



**Administrator**  
National Health  
Funding Pool

National Health Reform  
Public Hospital Funding

**Australian Capital Territory Report**  
**September 2016**

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# National Health Reform public hospital funding Australian Capital Territory report – September 2016

This report is issued by the Administrator of the National Health Funding Pool under section 240 of the *National Health Reform Act 2011*.

This report is prepared on a cash basis. It shows monthly and year-to-date (YTD) National Health Reform (NHR) funding and payments for the Australian Capital Territory for September 2016 as part of the *National Health Reform Agreement*.

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## Local hospital networks and National Health Reform

A local hospital network (LHN) is an organisation that provides public hospital services in accordance with the Agreement. An LHN can contain one or more hospitals, and is usually defined as a business group, geographical area or community. Every Australian public hospital is part of an LHN.

**Note:** The term 'local hospital network' is a national term. Some states and territories use their own terminology to describe these networks, such as local health districts, health organisations, and hospital and health services.

Under the Agreement, LHNs receive funding for the following public hospital services:

- All admitted and non-admitted services
- All emergency department services provided by a recognised emergency department

- Other outpatient, mental health, sub-acute services and other services that could reasonably be considered a public hospital service.

**Note:** LHNs also receive funding from other sources, including the Commonwealth, states and territories, and third parties for the provision of other specific functions and services outside the scope of the Agreement, for example dental services, primary care, home and community care, residential aged care and pharmaceuticals. For further information on total funding to a particular LHN, contact the ACT Health Directorate to view the service agreement for that LHN.

## Basis for National Health Reform payments – Australian Capital Territory, September 2016

For the basis of the Commonwealth contribution to NHR funding, see [Basis of Commonwealth NHR funding, 2016-17](#).

The basis used to determine NHR payments to the Australian Capital Territory Local Hospital Network (LHN) for September 2016 was advised by the ACT Health Directorate to be as follows:

*The annual funding allocation for the ACT in 2016-17 is based on budget-neutral modelling. This modelling is predicated on historical cost of providing hospital services plus wages and non-wages indexation. The activity for activity-based funded services is derived using historical activity levels plus an allowance for reasonable growth in public hospital services for the current year. The weighted activity is measured and funded based on the full Independent Hospital Pricing Authority pricing model and framework parameters.*

*The July 2016 payment made by ACT Health to the ACT Local Hospital Network using ACT Government and Commonwealth Government funding was net of third party revenues and was paid on the basis of estimated ACT Local Hospital Network activity for the month.*

## Reference information

The financial information outlined in the following report is categorised as:

- *NHR funding* – when the Commonwealth or state or territory government pays NHR funding into a state pool account or state managed fund.
- *NHR payments* – when NHR funding that has been deposited into a state pool account or state managed fund is paid out of the state pool account by the Administrator, or is paid out of the state managed fund by the state or territory.

## State pool account transactions

**Table 1a – State pool account transactions – Australian Capital Territory, September 2016**

This table shows funding paid into the Australian Capital Territory state pool account by the Commonwealth, the Australian Capital Territory or other states/territories, and payments out of the state pool account to LHNs, the state managed fund, the ACT Health Directorate or the state pool accounts of other states/territories for September 2016.

NHR funding by source	Paid into state pool account (\$)	Paid out of state pool account				Total paid out (\$)
		To Local hospital networks (\$)	To State Managed Fund (\$)	To state health department (\$)	To state pool (other State) (\$)	
Commonwealth ABF funding	26,923,872	26,923,872				26,923,872
Commonwealth Block funding	2,217,240		2,217,240			2,217,240
Commonwealth Other funding	507,996			507,996		507,996
<b>Total C'wealth funding</b>	<b>29,649,108</b>	<b>26,923,872</b>	<b>2,217,240</b>	<b>507,996</b>		<b>29,649,108</b>
<b>ACT funding</b>	<b>45,914,000</b>	<b>52,114,000</b>		<b>0</b>	<b>1,600,000</b>	<b>53,714,000</b>
<b>Other state/territory funding</b>	<b>7,800,000</b>		<b>0</b>	<b>0</b>		<b>0</b>
<b>Total</b>	<b>83,363,108</b>	<b>79,037,872</b>	<b>2,217,240</b>	<b>507,996</b>	<b>1,600,000</b>	<b>83,363,108</b>

See definitions and explanatory notes following table 1b.

