and an Independent Chair)
- Board Committees
- The Chief Executive Officer
- The Company Secretary
- The NEHTA Organisation

eHealth Supply Chain Reform

Supply Chain Reform needed because:

1. Lack of standardised **product** identification
2. Lack of standardised **location** identification
3. Multiple product data catalogues being maintained per hospital, per hospital network and per state

Poor supply chain costs the health system money:

- **Wrong product** ordered/delivered
- Wrong quantity/**poor forecasting** and inventory management

Automating processes enables supplier and buyer organisations to:

- Reduce **redundant** purchasing tasks
- Improve **inefficient** work practices
- Achieve greater **accuracy** in procurement and tendering

eHealth Supply Chain Reform

Information is the enemy of disease

70yr old woman goes to hospital for a hip replacement…

Wrong prosthesis turns up…

No surgery =

1. Cost to patient – pain, increased iatrogenesis, stress, time, financial

2. Cost to health system – theatre, staff, bed, medications, other patients

eHealth Supply Chain Reform

Accurate Data is Critical

eHealth Supply Chain Reform can deliver:

☑ The right **products**, at
☑ The right **price**, for
☑ The right **person**, in
☑ The right **location**, at
☑ The right **time**

Agenda

1. NEHTA Supply Chain Reform – The Why
2. **National Product Catalogue and eProcurement – The How**
3. Enhancing Supply Chain Value – The What

The National Product Catalogue

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The Solution:

- The National Product Catalogue (NPC) is a way for suppliers to provide standardised and accurate product and price data electronically to the Australian health departments and private hospital providers.

- The NPC provides suppliers with a single mechanism to communicate structured catalogue data to many health customers – and the health customers a single way to access this data from multiple suppliers.

- The NPC enables synchronisation of product and pricing data for accuracy in electronic procurement.

Right Patient   Right Drug   Right Time   Right Route   Right Dose
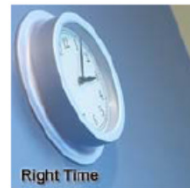
NPC – Data Synchronisation

Product and Price Synchronisation

GS1Net

NPC

Supplier 1 Manufacturer

Supplier 2 Importer

Supplier 3 Distributor

Supplier 4 Wholesaler

Supplier 5

Hospital

Hospital

Hospital

Health Department

Health Department

Other Data Recipients Retail Pharmacy, Private Hospitals
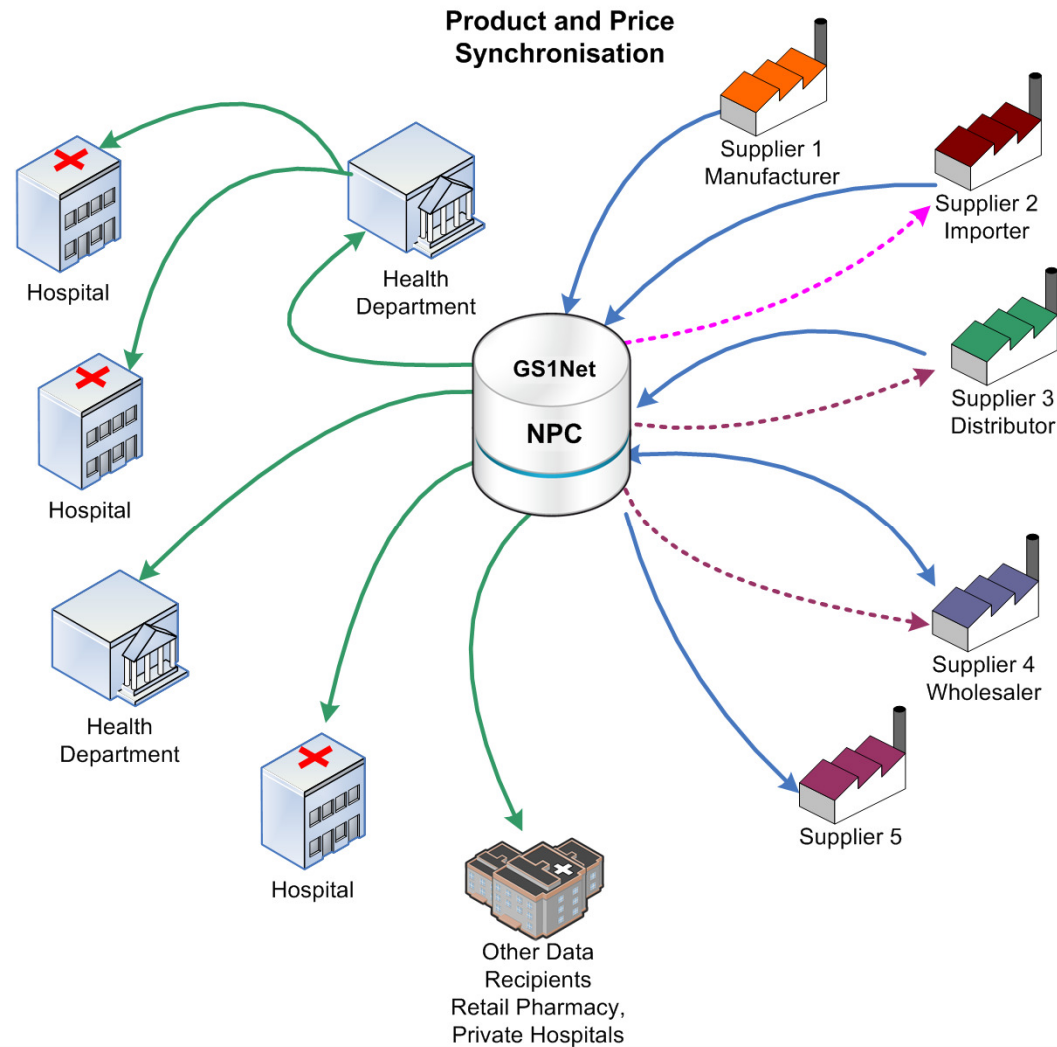
Product data is common to all - Price data is customer specific

