



Administrator
National Health
Funding Pool

2012-13 Reconciliation Framework

July 2013

Document Control Sheet

Document Information

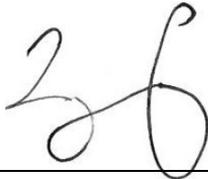
Document Name	2012-13 Reconciliation Framework
---------------	----------------------------------

Change History

Author	Date	Description	Version
NHFB	17/06/2013	Embargoed draft document release	Draft
NHFB	30/07/2013	Final document release	Final

Approval

Title	Administrator of the National Health Funding Pool
Name	Bob Sendt
Signature	
Date	30 July 2013

Title	NHFB Chief Executive Officer
Name	Lynton Norris
Signature	
Date	30 July 2013

Contents

1	LEGISLATIVE BASIS	4
2	CONTEXT	4
3	BACKGROUND	5
3.1	Activity based funding in 2012-13	5
4	NWAU CALCULATION	6
4.1	The IHPA SAS NWAU calculator	6
4.2	Process.....	7
4.3	Calculation stages.....	11
4.4	Groupings	12
5	RECONCILIATION	13
5.1	Estimates utilised	13
5.2	Process.....	14
5.3	Advice to jurisdictions	15
6	ADJUSTMENTS	15
6.1	Timing of adjustments.....	16
6.2	Process.....	16
6.3	Advice to jurisdictions	19
6.4	Out year impacts.....	19
7	TIMELINE	23
8	APPENDIX 1	24
8.1	2012-13 Activity based funded hospitals	24
8.2	Postcodes that span states/territories	29
9	APPENDIX 2	29

1 Legislative basis

As set out in section 238(1) of the *National Health Reform Act 2011* and associated state and territory national health reform legislation, the Administrator of the National Health Funding Pool (Administrator) is required to calculate and advise the Commonwealth Treasurer of the amounts to be paid by the Commonwealth into the National Health Funding Pool (Pool) and each state and territory's Pool account. This responsibility includes advising on any reconciliation of those amounts based on subsequent actual service delivery.

The National Health Reform Agreement (Agreement), signed by the Prime Minister and state and territory Premiers and Chief Ministers in August 2011, further details the reconciliation and adjustment requirements and guidelines for those public hospital functions funded by the Commonwealth on an activity basis to local hospital networks (LHNs), specifically clauses B59 to B64.

Note: Within this document any reference to 'clauses' relates to the National Health Reform Agreement.

2 Context

This Framework document specifies the reconciliation and adjustment intentions and processes of Commonwealth funding for the 2012-13 financial year. The Framework will be reviewed and updated annually, however the fundamental principles and intentions should not alter significantly between the financial years.

Note: 2012-13 is the first year within a two year transition period, in which the Commonwealth will provide funding to states and territories equivalent to the amount that would otherwise have been paid through the National Healthcare Specific Purpose Payment (clause A32).

Even though this reconciliation and adjustment framework relates to 2012-13, the strategy and processes have been developed to apply to 2013-14 and 2014-15 (the first year of Commonwealth growth funding under the Agreement – see section 6.4 below (page 21)). This ensures the reconciliation and adjustment process is consistent over all periods.

This document should be read in conjunction with the following documents, which collectively detail the Administrator's data requirements for the reconciliation process, and determining actual eligible hospital services for Commonwealth funding:

- Determination 03: *Provision of actual 2012-13 hospital services data for reconciliation with estimated data*, and
- *Business rules for determining hospital services eligible for Commonwealth funding in 2012-13 – volumes 1 and 2.*

This document also aligns to the Administrator's rolling Three Year Data Plan covering the period 2013-14 to 2015-16 and the methodology for calculating the Commonwealth contribution.

3 Background

The Agreement introduces new funding arrangements for Australian public hospital services.

Both Commonwealth and state/territory contributions are made prospectively, based on the estimated activity that is negotiated in Service Agreements between the state/territory and their LHNs. Each state and territory is required to provide confirmed aggregate weighted and estimated service volumes for each LHN in the preceding financial year (clause B74). These estimates serve as the basis for calculating the Commonwealth's funding contribution to each state and territory for activity based funding.

A key feature of the Agreement is the introduction of Commonwealth funding for actual activity. Commonwealth funding is predominantly driven by activity and the intention of the Agreement is that funding is provided in a timely and efficient manner.

As such, the prospective Commonwealth payments are followed by states and territories submitting actual patient level services delivered for all hospital services funded by the Commonwealth on an activity basis. Reconciliations between estimated and actual service volumes will then be performed to ensure that all LHNs receive the correct Commonwealth contribution based on their actual activity.

In addition, clauses A6 and A7 state that the Commonwealth will not fund patient services if the same service, or any part of the same service, is funded through the Medicare Benefits Schedule (MBS), Pharmaceutical Benefits Scheme (PBS) or any other Commonwealth program, with some specified exceptions. This intent will be achieved by comparing state and territory patient level data with the aforementioned Commonwealth data sets.

Where there is a match, these services will be reviewed to determine whether they remain eligible for Commonwealth activity based funding. Once confirmed, this then becomes the finalised patient level services eligible for Commonwealth funding.

3.1 Activity based funding in 2012-13

From 1 July 2012, the Administrator commenced making payments to LHNs for activity based funded services in accordance with a nationally consistent framework.

This Reconciliation Framework relates to those public hospital functions funded by the Commonwealth on an activity basis (clauses B63 and B64). This is due to the ability to fund, capture and report on a volume or activity basis (i.e. National Weighted Activity Unit (NWAU)). Commonwealth activity based funding is calculated and provided on this basis via the Pool and based on agreed LHN Service Agreements.

The reconciliation process is "*conducted to determine the actual volume of services provided by LHNs, for Commonwealth payment purposes*" (clause B60), with subsequent adjustments to the Commonwealth's funding contribution to LHNs occurring based on this reconciliation. Although there may be financial adjustments to the Commonwealth contribution, it is important to emphasise that the reconciliation process relates to the amount of actual volume of services provided rather than the amount of Commonwealth funding previously provided within the relevant period.

Therefore, the reconciliation requirement does not include:

- Block funding, which in 2012-13 was a bilaterally agreed funding amount between the Commonwealth and state/territory Ministers, and
- Public Health Funding, which is a derived amount based on historical National Healthcare Agreement funding of specific national initiatives, including public health, youth health services and essential vaccines (service delivery).

In 2012-13, activity based funding includes acute admitted services, emergency services and non-admitted outpatient services. The activity based funding framework will be extended to include sub-acute and admitted mental health services from 1 July 2013. From 2014-15 onwards, activity based funding categories may include further changes to the activity based funding classification system or costing methodologies.

4 NWAU calculation

The actual patient level services delivered, provided by states and territories will be used as the basis for the calculation of NWAU and subsequent payment of the Commonwealth contribution to activity based funding.

Note: NWAU is the 'currency' that is used as a measure of health service activity expressed as a common unit, against which the national efficient price is paid. It provides a way of comparing and valuing each public hospital service, by weighting it for its clinical complexity.

4.1 The IHPA SAS NWAU calculator

As part of the Administrator's reconciliation process, it is important that the calculation of NWAU is based precisely on the formula developed by the Independent Hospital Pricing Authority (IHPA) to ensure accuracy and transparency of calculations.

Given the volume and characteristics of the data, SAS software is necessary as the mechanism for conducting the calculations. Access to the IHPA SAS NWAU calculator codes for each financial year and activity based funding service category has been granted by IHPA to the National Health Funding Body (to assist the Administrator's functions). These codes are located in the Administrator's secure workspace in the Enterprise Data Warehouse.

Unique NWAU calculators are utilised for each activity stream and classification. These calculators are published on the IHPA website for transparency of the calculation process.¹

¹[http://www.ihoa.gov.au/internet/ihoa/publishing.nsf/Content/National-Weighted-Activity-Unit-\(NWAU\)-calculators](http://www.ihoa.gov.au/internet/ihoa/publishing.nsf/Content/National-Weighted-Activity-Unit-(NWAU)-calculators)

4.2 Process

The following steps provide a high-level summary of the processes involved in the calculation of NWAU. Figure 1 below in section 4.3 (page 11) provides an associated illustration. The Administrator and the National Health Funding Body (NHFB) will liaise with IHPA to ensure the NWAU calculation approach and basis is consistent.

Submission and validation

Activity data sets are to be provided by states and territories within the specified timeline, either via direct submission to the Administrator or authorisation to utilise the relevant data sets provided by states and territories to IHPA. Upon provision, the data sets will be validated by IHPA's existing validation capability and validation rules.

Identify activity based funded hospitals

The list of agreed activity based funded hospitals for 2012-13 for each state and territory will be agreed with states and territories and used to identify the relevant national health reform in-scope hospitals that are eligible to receive Commonwealth activity based funding. This list is produced in consultation with states and territories. See Appendix 1 (page 24) for a list of the 2012-13 activity based hospitals by state/territory and LHN.