## Table 1b – State pool account transactions YTD – Australian Capital Territory, September 2016

Following on from table 1a, this table shows year-to-date (YTD) funding paid into the Australian Capital Territory state pool account by the Commonwealth, the Australian Capital Territory or other states/territories, and payments out of the state pool account to LHNs, the state managed fund, the ACT Health Directorate or the state pool accounts of other states/territories as at September 2016.

NHR funding by source	Paid into state pool account (\$)	Paid out of state pool account				Total paid out YTD (\$)
		To Local hospital networks YTD (\$)	To State Managed Fund YTD (\$)	To state health department YTD (\$)	To state pool (other State) YTD (\$)	
Commonwealth ABF funding	79,524,972	79,524,972				79,524,972
Commonwealth Block funding	6,651,721		6,651,721			6,651,721
Commonwealth Other funding	1,523,988			1,523,988		1,523,988
<b>Total C'wealth funding</b>	<b>87,700,681</b>	<b>79,524,972</b>	<b>6,651,721</b>	<b>1,523,988</b>		<b>87,700,681</b>
<b>ACT funding</b>	<b>137,742,000</b>	<b>156,342,000</b>		<b>0</b>	<b>4,800,000</b>	<b>161,142,000</b>
<b>Other state/territory funding</b>	<b>23,400,000</b>		<b>0</b>	<b>0</b>		<b>0</b>
<b>Total</b>	<b>248,842,681</b>	<b>235,866,972</b>	<b>6,651,721</b>	<b>1,523,988</b>	<b>4,800,000</b>	<b>248,842,681</b>

**Commonwealth ABF funding** represents Acute admitted, Non-admitted, Emergency department, Sub-acute, and Admitted mental health service categories, which are funded by the Commonwealth through the state pool account and subsequently paid to LHNs.

**Commonwealth Block funding** represents Non-admitted mental health, Small rural hospitals, Teaching, training & research, and Other non-admitted categories, which are funded by the Commonwealth and paid to the state managed fund.

**Commonwealth Other funding** represents other amounts funded by the Commonwealth, transacted through the state pool account and subsequently paid to state or territory health departments. This currently represents the Commonwealth contribution to public health.

**ACT funding** represents funding contributions paid by the Australian Capital Territory into its own state pool account, and subsequently paid to LHNs within the territory, to the Australian Capital Territory health department and/or to other state pool accounts.

**Other state/territory funding** represents contributions paid to the Australian Capital Territory by other states and territories for cross-border activity.

**Note:** The grey shaded areas in these tables reflect cells that are not applicable for a particular 'paid out' column. For example, Commonwealth block funding is only paid to state managed funds and not to local hospital networks or state or territory health departments.

NHR funding and payments shown in these tables include GST where applicable.

For more information, see [National Health Reform funding and payments](#).

## State managed fund transactions

**Table 2a – State managed fund transactions – Australian Capital Territory, September 2016**

This table shows funding paid into the Australian Capital Territory state managed fund by the Commonwealth and the Australian Capital Territory, and payments out of the state managed fund to LHNs and other provider organisations for September 2016.

NHR funding by source	Paid into state managed fund (\$)	Paid out of state managed fund		
		To local hospital networks (\$)	To Other (\$)	Total paid out (\$)
Commonwealth Block funding	2,217,240			2,217,240
State/territory Block funding	2,816,000			2,816,000
<b>Total</b>	<b>5,033,240</b>	<b>5,033,240</b>	<b>0</b>	<b>5,033,240</b>

See explanatory notes below table 2b.

