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Dr Kathryn Antioch
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Dear Dr Antioch

I am writing in response to your email to the former Minister for Health of October 2008 and the attached article entitled "Integrating Economic and Clinical Evidence, Guidelines and Equity into National Regulation and Financing: Reforms for the Australian Health Care Agreements (AHCA): 2009 and Beyond".

Firstly I would like to apologise for the delay in replying; clearly you intended that the work you submitted would be of value in consideration in the lead up to the signing of the new *National Healthcare Agreement*, which I am sure you are aware, was finalised in December 2008.

Secondly I am sure that you are also aware that a major feature of the *National Partnership Agreement on Hospital and Health Workforce Reform* (also agreed in December 2008) is the introduction of Activity Based Funding (ABF) as set out in Schedule A to that Agreement. I am interested in the way in which the risk adjustment work you have undertaken may be used in the context of the work that needs to be done on ABF implementation across Australia. As you would appreciate the demographics and geography of the Northern Territory are such that the use of a standard Australian profile runs a severe risk of the jurisdiction being disadvantaged.

I am sure that the debate on these issues will continue into the future as the details of Activity Based Funding are finalised and look forward to you providing input into that process.

Yours sincerely

KON VATSKALIS

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