In-scope hospital services (determined by IHPA)

The patient level services identified as belonging to in-scope hospitals will then be subject to determination of those activity based hospital services that are in-scope for Commonwealth funding under the Agreement, as determined by IHPA (clauses A9 to A26). The list of 2012-13 activity based hospital services eligible for Commonwealth funding can be located on the IHPA website.²

Administrator's decision principles

To undertake the successful and accurate calculation of NWAU, it is necessary for the Administrator to apply relevant decision principles and data preparation rules. These are outlined in Table 1 below (page 8).

Hospital services eligible for Commonwealth funding

As per clauses A6 and A7, it is necessary for the Administrator to evaluate if activity based hospital services are eligible for Commonwealth funding under the 'data matching' or 'double dipping' requirements. Refer to the Administrator's *'Business rules for determining hospital services eligible for Commonwealth funding in 2012-13'* documents (volumes 1 and 2) for further information.

²[http://www.iHPA.gov.au/internet/iHPA/publishing.nsf/Content/nep-determination-2012-13.htm/\\$File/NEPDetermination2012-2013.pdf](http://www.iHPA.gov.au/internet/iHPA/publishing.nsf/Content/nep-determination-2012-13.htm/$File/NEPDetermination2012-2013.pdf)

NWAU calculation

In-scope and eligible activity services data will then be used to calculate NWAU by running the relevant data elements for these services through the IHPA SAS NWAU calculator codes, price weights and reference files.

Appendix 2 (from page 30) outlines the overall process for the calculation of NWAU for each activity data set.

Table 1: Administrator’s NWAU calculation decision principles and data preparation rules

Component	Decision principles and data preparation rules
Calculating NWAU	<p>A record is considered incomplete in the following circumstances within the specified data sets:</p> <ul style="list-style-type: none"> • Acute Admitted – if any one of the following occurs – includes an invalid Diagnosis Related Group (DRG) code, missing the admission date, or missing the discharge date. • Emergency Department (patient level data) – if it does not include a valid Urgency Related Group (URG) code <u>and</u> a valid Urgency Disposition Group (UDG) code cannot be derived utilising the patient’s end triage category and presentation end status variables. • Emergency Services (aggregate level data) – if it does not include a valid UDG code. • Non-Admitted Services – if it does not include a valid Tier 2 clinic code³. <p>This means that the Base NWAU (i.e. prior to any loadings being applied) cannot be calculated by the IHPA calculator and the record will not be eligible for activity based funding, and will be removed prior to the NWAU calculation.</p> <p>The IHPA calculator requires every record to indicate the state or territory of the hospital. This information will be available from the Commonwealth Department of Health and Ageing’s hospital master list⁴ file. If the hospital state or territory is not available on the master list file, it will be derived from the first digit of the hospital’s establishment ID.</p>
Calculating NWAU for aggregate / patient level data	<p>A number of hospitals are currently included in both the patient level data collection and the aggregate level data collection for Emergency Department and Non-Admitted Services.</p> <p>Where states and territories have provided both aggregate and patient level data for relevant data sets, the Administrator will consult the relevant state/territory regarding the appropriate data set to utilise. The Administrator will utilise the patient level data due to the greater level of detail contained in this data set in comparison to the aggregate data, unless the relevant state/territory advises that the data sets cover distinct scope of activities.</p> <p>For Non-Admitted patient level services, the 2012-13 IHPA specifications do not outline the eligibility of Department of</p>

³ Tier 2 clinics provide a consistent framework for counting non-admitted *service events*. They are based on an assessment of both the type of clinician providing the service and the nature of the service provided.

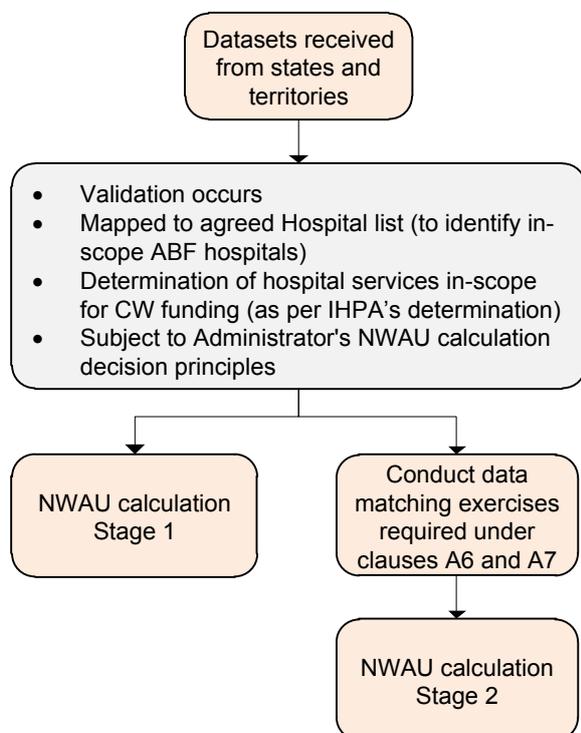
⁴ The hospital master list is the list of Australian hospitals that provide public hospital services. This list is provided to the National Health Funding Body from the Commonwealth Department of Health and Ageing and verified (in consultation with states and territories) for use by the Administrator. The list contains details of hospital name, LHN, state/territory, hospital IDs (over many years) and the public v private status.

	<p>Veterans' Affairs (DVA) or compensable services in the same way as it is outlined for Acute Admitted and Emergency Department. This was because the data were not available to IHPA at that point in time. Therefore, DVA and compensable patients are out of scope of funding for 2012-13 as these services receive existing funding through other Commonwealth sources.</p> <p>Where states and territories have not provided patient level data for relevant data sets, the aggregate level will be utilised. The aggregate data does not contain information about indigenous status, remoteness of the patient, or if the service relates to a DVA or compensable patient, and loadings cannot be applied appropriately.</p>
Calculating NWAU for private hospitals	Private patients in private hospitals records are not eligible for activity based funding. State/territory patient level data sets submitted contain these records so they will be removed prior to the NWAU calculation.
Calculating NWAU for Emergency Department patient level data	<p>IHPA provides two Emergency Department NWAU calculators: one for calculating the NWAU for records classified by URG and another for calculating the NWAU for records grouped by UDG. URG contains a greater level of detail and includes 73 categories, whereas the UDG has only 12 categories. The following decision principles relate to URG and UDG:</p> <ul style="list-style-type: none"> • If a record has a valid URG code, the IHPA URG NWAU calculator will be used. • If a record has no valid URG code, but a valid UDG code can be derived (utilising the patient's end triage category and presentation end status variables), the IHPA UDG NWAU calculator will be used. • Where no valid URG code exists, and a valid UDG code cannot be derived, the record is considered as an incomplete record where the IHPA calculator cannot calculate the NWAU. Such records will not be eligible for activity based funding, and will be allocated a NWAU of zero by the IHPA NWAU calculator.
Calculating the state or territory of patient level data for determination of cross-border activity	<p>The data provided by states and territories only include the patient's postcode or Statistical Local Area (SLA) of residence, not the state or territory of residence. The following decision principles apply in determining the patient's state or territory:</p> <ol style="list-style-type: none"> a) If available, not erroneous, and does not span more than one state or territory, the postcode will be used to assign each patient to a relevant state or territory, based on the 'Australia Post' postcode to state/territory mapping. b) Where a postcode is not available, is erroneous, or spans more than one state and territory, the patient's SLA will be used to assign the patient to a state or territory, based on the ABS ASGC06 geographic classification of SLAs. Each SLA maps to exactly one state or territory in the ABS classification. c) In the case where the postcode spans more than one state and territory and the SLA is not available, that postcode will be assigned to the state or territory with the largest proportion of that postcode's population, using the ABS population distribution data. The 15 postcodes that span more than one state and territory are listed in Appendix 1, page 29. d) Where no valid postcode or SLA is available, the patient's state or territory will be assigned to be the same as the state or territory of the treating hospital.

4.3 Calculation stages

NWAU will be calculated in the two stages outlined below and illustrated in Figure 1, within each reconciliation period, with results communicated to states and territories accordingly for each stage.

Figure 1: Calculation stages



Stage 1 – NWAU for all services

NWAU will be calculated based on the activity data sets provided by states and territories, post appropriate validations and data preparation steps, i.e. before any adjustments are made based on eligibility data matching exercises. States and territories should be able to use the NWAU calculators published on IHPA's website to calculate consistent NWAU figures.

This calculation will be conducted shortly after final data sets have been provided by states and territories and irrespective of the required data matching process outlined in clauses A6 and A7.

Stage 2 – NWAU for services eligible for Commonwealth funding

NWAU will be calculated for the hospital services considered eligible for Commonwealth funding as a result of the data matching exercises necessary to satisfy clauses A6 and A7. This will mean matched records for each data set will be excluded from the calculation of NWAU.