NPC – Data Usage

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National Product Catalogue

- **267,000+** items, **390+** suppliers
- All **jurisdictions** accessing data
- Clean, standardised data in all systems

Private Sector

- Private Hospitals
- Community Pharmacies / pharmacy software providers
- Accurate reference of Prosthesis Rebate Code for billing benefits

Clinical Outcomes Focus

- Clinical Terminologies – Australian Medicines Terminology (AMT)
- Product tracking and recall
- Bedside scanning (incl. batch, exp., serialisation, etc) => patient record
- TGA approval of pharmaceuticals

NEHTA anticipates that full implementation of the NPC will save the public healthcare sector at least $AUD200 million per annum by ensuring accurate, valid and up-to-date product data, and improved communications and supply chain operations
(Deloittes, 2004. Recommendations for National IM & ICT Enablers in the Health Sector Supply Chain report).

eProcurement Solution

eProcurement

NPC is key to standard **data** and a shared identifier across all parties – **GS1 Product Number (GTIN)**
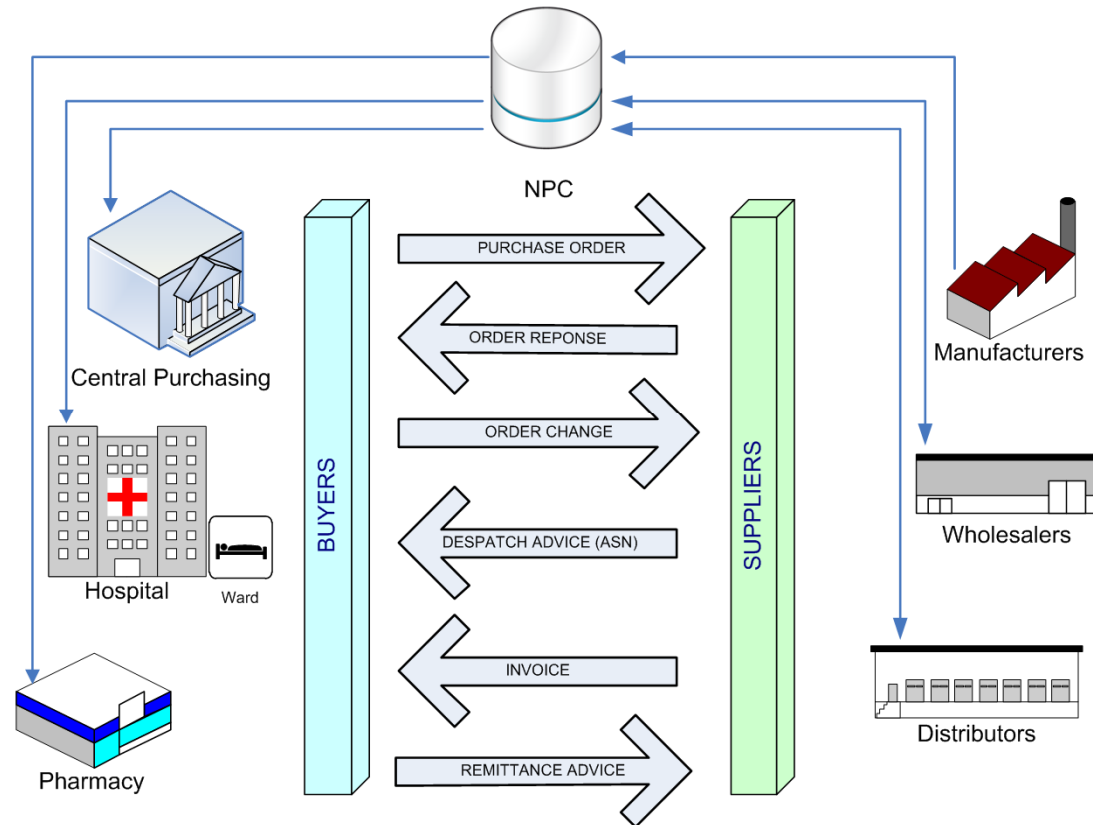
Current MIGs available