**Table 2b – State managed fund transactions YTD – Australian Capital Territory, September 2016**

Following on from table 2a, this table shows year-to-date (YTD) funding paid into the the Australian Capital Territory state managed fund by the Commonwealth and the Australian Capital Territory, and YTD payments out of the state managed fund to LHNs and other provider organisations as at September 2016.

NHR funding by source	Paid into state managed fund YTD (\$)	Paid out of state managed fund YTD		
		To local hospital networks YTD (\$)	To Other YTD (\$)	Total paid out YTD (\$)
Commonwealth Block funding	6,651,721			6,651,721
State/territory Block funding	8,448,000			8,448,000
<b>Total</b>	<b>15,099,721</b>	<b>15,099,721</b>	<b>0</b>	<b>15,099,721</b>

**Block funding** represents Non-admitted mental health, Small rural hospitals, Teaching, training & research, and Other non-admitted categories.

**Commonwealth Block funding** represents Commonwealth block funding contributions paid into the state managed fund from the state pool account, and block payments out of the state managed fund to LHNs and other provider organisations.

**State/territory Block funding** represents Australian Capital Territory block funding contributions into the state managed fund, and block payments out of the state managed fund to LHNs and other provider organisations.

**Note:** The grey shaded areas in these tables reflect that these block payments cannot at this stage be identified by funding source (state, territory or Commonwealth contribution).

NHR funding and payments shown in these tables include GST where applicable.

For more information, see [National Health Reform funding and payments](#).

# NHR funding and payments by service category

**Table 3 – NHR funding and payments by service category – Australian Capital Territory, September 2016**

This table shows NHR funding and payments by service category on both a monthly and year-to-date (YTD) basis for the Australian Capital Territory for September 2016. NHR funding and payments are separated into the following service categories – activity-based funding (ABF), block funding, and other funding.

Service category	NHR funding (\$)	NHR payments (\$)	NHR funding YTD (\$)	NHR payments YTD (\$)
<b>ABF</b>				
Acute admitted	45,174,111	50,120,329	134,731,798	149,570,453
Admitted mental health	3,530,506	3,917,069	10,529,735	11,689,424
Sub-acute	5,414,269	6,007,090	16,148,058	17,926,520
Emergency department	8,071,569	8,955,344	24,073,458	26,724,782
Non-admitted	9,047,417	10,038,040	26,983,924	29,955,792
<b>Total ABF (Pool)</b>	<b>71,237,872</b>	<b>79,037,872</b>	<b>212,466,972</b>	<b>235,866,972</b>
<b>Block</b>				
Small rural hospitals	245,306	275,581	735,919	826,744
Teaching, training & research	1,590,143	1,781,525	4,770,428	5,344,576
Non-admitted mental health	3,197,791	2,976,133	9,593,374	8,928,400
Other non-admitted services	0	0	0	0
<b>Total Block (SMF)</b>	<b>5,033,240</b>	<b>5,033,240</b>	<b>15,099,721</b>	<b>15,099,721</b>
<b>Other</b>				
Public health funding	507,996	507,996	1,523,988	1,523,988
Overdeposit	0	0	0	0
Cross border	9,400,000	1,600,000	28,200,000	4,800,000
Interest	0	0	0	0
<b>Total Other (Pool)</b>	<b>9,907,996</b>	<b>2,107,996</b>	<b>29,723,988</b>	<b>6,323,988</b>
<b>Grand Total</b>	<b>86,179,108</b>	<b>86,179,108</b>	<b>257,290,681</b>	<b>257,290,681</b>

**Total ABF (Pool)** is an aggregate of both Commonwealth and state or territory NHR funding and payments for activity-based funding (ABF) which is transacted through the state pool account.

**Total Block (SMF)** is an aggregate of both Commonwealth and state or territory NHR funding and payments for block funding which is transacted through the state managed fund (SMF).

**Total Other (Pool)** represents other funding and payments transacted through the state pool account, including public health funding, overdeposits, cross-border funding and payments, and interest.