The difference between the NWAU figures calculated in Stage 1 and in Stage 2 for each data set will equate to the activity considered as 'matched' and therefore ineligible for Commonwealth funding.

4.4 Groupings

NWAU will be calculated in total for the following groupings:

Each service category

Activity data sets and IHPA NWAU calculator codes are constructed separately for each activity stream and classification, and as such NWAU will be calculated separately for each activity based funding service category to ensure calculations are conducted in the most accurate manner.

This level of detail is necessary for the reconciliation process as outlined in section 5 below and in relation to future years to enable the accurate determination of growth and funding guarantee requirements in section 6.4 below (page 21).

Each LHN

Commonwealth activity based funding contributions are calculated and allocated by an NWAU figure for each LHN (incorporating service category detail); therefore the actual amount of NWAU delivered by each LHN is required for Commonwealth payment purposes. This figure will be an aggregate of the actual NWAU for each service category for each LHN.

Appendix 1 (page 24) outlines the list of LHNs within each state and territory and the activity based funded hospitals within them.

Each state and territory

The aggregate of actual LHN NWAU in each state and territory is required to calculate the actual percentage of Commonwealth contribution rate of the National Efficient Price (NEP) for each state and territory, based on the adjusted activity based funding amount. Figure 3 in section 6.2 below (page 19) illustrates the calculation process.

Note: The NEP is a base price calculated by IHPA as a benchmark to guide governments about the level of funding which would meet the average cost of providing activity based acute care services in public hospitals across Australia. The NEP is based on the projected average cost of a NWAU after the deduction of specified Commonwealth funded programs.

The NEP for 2012-13 is \$4,808 per NWAU.

Cross-border

The gross cross-border NWAU flows (inflows and outflows) relating to each state and territory will be calculated. The reconciliation process is the only means by which actual cross-border activity relating to each state and territory can be quantified in one central location. This calculation of actual cross-border activity is for Commonwealth contribution purposes, however it may be used for equivalent state and territory actual cross-border payments.

5 Reconciliation

The Agreement states that reconciliations between estimate and actual service delivery will occur on a six-monthly and annual basis (clause B59), in arrears and by LHN for each state and territory, for Commonwealth payment purposes.

The reconciliation process will provide a valuable opportunity for states and territories to review actual activity levels, and a useful indicator to forecast estimated activity in future years.

It is important that the reconciliation process is developed and operational for 2012-13, to ensure it is as robust as possible for future years, especially in the determination of growth and funding guarantee. Each year the reconciliation from the previous year will affect the Commonwealth contribution of the current year, due to the data provision and funding adjustment timelines outlined in the Agreement. It is therefore important that actual activity is determined and the subsequent correct amount of Commonwealth funding is provided to LHNs (and thereby states and territories) based on the actual volume of services delivered by each LHN in 2012-13.

Section 7 below (page 23) illustrates the reconciliation timeline and major milestones over a three year period.

5.1 Estimates utilised

It is the role of the states and territories, as public hospital system managers, to set LHN NWAU estimates, which must be reflected in agreed LHN Service Agreements. These estimates are used to calculate the Commonwealth contribution to LHNs (and thereby states and territories) for activity based funding for a relevant year, prior to the commencement of that year.

During 2012-13, being the first year of national health reform funding, states and territories commenced using Pool arrangements at varying stages. However, Commonwealth national health reform funding was still provided, via contingency arrangements, to states and territories until they commenced operating within the Pool. At the beginning of 2012-13, annual NWAU estimates provided by states and territories were used to calculate the Commonwealth funding contribution. Therefore, the provision and allocation of Commonwealth activity based funding based on these estimates allows for reconciliation activities to occur unhampered by the contingency arrangements adopted for the 2012-13 year.

Six-monthly

For the six-monthly reconciliation, the calculated actual NWAU for each LHN will be reconciled against the six-monthly NWAU estimate provided by states and territories for each LHN. The six-monthly NWAU estimate used will be either:

- The six-monthly NWAU estimate provided by states and territories for reconciliation purposes, or
- Where a six-monthly estimate is not advised by a state or territory, a calculated 50 per cent of the latest annual NWAU provided by the state or territory as at 15 May 2013 (as part of the provision of service estimates). This estimate is used as it is the latest annual NWAU used for Commonwealth calculation and payment purposes.

The six-monthly estimate figure utilised must be consistent with service estimates included in LHN Service Agreements.

Annual

For the annual reconciliation, the actual NWAU for each LHN will be reconciled against the latest annual NWAU estimate provided by each state and territory as at 15 May 2013 for Commonwealth payment purposes. This amount must be consistent with service estimates included in LHN Service Agreements.

Cross-border

In accordance with clauses A88(e) and A91, the Administrator will use cross-border activity estimates that are mutually agreed between each pair of applicable states and territories. However failing such agreement, the Administrator will utilise an appropriate estimate for each flow (inflows and outflows), which may involve using the lower of the two estimates of each flow provided by states and territories.

5.2 Process

In order to attract a Commonwealth funding contribution for each public hospital service delivered on an activity basis, states and territories must provide actual activity services delivered (clause B64). These actual data will be converted to NWAU and reconciled to the NWAU estimate used to calculate the Commonwealth funding contribution previously paid for the relevant period (estimates are outlined above in section 5.1 (page 13)).

NWAU will be reconciled to the groupings identified in section 4.4 (page 12). Table 2 below shows a high-level illustration of the reconciliation broad calculation and aggregation.

Table 2: High-level illustration of reconciliation calculation

	Estimate NWAU (incl. variations)	Actual NWAU	NWAU Reconciliation
STATE X ACTIVITY			
LHN A			
acute admitted	100	150	50
emergency	50	25	(25)
non-admitted	20	25	5
TOTAL	170	200	30
LHN B			
acute admitted	2,000	1,800	(200)
emergency services	750	800	50
non-admitted	100	105	5
TOTAL	2,850	2,705	(145)
STATE X TOTAL			
acute admitted	2,100	1,950	(150)
emergency services	800	825	25
non-admitted	120	130	10
TOTAL	3,020	2,905	(115)
STATE X NET CROSS-BORDER ACTIVITY			
With State Y	200	250	50
With Territory Z	55	35	(20)

These reconciliation outcomes will then be used in the adjustment process outlined in section 6 below (page 15).

Over the course of each financial year, many factors may affect the relationship between actual and estimated activity, including but not limited to:

- The degree of accuracy in the calculation of estimated NWAU by states and territories,
- State or territory decisions to amend Service Agreements with one or more LHNs during the course of the year,
- Changes in the mix of services delivered (for example, a greater number of admitted services were provided than estimated, however emergency services are lower than estimated), and
- Other state and territory specific factors.

The impact of these factors may be either cumulative or offsetting.

5.3 Advice to jurisdictions

States and territories will be advised of the outcomes of the reconciliation undertaken by the Administrator in each reconciliation period. However each state and territory will also be able to calculate the reconciliation of NWAU based on the:

- advice it provided to the Administrator as part of its service estimates prior to the commencement of the financial year (and during the course of the financial year), and
- advice it receives from the Administrator of the actual number of NWAU calculated in the stages outlined in section 4.3 (page 11).

6 Adjustments

Commonwealth activity based funding contributions are calculated and allocated by a NWAU figure for each LHN within each state and territory. The Commonwealth calculation and allocation is based on the NWAU service estimates provided by states and territories within the required timeframe and level of content under clauses B73 and B74.

Clauses B60 and B61 require Commonwealth contributions to LHNs to be adjusted in arrears, based on these actual volume of services for both the six-monthly and annual reconciliation processes respectively. This Commonwealth payment adjustment process ensures that Commonwealth funding is provided to LHNs (and states and territories) based on actual activity. The adjustment process ensures Commonwealth funding is provided accurately to each LHN and based on payment calculations which underpin the Commonwealth's funding calculation as per clause B56.

It is important that the adjustment process is developed and operational for 2012-13, to ensure it is as informed as possible for future years, especially in the determination of growth and funding guarantee. These adjustment requirements relate to the transition period and growth period alike.

Due to the fixed funding Pool in 2012-13 (clause A32), the quantum of Commonwealth funding will not be adjusted at the aggregate state or territory level as a result of the reconciliation process (except for cross border funding relativities at an aggregate state and territory level). However the reconciliation process based on actual activity will determine the final Commonwealth percentage funding contribution rate of NEP and the adjusted Commonwealth contribution at the LHN level.

As per clause A60, states and territories determine the amount they pay to their LHNs. This may include, as a result of the reconciliation process, meeting the balance of the cost of delivering public hospital services and functions over and above the Commonwealth contribution to LHNs.

Overall consideration in the adjustment process is given to the achievement of transparency of actual activity and ensuring Commonwealth funding contributions to LHNs are provided based on this actual activity.

