

NHFP Administrator Determination 01: Provision of Monthly Data by States and Territories as the Basis of Monthly Payments

Date of issue: Tuesday, 14 August 2012

1. Purpose

- 1.1 The purpose of this Determination is to describe the data that the Administrator of the National Health Funding Pool (NHFP) is required to collect from states and territories to support monthly reporting on the level of government funding (state, territory and Commonwealth) provided to each local hospital network, and the basis on which those funding levels have been set.
- 1.2 The activity based funding component of the services that local hospital networks have agreed to provide are being collected at this stage as service *estimates*. These *estimates* will form the basis of monthly reporting of service volumes until *actual* service numbers become available. A further Determination will be issued when actual service volume data are required.

2. Background

- 2.1 The monthly reports on funding and service volumes at local hospital network level are intended to deliver the transparency requirements stated in the National Health Reform Agreement (the Agreement).
- 2.2 The Agreement states that there is to be complete transparency and line-of-sight of respective contributions into and out of state pool accounts to local hospital networks, discrete state managed funds, or to state or territory health departments in relation to public health funding and any top-up funding, and the basis on which the contributions are calculated. There is also to be complete transparency and line-of-sight of respective contributions out of state managed funds to local hospital networks.
- 2.3 To meet the reporting requirements of the Agreement (primarily clauses B26(d), B27(d) and B65) the Administrator must report on the basis of state/territory funding and on all factors that impact the level of funding for local hospital networks, including:
 - estimated volumes of services by service category for 2012-2013 (admitted public, admitted private, non-admitted and Emergency Department services) weighted by IHPA adjustments
 - estimated volumes of services that are ineligible for Commonwealth funding
 - patient demographic adjustments (ie. proportion of patients from remote locations and proportion of indigenous patients)
 - prices and loadings (ie. the national efficient price and the level of Commonwealth contribution, and the jurisdictional price paid and its components).

This information will enable comparisons over time within and between local hospital networks, whether these are variations in:

- price
- shifts of weighted services between ABF service categories
- applied adjustments
- amounts of block funding paid for the relevant block components
- changes to state/territory methodology
- any other reason.

2.4 Estimates of dollars and service volumes are provided by all states and territories at the start of each financial year. These annual estimates are shown at local hospital network level for both activity-based and block funding, and public health funding estimates (provided by the Commonwealth only) are shown as blocks of funding.

3. Application

3.1 This Determination applies to all states and territories.

4. Operative Date

4.1 The reporting period under this Determination commences 1 July 2012.

5. Schedule

5.1 Initial data collection to support July 2012 reporting is to be completed and returned by states and territories by COB Friday 24 August 2012.

Monthly reporting for August 2012 onwards will use the following monthly data collection and report generation cycle:

- **5th day of the following month** – Data to be provided by states and territories
- **10th day of the following month** – Monthly report to be provided by the Administrator

Note: Where the 5th or 10th day of the month occurs on a weekend, national public holiday or public holiday in Canberra, data collection or report generation is required by the next business day.

5.2 Reports will source their data from the NHFA Payments System and/or from data provided by states and territories.

5.3 Reports specified in clause B26(d) of the Agreement are to be made available to the public. Much of the data collected in the data templates (to be completed by states and territories) is to be provided to the National Health Funding Body (NHFB) for reconciliation and incorporation into the Administrator's public reporting.

6. Requirements

6.1 To meet the reporting requirements specified in the *National Health Reform Act 2011* (the Act), the Administrator must provide monthly reports of the state pool accounts to the Commonwealth and each state and territory government.

- 6.2 The reporting framework is provided in *Appendix B: Administrator – Data Collection for Monthly Reporting* and *Appendix C: Requirements for the Basis of ABF Contributions* with data collection formats correlating with required reporting formats.
- 6.3 Reporting will cover the broad parameters as outlined in the Agreement (primarily clauses B26(d), B27(d) and B65). The detailed format of these reports will be defined after the required data has been gathered from all states and territories.
- 6.4 To support the foregoing reporting requirements, the following table outlines how monthly reporting (and data collection) will occur across state pool accounts, state managed funds, and state public health accounts.