The ultimate goal: A national MIG

- State based MIGs have been developed for some jurisdictions
  - ACT
  - WA
  - SA
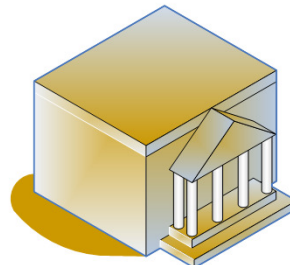- MIGs are in draft for others
  - NSW
  - VIC

- The National MIG will be the equivalent of the NPC data set – a single document containing all requirements for all jurisdictions

- The National MIG will be released in the next few months

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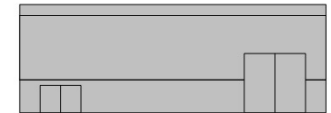
RFID Project Update

BUYERS | VENDORS

- BOOKING REQUEST
- BOOKING REQUEST ACKNOWLEDGEMENT
- ADVANCE SHIPPING NOTICE
- CONSUMPTION REPORT
- RETURN ADVANCE SHIPPING NOTICE
- PURCHASE ORDER LOAN
- ORDER RESPONSE
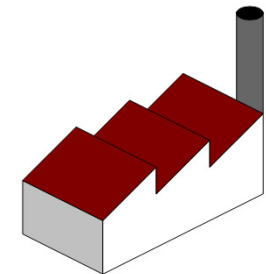- INVOICE
- SETTLEMENT ADVICE

Health Department Hub
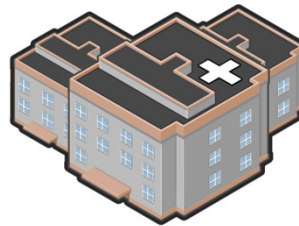
Hospitals
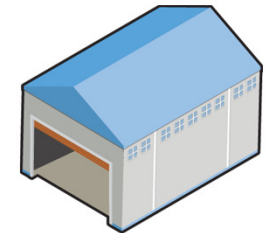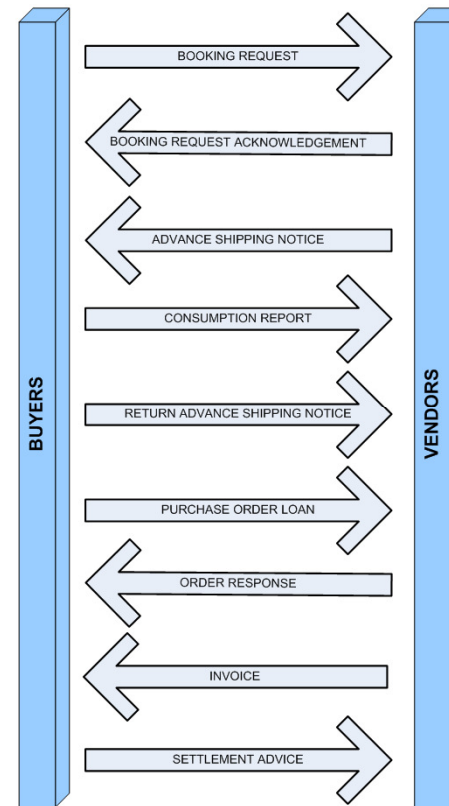
Distributors

Wholesalers

Manufacturers

RFID Project Update

National RFID Implementation Recommendations – Dec 2012

- Including minimum data set: GTIN and/or batch, expiry and serial number

- Use of NPC data for RFID databases and business transaction messaging

- Business rules for RFID-marked prosthetic procurement

- Supporting communications strategy
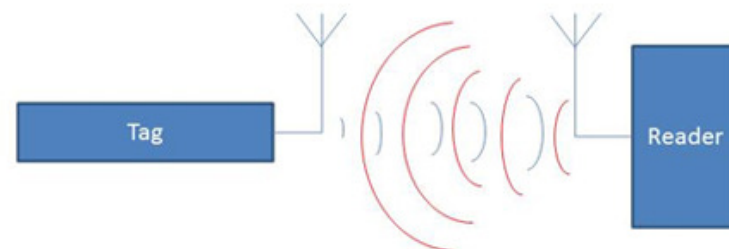
Healthcare Recallnet Overview

Project Need

- Product recalls have a large impact on all involved
- Product recalls are increasing
- Opportunities exist to improve the product recall process through new technologies, data standards and a more streamlined process

Project Mission

To deliver a single product recall notification system in the Australian healthcare sector, through a phased approach, to improve the speed and accuracy of the therapeutic goods recall process with the aim of improving patient safety.

NPC is key to standard **data** and a shared identifier across all parties
GS1 Product Number (GTIN) and Location Number (GLN)

Who is involved?

Summary

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2. National Product Catalogue and eProcurement – The How

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Contact and Questions

Supply Chain

www.nehtasupplychain.com.au

NEHTA specific information

www.nehta.gov.au

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