6.1 Timing of adjustments

Any adjustments to Commonwealth payments arising from the reconciliation process will be spread equally across payments for a subsequent quarter (clause B62).

The Administrator has determined that the adjustments will be distributed within the following timeframes; however these timeframes may be adjusted depending on certain circumstances within the reconciliation period, with states and territories advised accordingly. Figure 2 below illustrates the adjustment timeframes for the 2012-13 reconciliation periods.

- As the July to December 2012 period is the first reconciliation and adjustment process and as the reconciliation process is being refined, the Administrator will apply any resulting adjustments to Commonwealth payments over the three months October to December 2013. (Note that in future, July to December reconciliation period adjustments to Commonwealth payments will be spread over the three months July to September).
- For the annual period July 2012 to June 2013, adjustments to Commonwealth payments will be spread equally over the three months January to March 2014.

Figure 2: Adjustment distribution of the 2012-13 reconciliation periods (six-monthly and annual respectively)

2012-13												2013-14								
Reconciliation period												Adjustment								
J	A	S	O	N	D	J	F	M	A	M	J	J	A	S	O	N	D	J	F	M
J	A	S	O	N	D	J	F	M	A	M	J	J	A	S	O	N	D	J	F	M

Section 7 below (page 23) outlines a high-level illustration of the reconciliation timeline and major milestones relating to the 2012-13 to 2014-15 period.

6.2 Process

Six-monthly process

The following six steps describe the calculation of adjustments for the six-monthly reconciliation process. These steps should be read in conjunction with the timeline included in section 7 below (page 23).

The six-month reconciliation and adjustment process based on actual activity (required under the Agreement) serves to smooth the financial impact over two adjustment periods. Without the six-month process, the financial impact on LHNs of the annual reconciliation and adjustment process would likely be greater.

Actual cross-border activity is included and will form part of the activity reconciliation at the LHN level. However, given that Commonwealth cross-border funding is estimated and allocated on an aggregate state and territory level, and not at the individual LHN level, the adjustment to state and territory funding relativities will not occur as part of the six-month reconciliation process. The adjustment of the Commonwealth contribution to actual cross-border services for the full financial year will occur in the annual reconciliation process.

Reconciled NWAU

- a) Every state and territory's LHN, funding will be calculated based on the six-monthly estimated NWAU. The six-monthly estimated NWAU (estimates identified in section 5.1 above (page 13)) is multiplied by the NEP for 2012-13 (\$4,808), then multiplied by the Commonwealth percentage contribution rate of NEP as at 15 May 2013 (based on the latest estimates) for each state/territory. This figure is summed to an aggregate for each state and territory.
- b) For each LHN in a state or territory, what should have been paid based on the six-monthly actual NWAU (relating to July to December 2012) will be calculated. The actual six-monthly NWAU is multiplied by the NEP for 2012-13 (\$4,808), then multiplied by the Commonwealth percentage contribution rate of NEP as at 15 May 2013 (based on the latest estimates) for the relevant state or territory. This figure is summed to an aggregate for the state or territory.

Adjustment

- c) As the aggregate Commonwealth contribution to each state and territory will remain unchanged for 2012-13 due to the fixed funding Pool, the amount identified in step b) for each state/territory needs to be scaled to ensure there is no net change to the aggregate contribution it receives. This is calculated for each state/territory by dividing the aggregate of step a) by the aggregate of step b) to derive a scaling percentage factor.
- d) The scaling factor identified in step c) is then applied to the amount identified in step b) for each LHN to calculate the revised Commonwealth contribution to each LHN within the state or territory based on actual six-monthly activity, ensuring that the Commonwealth contribution remains unchanged.
- e) The difference between the revised Commonwealth contribution to each LHN identified in step d) and the Commonwealth contribution paid based on estimates identified in step a) drives the Administrator's calculation of the adjustment to the Commonwealth contribution to each LHN within each state and territory based on the actual six-month activity.

Incorporation into the 2013-14 Commonwealth contribution calculation

- f) The amounts identified in step e) will be incorporated into the 2013-14 Commonwealth contribution calculation. For transparency purposes, the LHN adjustments, and 2013-14 contribution calculation will be identified separately in the funding model. Any adjustment will be transacted over a subsequent quarter as outlined in section 6.1 above (page 16).

Annual process

The following nine steps enable the adjustment calculation of the annual reconciliation process. These steps should also be read in conjunction with the timeline included in section 7 below (page 23).

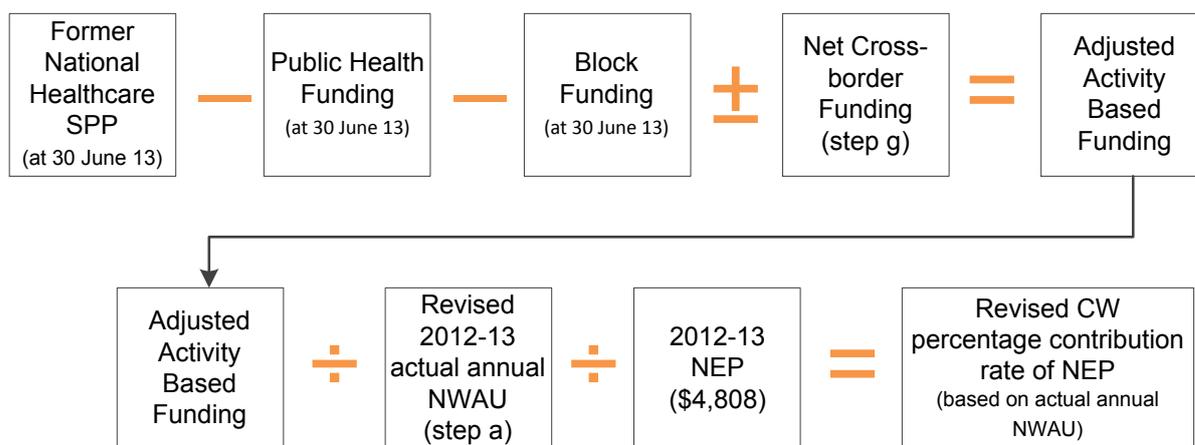
Reconciled NWAU

- a) As per section 5.2 of this document, the annual actual NWAU will be reconciled to the annual estimated NWAU (estimates identified in section 5.1 above (page 13)) for each LHN in every state and territory.

Revised Commonwealth percentage contribution rate of NEP

- b) The Commonwealth percentage contribution rate of NEP is then recalculated using the reconciled annual NWAU identified in step a) and actual annual Commonwealth cross-border flows (calculated in step g below). The calculation is identified below in Figure 3 and is performed for each state and territory.

Figure 3: CW percentage contribution rate of NEP calculation (annual)



This revised Commonwealth percentage contribution rate of NEP (incorporating the annual reconciliation) will be consistent across all LHNs and service streams in each relevant state and territory.

Adjustment

- c) The reconciled annual NWAU for each LHN identified in step a) is multiplied by the NEP for 2012-13 (\$4,808), then multiplied by the revised Commonwealth percentage contribution rate of NEP identified in step b) for the relevant state/territory to calculate the revised Commonwealth contribution to each LHN based on actual annual activity.
- d) The difference between the revised Commonwealth contribution to each LHN identified in step c) and the Commonwealth contribution based on the latest estimates (provided by the relevant state or territory by 15 May 2013) drives the annual change in the Administrator's calculation of the Commonwealth contribution to each LHN based on actual annual activity.

Note, the aggregate Commonwealth contribution to each state and territory will remain unchanged for 2012-13 due to the fixed funding Pool, except for cross-border activity.

Cross-border

- e) The revised Commonwealth percentage contribution rate of NEP identified in step b) for each provider state and territory (i.e. where the actual service occurred) will then be used, along with the actual annual cross-border NWAU to calculate the revised Commonwealth gross cross-border funding to each state and territory.

- f) The difference between the revised Commonwealth cross-border contribution to each state and territory identified in step e) and the Commonwealth cross-border contribution based on the latest estimates as at 15 May 2013 derives the annual change in the Administrator's calculation of the Commonwealth cross-border contribution to each state and territory.
- g) The net cross-border flows of relevant inflows and outflows identified in step e) are then calculated.

Incorporation into the 2013-14 Commonwealth contribution adjustment

- h) At this point other adjustments to the Commonwealth contribution will also be considered and included as outlined in the Administrator's Determination 02: *Adjustments to Commonwealth Funding under the National Health Reform Agreement*, provided to jurisdictions on 27 November 2012 (pending future adjustments to this determination, if any). This may include adjustments to changes to activity based funding and block funding proportions, changes to LHN NWAU estimates, changes to cross-border NWAU estimates, and/or other adjustments as allowed for under the Agreement for events such as emergency responses or pilot projects.
- i) The amounts identified in steps d) and g) will then be incorporated into a 2013-14 Commonwealth contribution adjustment. The outcome of the six-month reconciliation adjustment will be considered in the calculation and application of the annual reconciliation adjustment. For transparency purposes, the LHN adjustments, cross-border adjustments and 2013-14 contribution calculation will be identified separately in the funding model. Any adjustment will be transacted over a subsequent quarter as outlined in section 6.1 above (page 16).