	Transaction Type	State Pool Accounts	State Managed Fund Accounts	State Public Health Accounts
Inflows	Commonwealth contributions	Yes (\$ and volume by LHN)	Yes (\$ amount)	Yes (\$ amount)
	State contributions	Yes (\$ by LHN)	Yes (\$ amount)	
Outflows	ABF payments	Yes (\$ and volume by LHN)		
	Block payments		Yes (\$ by LHN)	

- 6.5 The reporting will show a mixture of both dollars and service volumes (estimates) as shown in the table. Public health contributions from the Commonwealth will show dollar values only. All estimated service volumes are to be expressed as National Weighted Activity Units (NWAUs) for activity-based payments. Appropriate measures of service volumes for block funding are still to be developed.
- 6.6 States and territories are requested to provide the necessary detail and components that support the basis for payments. This can be provided as an appropriately referenced separate submission containing sufficient detail and explanation for each component. This information will form part of the monthly report and will be released publicly as provided by states and territories.
- 6.7 The reporting elements outlined in the above table are supported by data to be gathered in a separate spreadsheet to be circulated to all states and territories by the National Health Funding Body.
- 6.8 For any queries relating to the form, content and provision of this data, please contact the National Health Funding Body on 1300 305 155 or nhfb.enquiries@nhfb.gov.au.

7. Appendices

Appendix A: Relevant extracts from the National Health Reform Act 2011 and the National Health Reform Agreement

Appendix B: Administrator – Data Collection for Monthly Reporting (attached tables summarising framework of data elements to be collected for monthly reporting).

Appendix C: Requirements for the basis of ABF contributions

Appendix A: Relevant Extracts from the *National Health Reform Act 2011* and the *National Health Reform Agreement*

National Health Reform Act 2011 – Section 238(1) “Functions of the Administrator”

238 Functions of Administrator

- (1) The Administrator is:
 - (a) to calculate and advise the Treasurer of the Commonwealth of the amounts required to be paid by the Commonwealth into each State Pool Account of the National Health Funding Pool under the National Health Reform Agreement (including advice on any reconciliation of those amounts based on subsequent actual service delivery); and
 - (b) to monitor Commonwealth payments into each State Pool Account for the purposes of Division 2; and
 - (d) to report publicly on the payments made into and from each State Pool Account and other matters on which the Administrator is required to report under this Part; and**
 - (e) to exercise or perform any other functions conferred on the Administrator under this Part.

National Health Reform Act 2011 – Section 240 “Monthly reports by the Administrator”

240 Monthly reports by Administrator

- (1) The Administrator must provide monthly reports to the Commonwealth and each State containing the following information for the relevant month:
 - (a) the amounts paid into each State Pool Account and State Managed Fund by the relevant State and the basis on which the payments were made;
 - (b) the amounts paid into each State Pool Account by the Commonwealth and the basis on which the payments were made;
 - (c) the amounts paid from each State Pool Account to local hospital networks, a State Managed Fund or other organisations or funds and the basis on which the payments were made;
 - (d) the amounts paid from each State Managed Fund to local hospital networks or other organisations or funds and the basis on which the payments were made;
 - (e) the number of public hospital services funded for each local hospital network (including as a running financial year total) in accordance with the system of activity based funding;
 - (f) the number of other public hospital services and functions funded from each State Pool Account or State Managed Fund (including a running financial year total).
- (2) A monthly report required to be provided to a jurisdiction under this section is to be provided to the responsible Minister for that jurisdiction or to a body or officer notified to the Administrator by that Minister.
- (3) The Administrator is to make reports provided under this section publicly available.

National Health Reform Agreement – Clause A10

- A10. Unless a State chooses to reach bilateral agreement with the Commonwealth under clauses A18 to A22 on this matter, the scope of public hospital services funded on an activity or block grant basis that are eligible for a Commonwealth funding contribution will include:
- a. all admitted services, including hospital in the home programs;
 - b. all emergency department services provided by a recognised emergency department service; and
 - c. other outpatient, mental health, subacute services and other services that could reasonably be considered a public hospital service in accordance with clauses A11 to A17.