State and territory cross-border payments can either be:

- Paid to the relevant state or territory's LHNs – included within ABF and/or block payments in the above table, or
- Reimbursed to the relevant state or territory where the state or territory's LHNs are already being funded for the cost of treating cross-border patients – shown in the Cross-border row under Other in the above table.

NHR funding and payments shown in these tables include GST where applicable.

For more information, see [National Health Reform funding and payments](#).

# NHR contributions by local hospital network

**Table 4a – NHR contributions by local hospital network – Australian Capital Territory, September 2016**

This table shows NHR contributions (from state, territory and Commonwealth sources) made to each LHN in the Australian Capital Territory during September 2016.

NHR contributions to LHNs are separated into an activity-based funding (ABF) component and a block component.

Local hospital network	ABF component (ex GST) (\$)	Block component (ex GST) (\$)	Total NHR payments (ex GST) (\$)
ACT Local Hospital Network Directorate	79,037,872	5,033,240	84,071,112
<b>Total</b>	<b>79,037,872</b>	<b>5,033,240</b>	<b>84,071,112</b>

See explanatory notes below table 4b.

## Table 4b – NHR contributions by local hospital network YTD – Australian Capital Territory, September 2016

This table shows YTD NHR contributions (from state, territory and Commonwealth sources) made to each LHN in the Australian Capital Territory as at September 2016.

NHR contributions to LHNs are separated into an activity-based funding (ABF) component and a block component.

Local hospital network	ABF component YTD (ex GST) (\$)	Block component YTD (ex GST) (\$)	Total NHR payments YTD (ex GST) (\$)
ACT Local Hospital Network Directorate	235,866,972	15,099,721	250,966,693
<b>Total</b>	<b>235,866,972</b>	<b>15,099,721</b>	<b>250,966,693</b>

NHR contributions in this table are GST exclusive to enable comparability of NHR payments in each LHN report.

**Note:** This table excludes GST. The majority of government funding to LHNs is not subject to GST. However in some cases hospital funding to non-government entities does attract GST, for example, denominational hospitals, privately and commercially owned health facilities, or any other non-government third party provider of health services or related supplies

For more information, see [National Health Reform funding and payments](#).

## Estimated monthly, YTD and annual activity

States and territories provide service volume *estimates* at the start of each financial year, and if required, can continue to refine these estimates during the course of the year. These *estimates* form the basis of monthly reporting of service volumes until *actual* service numbers become available. These estimates are expressed as National Weighted Activity Units (NWAU).

States and territories provide estimated annual NWAU to the Administrator as a basis for determining the Commonwealth activity-based funding. Current month NWAU estimates accumulate through the year-to-date (YTD) NWAU, to be equal to the annual NWAU at the end of the financial year.

States and territories may also provide activity information relating to the delivery of other public hospital functions funded.

### Table 5 – Estimated monthly, YTD and annual NWAU by local hospital network – Australian Capital Territory, September 2016

This table shows estimated state or territory hospital activity for activity-based funding services expressed as NWAU for September 2016, the associated cumulative year-to-date (YTD), and total estimated annual NWAU for each LHN in the Australian Capital Territory.

Local hospital network	Estimated NWAU delivered in current month	Estimated NWAU delivered YTD	Estimated annual NWAU 2016-17
ACT Local Hospital Network Directorate	12,427	36,707	143,666
<b>Total</b>	<b>12,427</b>	<b>36,707</b>	<b>143,666</b>

An NWAU is a measure of health service activity expressed as a common unit. It provides a way of comparing and valuing each public hospital service, whether they are admissions, emergency department presentations or outpatient episodes, by weighting them for their clinical complexity. The average hospital service is worth one NWAU – the most intensive and expensive activities are worth multiple NWAU, the simplest and least expensive are worth fractions of an NWAU.

Monthly NHR payments relate to the cash needs of public hospitals and do not necessarily reflect the volume of services to be delivered in the month.

For more information on the NWAU calculation, see [Calculation of NWAU](#).