6.3 Advice to jurisdictions

States and territories will be advised in advance of any Commonwealth payment adjustments arising from the six-monthly and annual reconciliations to enable analysis of any cash flow impacts to LHNs.

6.4 Out year impacts

Back-casting

Under clause A40, if IHPA makes any significant changes to the activity based funding classification system or costing methodologies, the Administrator will back-cast those changes in relation to the year prior to their implementation.

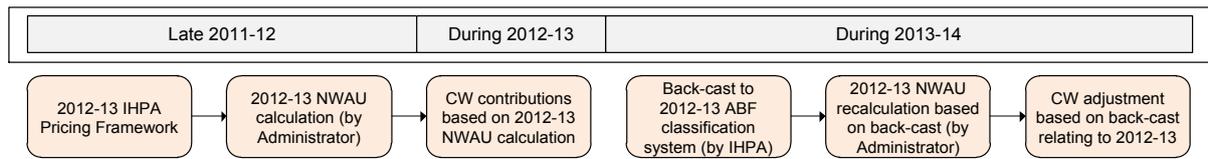
The purpose of back-casting is to ensure comparability of the National Pricing Model, over consecutive years.

In operation, this means if in 2013-14 IHPA makes any significant changes (that should have been applied to the 2012-13 year) the Administrator will reflect the change against the 2012-13 period to calculate and implement the effect of the change.

The Administrator will work with IHPA in regards to the back-casting requirement and will communicate to all stakeholders the outcomes of any back-cast.

Figure 4 below (page 20) illustrates the back-casting concept.

Figure 4: Representation of back-casting



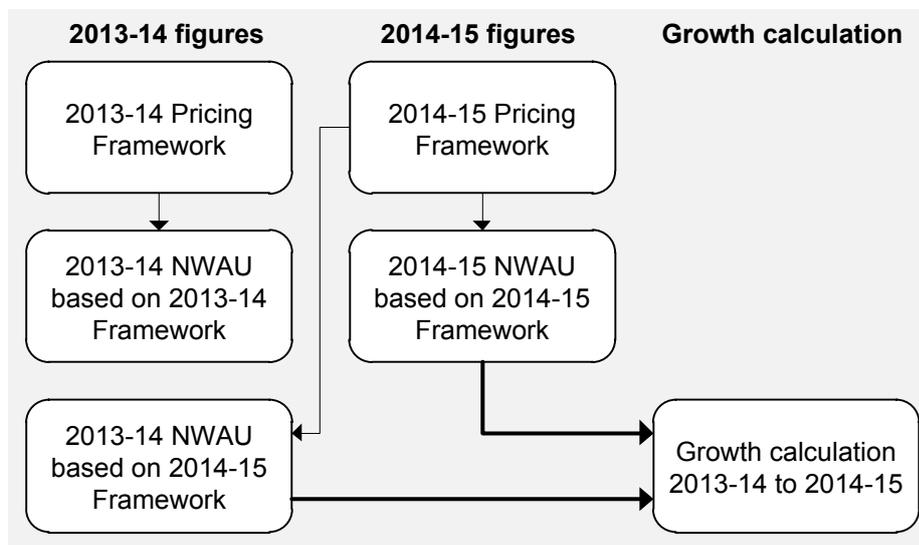
Rebasing

Rebasing is applying the specifications of a future or current year to the previous year to generate a like base for comparison purposes.

This concept does not specifically relate to the 2012-13 year, however it should be noted and considered for use in future years. It is especially necessary for the calculation of the funding guarantee to ensure that the Commonwealth growth calculation is calculated on the most appropriate 'base'.

An example of rebasing would be where the 2014-15 IHPA Pricing Framework specifications are applied to the 2013-14 actual services data sets provided by states and territories to ensure that the 2013-14 data sets can be recalculated based on these updated 2014-15 specifications. The growth amount is then calculated for the 2014-15 financial year based on difference of the 2014-15 NWAU based on the 2014-15 Framework and the 2013-14 NWAU based on the 2014-15 Framework. Figure 5 below illustrates the rebasing concept.

Figure 5: Representation of rebasing



This rebasing concept reinforces the need for service category detail to be provided by states and territories in the service estimate provision stage, especially as components transition between and into the activity based funding classification system and methodologies, loadings and price weights alter. Comparisons and calculation of growth can be applied at a greater level of accuracy and detail, rather than a collective NWAU total. An example of this is the activity based funding changes between 2013-14 and 2012-13 with admitted mental health and sub-acute services moving from Block funding in 2012-13 to activity based funding in 2013-14.

The Administrator will communicate the implementation and effect of rebasing each financial year.

Growth and funding guarantee

Under national health reform funding arrangements, the Commonwealth will provide at least an additional \$16.4 billion in growth funding between 2014-15 and 2019-20 through meeting 45% of efficient growth between 2014-15 and 2016-17 and 50% of efficient growth from 2017-18 onwards (clause 12).

As per clause A3, efficient growth consists of:

- a) The national efficient price for any changes in the volume of services provided, and
- b) The growth in the national efficient price of providing the existing volume of services.

As per clauses A39 and B61, the annual reconciliation and adjustment process will be conducted to ensure the Commonwealth calculates and meets its agreed contribution to the funding of efficient growth.

As per clauses A34 and A38, Commonwealth funding will be calculated individually for each state and territory and for each activity based funding service category by summing the:

- Previous year amount,
- Price adjustment, and
- Volume adjustment.

As per clauses A39 and A74, a preliminary amount for growth and funding guarantee will be allocated to states and territories prior to the availability of actual data. Final growth and funding guarantee payments will be made after the finalisation of the annual reconciliation and adjustment process.

The Administrator will work with the relevant stakeholders to evaluate and determine the calculation and distribution of the funding guarantee, with appropriate communication provided throughout the process.

Table 3 below (page 22) illustrates the allocation of the \$16.4 billion funding guarantee (including a state and territory specific guaranteed amount) as per clause A72.

Table 3: Funding guarantee (as per clause A72)

(\$m)	Note	2012-13	2013-14	2014-15	2015-16	2016-17	2017-18 (5)	2018-19	2019-20	Total	
National funding guarantee (2 nd line of clause A72)	1	Fixed Funding	Fixed Funding	\$574	\$1,231	\$1,983	\$3,012	\$4,161	\$5,433	\$16,394	
State specific guarantee (of the \$16.4b) (1 st line of clause A72)	2	Fixed Funding	Fixed Funding	\$575	\$1,225	\$1,500	\$2,000	\$2,000	\$2,200	\$9,500	
Remaining funding guarantee post state specific guarantee				(\$1)	\$6	\$483	\$1,012	\$2,161	\$3,233	\$6,894	
Percentage of projected growth funding amounts guaranteed (3 rd line of clause A72)				3	100%	100%	76%	66%	48%	40%	58%
Growth funding percentage	4	Fixed Funding	Fixed Funding	45%	45%	45%	50%	50%	50%		