National Health Reform Agreement – Clause A32(c)

- A32. For 2012-13, the Commonwealth will provide funding equivalent to the amount that would otherwise have been payable through the National Healthcare SPP. This amount will be divided into the following funding streams:
- a. an amount for public health activities calculated as the sum of amounts identified under the NHA relating to national public health, youth health services and essential vaccines (service delivery) in 2008-09 (\$244.0 million), indexed by the former National Healthcare SPP growth factor;
 - b. a proportion of the total amount for hospital services to patients in public hospitals better funded through block grants and in respect of teaching, training and research functions funded by States undertaken in public hospitals, with the distribution of funds between these block funded elements based on State advice;
 - i. the proportion will be agreed between the Commonwealth Health Minister and each State Health Minister by 31 December 2011, to ensure that where it is possible to do so Commonwealth funding is provided on an ABF basis, taking into account the overall policy objective of funding on an activity basis wherever practicable;
 - c. **the residual amount will be divided between the following interim ABF service categories based on State advice:**
 - i. **acute admitted public patients;**
 - ii. **eligible private patients;**
 - iii. **emergency department services; and**
 - iv. **eligible non-admitted patient services.**
 1. The amounts referred to in clause A32(c) will be divided by the total volume of weighted services for the relevant ABF service category specified in the Service Agreements within each State multiplied by the national efficient price to derive the provisional Commonwealth percentage funding contribution rate for each ABF service category in 2012-13. The final Commonwealth percentage funding contribution rate will be recalculated once actual service volumes are known.

National Health Reform Agreement – Clause A36

- A36. The Administrator will provide the Commonwealth and States with a formal forecast of the Commonwealth's funding contribution for each ABF service category before the start of each financial year. The formal forecast will be provided within 14 calendar days of receipt of both:
- a. service volume information for all Local Hospital Networks within a State, as provided in Service Agreements; and
 - b. the forecast national efficient price from the IHPA.

National Health Reform Agreement – Clause A63

- A63. State funding paid on an activity basis to Local Hospital Networks will be based for each service category on:
- a. the price set by that State (which will be reported in Service Agreements); and
 - b. the volume of weighted services as set out in Service Agreements.

National Health Reform Agreement – Clause A66

- A66. To improve transparency and national comparability, states will provide to the Administrator and the IHPA:
- a. the price per weighted service they determine;
 - b. the volume of weighted services as set out by the national ABF classification scheme;
 - c. any variations to service loadings from the national ABF classification schemes.

National Health Reform Agreement – Clauses B26 and B27

- B26. Commonwealth legislation will provide for the Administrator to perform the following functions:
- a. calculating and advising the Commonwealth Treasurer of the Commonwealth contribution to the National Health Funding Pool under this Agreement;
 - b. overseeing payment of Commonwealth funding determined under this Agreement into State accounts established at the Reserve Bank of Australia under State legislation;
 - c. reconciling estimated and actual volume of service delivery, informed by the results of data checking activities conducted by other bodies on behalf of the Administrator, and incorporating the result of this reconciliation into the calculation of the Commonwealth contribution to the National Health Funding Pool;
 - d. **public reporting on:**
 - i. **funding received into the National Health Funding Pool from the Commonwealth;**
 - ii. **payments made from the National Health Funding Pool to Local Hospital Networks and state managed funds, and the basis on which these payments are made;**

- iii. **payments made, and the basis on which these payments are made, from the state managed funds to Local Hospital Networks and other providers, based on information provided by states and territories;**
- iv. **payments made by the Commonwealth through the National Health Funding Pool to states and territories for the provision of public health services;**
- v. **top-up payments made by the Commonwealth through the National Health Funding Pool to states and territories;**
- vi. **the volume of public hospital services provided by Local Hospital Networks; and**
- vii. **the delivery of other public hospital functions funded by the National Health Funding Pool.**

B27. States will pass legislation that will provide for the Administrator to perform the following functions:

- a. maintaining accounts (established by each State) with the Reserve Bank of Australia in the name of each State, collectively known as the National Health Funding Pool;
- b. overseeing payments into Pool accounts of State funding provided under this Agreement;
- c. paying State funding from Pool accounts to Local Hospital Networks and other recipients in accordance with the direction of the relevant State Health Minister; and
- d. **publicly reporting on:**
 - i. **funding received into the National Health Funding Pool from the States;**
 - ii. **payments made from the National Health Funding Pool to Local Hospital Networks and State managed funds, and the basis on which these payments are made;**
 - iii. **payments made from the State managed funds to Local Hospital Networks and other providers, and the basis on which these payments are made;**
 - iv. **the volume of public hospital services provided by Local Hospital Networks; and**
 - viii. **the delivery of other public hospital functions funded by the National Health Funding Pool and State managed funds.**