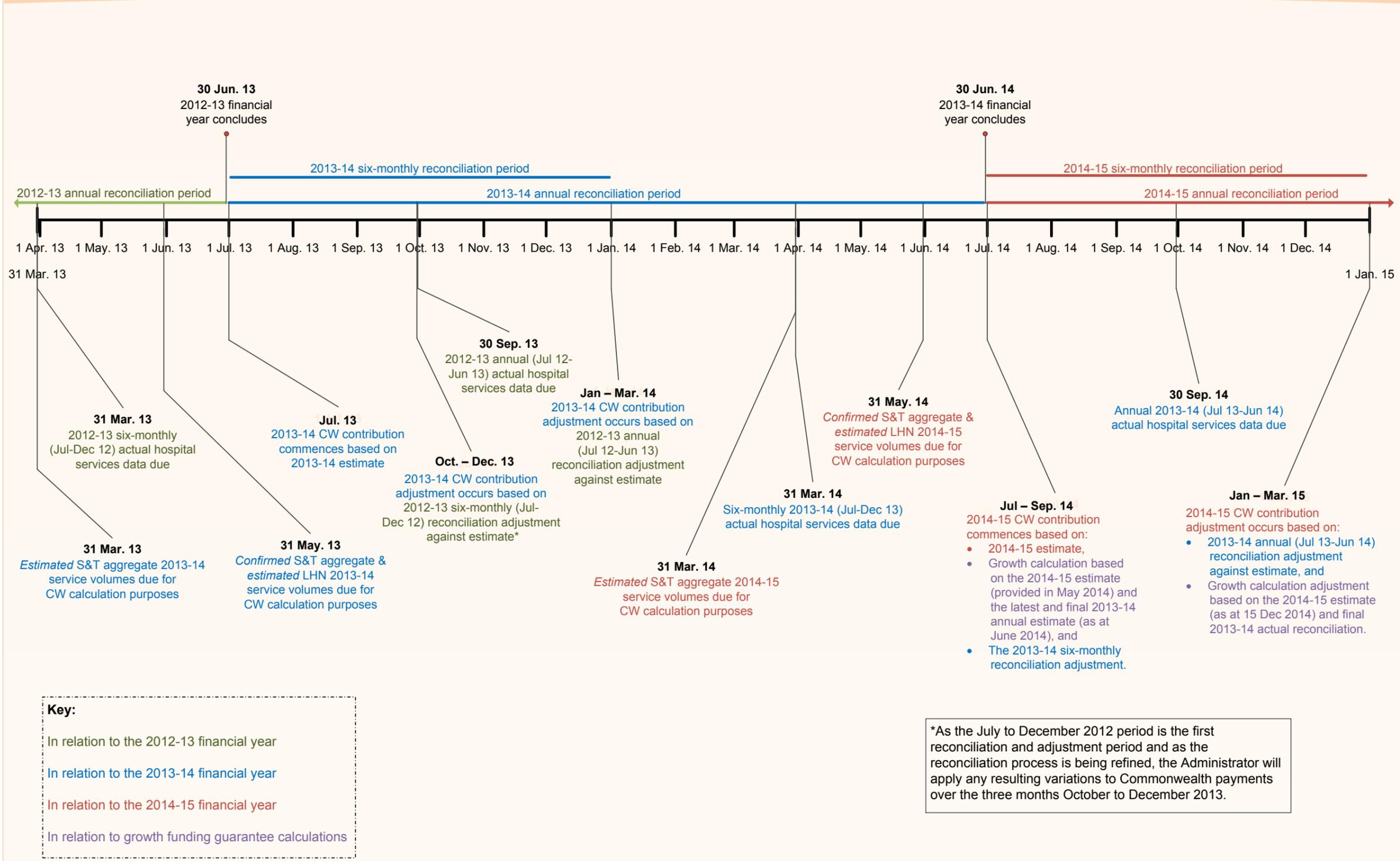
Notes:

1. If calculated state and territory growth funding is less than this amount, the remainder will be provided to states and territories as top-up funding (clause 12).
2. Provided to states and territories on an equal per capita basis (clause A73).
3. Calculated by state specific guarantee divided by national funding guarantee.
4. As per clauses A34 and A38.
5. By July 2017, Heads of Treasuries will review the need for further top-up funding against the national \$16.4 billion guarantee. Where Heads of Treasuries agree that top-up funding is likely to be required in order to meet the \$16.4 billion guarantee, it will recommend instalments to be advanced in addition to any top-up funding paid under the state-specific guarantees (clause A75).

7 Timeline

The following timeline is an illustration of the reconciliation timeline and major milestones over a three year period, 2012-13 to 2014-15.

RECONCILIATION TIMELINE AND MILESTONES* ILLUSTRATION OF THE 2012-13 TO 2014-15 PERIOD



8 Appendix 1

8.1 2012-13 Activity based funded hospitals

Table 4 below outlines the list of the 2012-13 activity based hospitals by state/territory and LHN. At the time of document finalisation Victorian hospitals were still to be confirmed.

Table 4: 2012-13 activity based hospitals by state/territory and LHN

State / Territory	Local Hospital Network	Hospital
ACT	Australian Capital Territory	Calvary Public Hospital ACT
ACT	Australian Capital Territory	The Canberra Hospital
NSW	Central Coast (NSW)	Gosford Hospital
NSW	Central Coast (NSW)	Wyong Public Hospital
NSW	Far West NSW	Broken Hill Base Hospital
NSW	Hunter New England	Armidale Rural Referral Hospital
NSW	Hunter New England	Belmont Hospital
NSW	Hunter New England	Calvary Mater Newcastle
NSW	Hunter New England	John Hunter Hospital Royal Newcastle Centre
NSW	Hunter New England	Manning Rural Referral Hospital (Taree)
NSW	Hunter New England	Tamworth Rural Referral Hospital
NSW	Hunter New England	The Maitland Hospital
NSW	Illawarra Shoalhaven	Shellharbour Hospital
NSW	Illawarra Shoalhaven	Shoalhaven Hospital
NSW	Illawarra Shoalhaven	Wollongong Hospital
NSW	Mid North Coast (NSW)	Coffs Harbour Base Hospital
NSW	Mid North Coast (NSW)	Kempsey District Hospital
NSW	Mid North Coast (NSW)	Port Macquarie Base Hospital
NSW	Murrumbidgee	Griffith Base Hospital
NSW	Murrumbidgee	Wagga Wagga Base Hospital
NSW	Nepean Blue Mountains	Blue Mountains District Anzac Memorial Hospital
NSW	Nepean Blue Mountains	Nepean Hospital
NSW	Northern NSW	Ballina District Hospital
NSW	Northern NSW	Grafton Base Hospital
NSW	Northern NSW	Lismore Base Hospital
NSW	Northern NSW	Murwillumbah District Hospital
NSW	Northern NSW	The Tweed Hospital
NSW	Northern Sydney	Hornsby Ku-Ring-Gai Hospital
NSW	Northern Sydney	Manly Hospital
NSW	Northern Sydney	Mona Vale Hospital
NSW	Northern Sydney	Royal North Shore Hospital
NSW	Northern Sydney	Ryde Hospital
NSW	South Eastern Sydney	Prince Of Wales Hospital
NSW	South Eastern Sydney	Royal Hospital For Women
NSW	South Eastern Sydney	St George Hospital
NSW	South Eastern Sydney	Sydney Hospital And Sydney Eye Hospital
NSW	South Eastern Sydney	The Sutherland Hospital
NSW	South Western Sydney	Bankstown-Lidcombe Hospital
NSW	South Western Sydney	Bowral Hospital
NSW	South Western Sydney	Camden Hospital
NSW	South Western Sydney	Campbelltown Hospital

State / Territory	Local Hospital Network	Hospital
NSW	South Western Sydney	Fairfield Hospital
NSW	South Western Sydney	Liverpool Hospital
NSW	Southern NSW	Batemans Bay Hospital
NSW	Southern NSW	Bega District Hospital
NSW	Southern NSW	Goulburn Base Hospital
NSW	Southern NSW	Moruya District Hospital
NSW	St Vincent's Health Network (NSW)	St Vincent's Hospital (Darlinghurst)
NSW	Sydney	Canterbury Hospital
NSW	Sydney	Concord Repatriation Hospital
NSW	Sydney	Royal Prince Alfred Hospital
NSW	Sydney	Rpah Institute Of Rheumatology & Orthopaedics
NSW	Sydney Children's Hospital Network	Sydney Children's Hospital
NSW	Sydney Children's Hospital Network	The Children's Hospital At Westmead
NSW	Western NSW	Bathurst Base Hospital
NSW	Western NSW	Dubbo Base Hospital
NSW	Western NSW	Orange Health Service
NSW	Western Sydney	Auburn Hospital & Community Health Services
NSW	Western Sydney	Blacktown Hospital
NSW	Western Sydney	Mount Druitt Hospital
NSW	Western Sydney	Westmead Hospital
NT	Central Australia (NT)	Alice Springs Hospital
NT	Top End (NT)	Katherine Hospital
NT	Top End (NT)	Royal Darwin Hospital
QLD	Cairns and Hinterland	Atherton Hospital
QLD	Cairns and Hinterland	Cairns Base Hospital
QLD	Cairns and Hinterland	Innisfail Hospital
QLD	Cairns and Hinterland	Mareeba Hospital
QLD	Central Queensland	Gladstone Hospital
QLD	Central Queensland	Rockhampton Base Hospital
QLD	Children's Health Queensland	Royal Children's Hospital
QLD	Darling Downs	Toowoomba Hospital
QLD	Darling Downs	Warwick Hospital
QLD	Gold Coast	Gold Coast Hospital
QLD	Gold Coast	Robina Hospital
QLD	Mackay	Mackay Base Hospital
QLD	Mater Misericordiae Health Services Brisbane	Mater Adult Hospital
QLD	Mater Misericordiae Health Services Brisbane	Mater Children's Hospital
QLD	Mater Misericordiae Health Services Brisbane	Mater Mothers' Hospital
QLD	Metro North (Qld)	Caboolture Hospital
QLD	Metro North (Qld)	Redcliffe Hospital
QLD	Metro North (Qld)	Royal Brisbane & Women's Hospital
QLD	Metro North (Qld)	The Prince Charles Hospital
QLD	Metro South (Qld)	Logan Hospital
QLD	Metro South (Qld)	Princess Alexandra Hospital
QLD	Metro South (Qld)	Queen Elizabeth II Jubilee Hospital
QLD	Metro South (Qld)	Redland Hospital
QLD	North West (Qld)	Mount Isa Base Hospital
QLD	Sunshine Coast	Caloundra Hospital
QLD	Sunshine Coast	Gympie Hospital
QLD	Sunshine Coast	Nambour General Hospital