National Health Reform Agreement – “Reporting by the Administrator” - Clauses B65 to B68

- B65. The Administrator will provide a monthly report to the Commonwealth and States detailing the following at the Local Hospital Network level:
- a. the basis for the amount of Commonwealth funding flowing into Pool accounts;
 - b. the basis for the amount of State funding flowing into Pool accounts and State managed funds;
 - c. the number of public hospital services funded and provided as a running yearly total, in accordance with the national system of ABF; and
 - d. the delivery of other public hospital functions funded by the National Health Funding Pool and State managed funds as a running yearly total.
- B66. The same transparency arrangements that apply to the National Health Funding Pool will also apply to the State managed funds. States will provide data to the Administrator in accordance with the timeframe and format specified in the Administrator’s data plan on the:
- a. flow of Commonwealth and State funds into and out of State managed funds; and
 - b. provision of public hospital services by Local Hospital Networks.
- B67. All reports produced by the Administrator will be publicly available.
- B68. Reporting undertaken by the Administrator will be structured to avoid duplication and overlap with the reporting undertaken by other bodies detailed in this Agreement.

National Health Reform Agreement – Clause D8

- D8. The Local Hospital Network Service Agreement will include at a minimum:
- a. the number and broad mix of services to be provided by the Local Hospital Network, so as to inform the community of the expected outputs from the Local Hospital Network and allow the Administrator to calculate the Commonwealth’s funding contribution (clause B26a refers);
 - b. the quality and service standards that apply to services delivered by the Local Hospital Network, including the Performance and Accountability Framework;
 - c. the level of funding to be provided to the Local Hospital Networks under the Service Agreement, through ABF, reported on the basis of the national efficient price, and block funding; and
 - d. the teaching, training and research functions to be undertaken at the Local Hospital Network level.

Appendix B: Administrator – Data Collection for Monthly Reporting

The following data will be collected from the NHFA Payments System and all states and territories for the purposes of monthly reporting, as required under the Agreement (relevant clauses: A10, A32(c), A66, B26(d), B27(d), B65, D8).

Note: Please refer to *Appendix C* for further details on requirements for the basis of ABF contributions.

Fund Inflows from Commonwealth

Data Type	Service Category	State	LHN	\$	Service Volume ⁽¹⁾⁽²⁾	Basis Description ⁽³⁾	Comments
Commonwealth ABF contributions	ABF funding by LHN and by service category					Describe the basis of each funding inflow by service category	States to provide breakdown by service category
	<ul style="list-style-type: none"> Admitted services – public patients 	State	LHN	\$\$\$\$	NWAU		
	<ul style="list-style-type: none"> Admitted services – private patients 	State	LHN	\$\$\$\$	NWAU		
	<ul style="list-style-type: none"> Emergency department services 	State	LHN	\$\$\$\$	NWAU		
	<ul style="list-style-type: none"> Non admitted 	State	LHN	\$\$\$\$	NWAU		
Commonwealth block contributions	Block funding by service category					Describe the basis of each funding inflow by service category	States to provide breakdown by service category
	<ul style="list-style-type: none"> Teaching training and research 	State		\$\$\$\$			
	<ul style="list-style-type: none"> Subacute 	State		\$\$\$\$			
	<ul style="list-style-type: none"> Small rural and metropolitan hospitals 	State		\$\$\$\$			
	<ul style="list-style-type: none"> Mental health 	State		\$\$\$\$			
	<ul style="list-style-type: none"> Other 	State		\$\$\$\$			
Commonwealth public health contributions	Public health funding	State		\$\$\$\$		Describe the basis of the funding inflow	

Notes: (1) Estimated service volumes to be provided by states and territories by LHN and by service category.

(2) Relevant service volume measures for block funding are yet to be developed.

(3) Can be supplemented by separate documentation if required.