State / Territory	Local Hospital Network	Hospital
QLD	Townsville	The Townsville Hospital
QLD	West Moreton	Ipswich Hospital
QLD	Wide Bay	Bundaberg Hospital
QLD	Wide Bay	Hervey Bay Hospital
QLD	Wide Bay	Maryborough Hospital
SA	Central Adelaide	The Queen Elizabeth Hospital
SA	Central Adelaide	The Royal Adelaide Hospital
SA	Country Health SA	Angaston Hospital
SA	Country Health SA	Clare Hospital
SA	Country Health SA	Gawler Health Service
SA	Country Health SA	Millicent And District Hospital And Health Services
SA	Country Health SA	Mount Barker And District Health Services
SA	Country Health SA	Mount Gambier And Districts Health Service
SA	Country Health SA	Murray Bridge Soldiers Memorial Hospital
SA	Country Health SA	Naracoorte Health Service
SA	Country Health SA	Port Augusta Hospital
SA	Country Health SA	Port Lincoln Health Services
SA	Country Health SA	Port Pirie Hospital
SA	Country Health SA	Riverland Regional Health Service - Berri Hospital
SA	Country Health SA	South Coast District Hospital
SA	Country Health SA	Tanunda Hospital
SA	Country Health SA	Walleroo Hospital
SA	Country Health SA	Whyalla Hospital
SA	Northern Adelaide	Lyell McEwin Hospital
SA	Northern Adelaide	Modbury Hospital
SA	Southern Adelaide	Flinders Medical Centre
SA	Southern Adelaide	Noarlunga Health Service
SA	Southern Adelaide	Repatriation Hospital
SA	Women's and Children's Women's Network (SA)	Women's And Children's Hospital
TAS	Tasmanian Health Organisation - North	Launceston General Hospital
TAS	Tasmanian Health Organisation - North West	North West Regional Hospital
TAS	Tasmanian Health Organisation - South	Royal Hobart Hospital
VIC	Albury Wodonga Health	Albury Wodonga Health - Wodonga Campus
VIC	Alfred Health (Vic)	Caulfield Hospital
VIC	Alfred Health (Vic)	Sandringham Hospital
VIC	Alfred Health (Vic)	The Alfred
VIC	Austin Health (Vic)	Austin Health - Austin Hospital
VIC	Austin Health (Vic)	Austin Health - Heidelberg Repatriation Hospital
VIC	Bairnsdale Regional Health Service	Bairnsdale Regional Health Service
VIC	Ballarat Health Services	Ballarat Health Services (Base Hospital)
VIC	Barwon Health	Barwon Health - Geelong Hospital Campus
VIC	Bass Coast Regional Health	Bass Coast Regional Health
VIC	Benalla and District Memorial Hospital	Benalla Health
VIC	Bendigo Health Care Group	Bendigo Health Care Group - Bendigo Hospital
VIC	Castlemaine Health	Castlemaine Health
VIC	Central Gippsland Health Service	Central Gippsland Health Service (Sale)
VIC	Dental Health Services Victoria	Dental Health Services Victoria
VIC	Djerriwarrh Health Service (Vic)	Djerriwarrh Health Service - Bacchus Marsh

State / Territory	Local Hospital Network	Hospital
VIC	East Grampians Health Service	East Grampians Health Service - Ararat
VIC	East Grampians Health Service	East Grampians Health Service - Willaura Campus
VIC	Eastern Health (Vic)	Angliss Hospital
VIC	Eastern Health (Vic)	Box Hill Hospital
VIC	Eastern Health (Vic)	Maroondah Hospital
VIC	Eastern Health (Vic)	Peter James Centre
VIC	Echuca Regional Health	Echuca Regional Health
VIC	Gippsland Southern Health Service	Gippsland Southern Health Service - Korumburra Campus
VIC	Gippsland Southern Health Service	Gippsland Southern Health Service - Leongatha Campus
VIC	Goulburn Valley Health	Goulburn Valley Health (Shepparton Campus)
VIC	Kyabram and District Health Service	Kyabram & District Health Services
VIC	Latrobe Regional Hospital	Latrobe Regional Hospital
VIC	Maryborough District Health Service	Maryborough District Health Service (Dunolly)
VIC	Maryborough District Health Service	Maryborough District Health Service (Maryborough)
VIC	Melbourne Health	Royal Melbourne Hospital - City Campus
VIC	Mercy Public Hospital Inc. (Vic)	Mercy Hospital For Women
VIC	Mercy Public Hospital Inc. (Vic)	Werribee Mercy Hospital
VIC	MTAA Superannuation Fund (Mildura Base Hospital)	Mildura Base Hospital - Mildura Campus
VIC	Northeast Health Wangaratta	Northeast Health Wangaratta
VIC	Northern Health (Vic)	Broadmeadows Health Service
VIC	Northern Health (Vic)	The Northern Hospital
VIC	Peninsula Health (Vic)	Frankston Hospital
VIC	Peninsula Health (Vic)	Rosebud Hospital
VIC	Peter MacCallum Cancer Institute (Vic)	Peter MacCallum Cancer Institute
VIC	Portland District Health	Portland District Health
VIC	Royal Children's Hospital (Melbourne)	The Royal Children's Hospital
VIC	Royal Victorian Eye and Ear Hospital	The Royal Victorian Eye And Ear Hospital
VIC	Royal Women's Hospital (Melbourne)	The Royal Women's Hospital
VIC	South West Healthcare (Vic)	Southwest Health Care - Warrnambool
VIC	Southern Health (Vic)	Casey Hospital
VIC	Southern Health (Vic)	Cranbourne Integrated Care Centre
VIC	Southern Health (Vic)	Dandenong Hospital
VIC	Southern Health (Vic)	Monash Medical Centre - Clayton Campus
VIC	Southern Health (Vic)	Monash Medical Centre - Moorabbin Campus
VIC	St Vincent's Hospital (Melbourne) Limited	St Vincent's Hospital (Melbourne) Ltd
VIC	Stawell Regional Health	Stawell Regional Health
VIC	Swan Hill District Health	Swan Hill District Health
VIC	West Gippsland Healthcare Group	West Gippsland Healthcare Group
VIC	Western District Health Service (Vic)	Western District Health Service - Hamilton
VIC	Western Health (Vic)	Sunshine Hospital
VIC	Western Health (Vic)	Western Hospital
VIC	Western Health (Vic)	Williamstown Hospital
VIC	Wimmera Health Care Group	Wimmera Health Care Group - Horsham
WA	Child Adolescent Health Service (WA)	Princess Margaret Hospital
WA	North Metropolitan Health Service (WA)	Joondalup Health Campus
WA	North Metropolitan Health Service (WA)	King Edward Memorial Hospital
WA	North Metropolitan Health Service (WA)	Osborne Park Hospital

State / Territory	Local Hospital Network	Hospital
WA	North Metropolitan Health Service (WA)	Sir Charles Gairdner Hospital
WA	North Metropolitan Health Service (WA)	Swan Districts Hospital
WA	South Metropolitan Health Service (WA)	Armadale Kelmscott Memorial Hospital
WA	South Metropolitan Health Service (WA)	Bentley Health Service
WA	South Metropolitan Health Service (WA)	Fremantle Hospital And Health Service
WA	South Metropolitan Health Service (WA)	Hedland Health Campus
WA	South Metropolitan Health Service (WA)	Peel Health Campus
WA	South Metropolitan Health Service (WA)	Rockingham General Hospital
WA	South Metropolitan Health Service (WA)	Royal Perth (Rehab) Hospital
WA	South Metropolitan Health Service (WA)	Royal Perth Hospital
WA	WA Country Health Service	Albany Hospital
WA	WA Country Health Service	Broome Hospital
WA	WA Country Health Service	Bunbury Hospital
WA	WA Country Health Service	Busselton Hospital
WA	WA Country Health Service	Fremantle-Kaleeya Hospital
WA	WA Country Health Service	Geraldton Hospital
WA	WA Country Health Service	Kalgoorlie Hospital

8.2 Postcodes that span states/territories

Table 5 below outlines the 15 postcodes that span more than one state/territory. Where the patient's SLA is not available, the state or territory will be determined by the state or territory with the largest proportion of that postcode's population, using the ABS population distribution data, outlined below. See Table 1 on page 10 for the relevant decision principle.

Table 5: Postcodes that span over more than one state/territory, with no valid SLA

Postcode	State/Territory postcode spans	Determined State/Territory	Population proportion of relevant S/T
0872	NT, SA and WA	NT	80%
2406	NSW and QLD	NSW	84%
2540	ACT and NSW	NSW	99%
2611	ACT and NSW	ACT	100%
2618	ACT and NSW	NSW	76%
2620	ACT and NSW	NSW	98%
3644	NSW and VIC	VIC	80%
3691	NSW and VIC	VIC	100%
3707	NSW and VIC	VIC	96%
4375	NSW and QLD	QLD	100%
4377	NSW and QLD	QLD	100%
4380	NSW and QLD	QLD	100%
4383	NSW and QLD	QLD	71%
4385	NSW and QLD	QLD	93%
4825	NT and QLD	QLD	98%

9 Appendix 2

Figures A1 to A3 below outline the process for calculating NWAU for each activity data set. The relevant data sets include:

- Figure A1 - Acute Admitted Patient level,
- Figure A2 - Emergency Department Patient level and Emergency Services Aggregate level, and
- Figure A3 - Non-Admitted Patient level and Non-Admitted Aggregate level.

Figure A1: NWAU calculation process of Acute Admitted Services

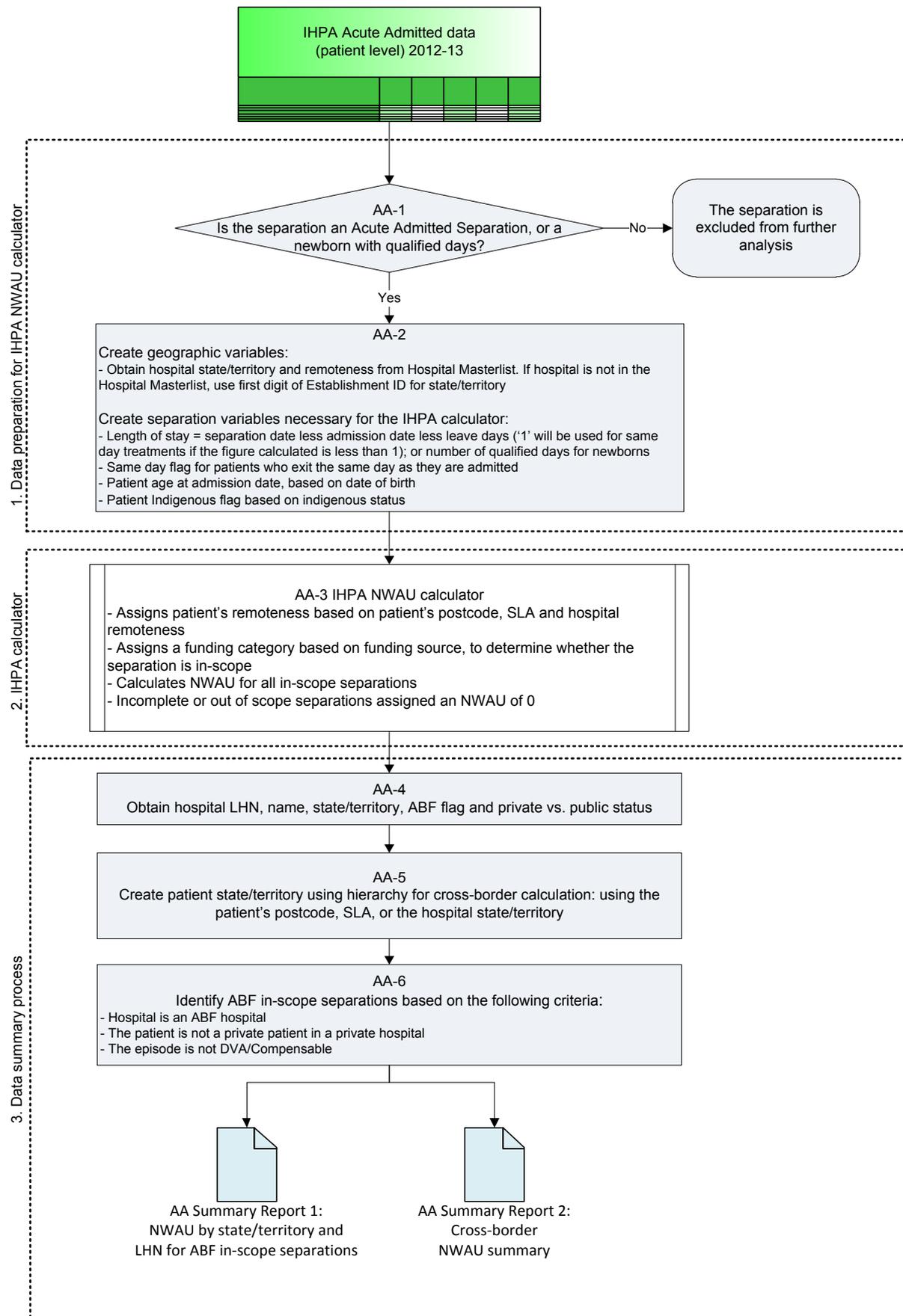


Figure A2: NWAU calculation process of Emergency Department and Emergency Services

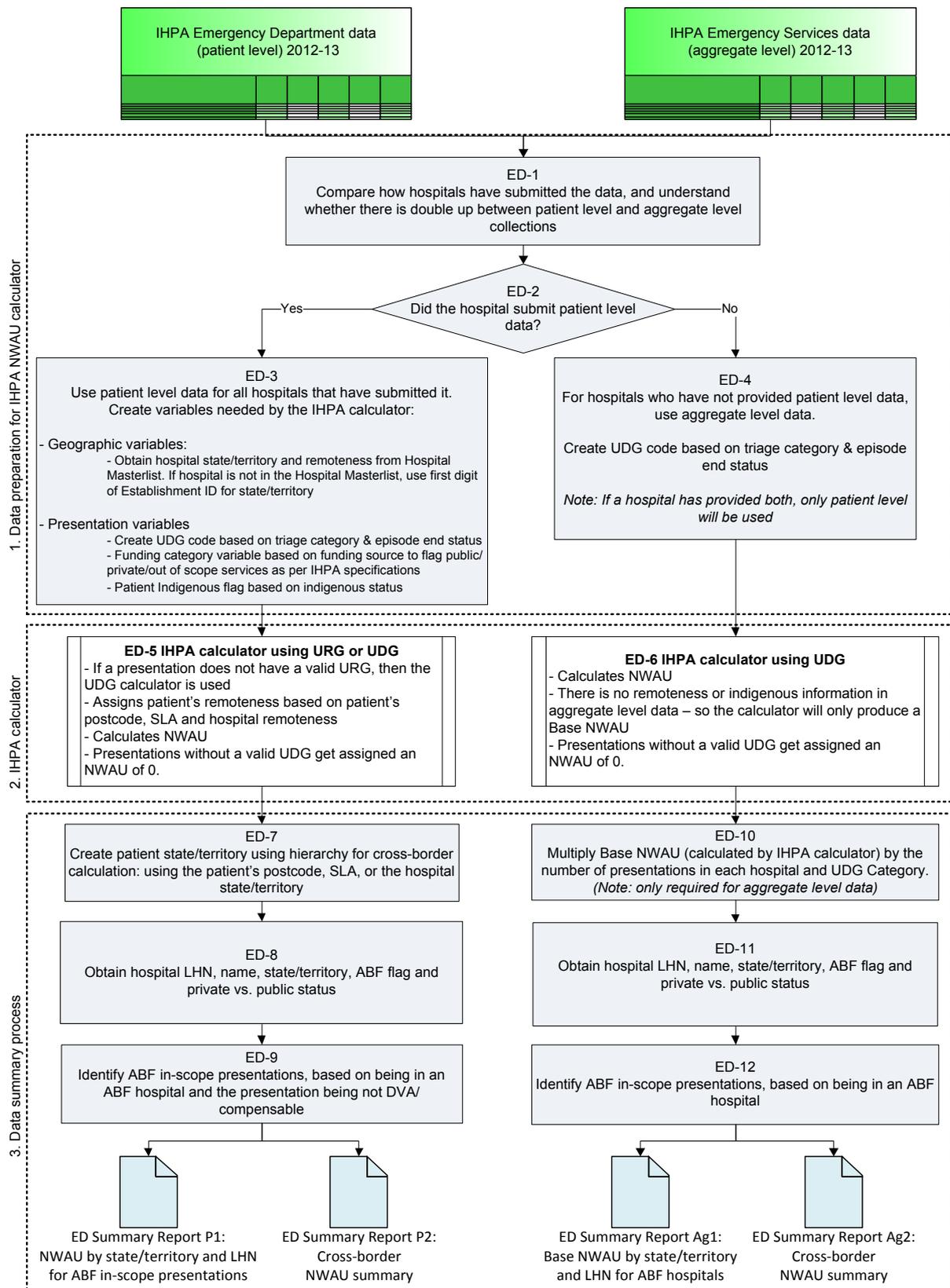


Figure A3: NWAU calculation process of Non-Admitted (NA) Services