Fund Inflows from States

Data Type	Service Category	State	LHN	\$ ⁽¹⁾	Comments ⁽¹⁾⁽²⁾
State ABF contributions	ABF funding by LHN and by service category				
	• Admitted services – public patients	State	LHN	\$\$\$\$	
	• Admitted services – private patients	State	LHN	\$\$\$\$	
	• Emergency department services	State	LHN	\$\$\$\$	
	• Non admitted	State	LHN	\$\$\$\$	
State block contributions	Block funding by service category				
	• Teaching training and research	State		\$\$\$\$	
	• Subacute	State		\$\$\$\$	
	• Small rural and metropolitan hospitals	State		\$\$\$\$	
	• Mental health	State		\$\$\$\$	
	• Other	State		\$\$\$\$	

Notes: (1) Estimated service volumes not required for state contributions.

(2) Can be supplemented by separate documentation if required.

Fund Outflows from each State Pool Account

Data Type	Service Category	State	LHN	\$ ⁽⁴⁾	Service Volume ⁽¹⁾⁽²⁾⁽³⁾	Basis Description ⁽⁵⁾	Comments
ABF payments	ABF funding by LHN and by service category					Describe the basis of each funding outflow by service category	States to provide breakdown by service category
	<ul style="list-style-type: none"> Admitted services – public patients 	State	LHN	\$\$\$\$	NWAU		
	<ul style="list-style-type: none"> Admitted services – private patients 	State	LHN	\$\$\$\$	NWAU		
	<ul style="list-style-type: none"> Emergency department services 	State	LHN	\$\$\$\$	NWAU		
	<ul style="list-style-type: none"> Non admitted 	State	LHN	\$\$\$\$	NWAU		
Block payments	Commonwealth block funding by service category					Describe the basis of each funding outflow by service category	States to provide breakdown by service category
	<ul style="list-style-type: none"> Teaching training and research 	State		\$\$\$\$			
	<ul style="list-style-type: none"> Subacute 	State		\$\$\$\$			
	<ul style="list-style-type: none"> Small rural and metropolitan hospitals 	State		\$\$\$\$			
	<ul style="list-style-type: none"> Mental health 	State		\$\$\$\$			
	<ul style="list-style-type: none"> Other 	State		\$\$\$\$			
Public health payments	Public health funding	State		\$\$\$\$		Describe the basis of the funding outflow	

Note: (1) Estimated service volumes to be provided by states and territories.

(2) Both NWAUs expected to be delivered and NWAUs funded for the given month need to be provided.

(3) Relevant service volume measures for block funding are yet to be developed.

(4) GST component to be provided where applicable.

(5) Can be supplemented by separate documentation if required.

Fund Outflows from each State Managed Fund

Data Type	Service Category	State	LHN	\$ ⁽²⁾	Service Volume ⁽¹⁾	Basis description ⁽³⁾	Comments
Block payments	Block payments by LHN and service category					Describe the basis of each funding outflow by service category	States to provide breakdown by service category
	<ul style="list-style-type: none"> Teaching training and research 	State	LHN	\$\$\$\$			
	<ul style="list-style-type: none"> Subacute 	State	LHN	\$\$\$\$			
	<ul style="list-style-type: none"> Small rural and metropolitan hospitals 	State	LHN	\$\$\$\$			
	<ul style="list-style-type: none"> Mental health 	State	LHN	\$\$\$\$			
	<ul style="list-style-type: none"> Other 	State	LHN	\$\$\$\$			

Note: (1) Relevant service volume measures for block funding are still being determined.

(2) GST component to be provided where applicable.

(3) Can be supplemented by separate documentation if required.

Appendix C: Requirements for the basis of ABF contributions

The following data are required to document the basis of the calculation of Commonwealth and state and territory annual ABF funding contributions.

The data elements are to be collected by local hospital network (LHN), and by service category within each LHN. To ensure consistency with the IHPA pricing framework, each state and territory needs to provide the following data elements:

- Expected NWAU for each financial year adjusted for the IHPA weighting rules. The IHPA weighting rules adjust for paediatric services adjustments and private patient services and accommodation adjustments, where applicable.
- The percentage of the expected NWAU subject to the indigenous, and regional & remote adjustments, as set by the IHPA.
- The total expected NWAU modified for IHPA adjustments.
- Any price adjustments as set by a state or territory, together with the percentage of the expected NWAU that will be subject to the adjustment.
- The total expected NWAU modified for state adjustments.
- The state price as set by each state and territory.
- A description of the basis on which each state price was derived.
- The state ABF funding contribution amount.
- The GST component of the state ABF funding contribution amount.
- A narrative description of the basis on which each state ABF funding contribution amount was derived.