

National Health Reform public hospital funding – Tasmanian data, July 2012

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 shows monthly and year-to-date (YTD) National Health Reform (NHR) funding and payments for Tasmania for July 2012 as part of the *National Health Reform Agreement*.

Participation and provision of data - Tasmania, July 2012

In signing the National Health Reform Agreement (NHRA), it was the intention of all states and territories that they would have the necessary legislation in place to enable them to participate fully in the National Health Funding Pool from 1 July 2012. Under the legislation envisaged by the NHRA, states and territories using the Pool are required to provide data on NHR funding, payments and services to be published by the Administrator of the National Health Funding Pool.

In July 2012, Tasmania used the National Health Funding Pool to process NHR funding and payments, and provided the data required for the Administrator's July 2012 monthly reports.

Local hospital networks and National Health Reform

Under the *National Health Reform Agreement*, local hospital networks 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: Local hospital networks 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 *National Health Reform 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 local hospital network, contact the Department of Health in the relevant state or territory to view the service agreement for that local hospital network.

Report tables

This report includes the following tables:

Table 1 – Transactions on the Tasmanian state pool account, July 2012

Table 2 – Transactions on the Tasmanian state managed fund, July 2012

Table 3 – Tasmanian NHR funding and payments by service category, July 2012

Table 4 – Tasmanian NHR payment distribution by LHN, July 2012

Table 5 – Tasmanian estimated monthly, YTD and annual NWAU by LHN, July 2012

Basis for National Health Reform payments – Tasmania, July 2012

For the basis of the Commonwealth contribution to NHR funding, see [Basis of Commonwealth funding 2012-13](#).

The basis used to determine NHR payments to local hospital networks (LHNs) in Tasmania for July 2012 was advised by Tasmania to be as follows:

In determining the annual allocation for the Tasmanian Health Organisations (THOs), budgets have been developed using state based historical funding amounts for both activity based funding (ABF) and block service streams, supplemented by indexation at a flat rate of 2.5% which approximates the level of indexation which would have been provided to the organisations in previous years based on:

- Indexation on new wage agreements at 2.0% per annum
- Indexation of general operating expenses at 2.5% per annum, and
- Indexation on medical, surgical and pharmaceutical supplies at 4.0% per annum.

On a monthly basis, state activity based funding and block payments are currently based on 1/12 of the total funding provided to each organisation. There has been some variability in the state activity based funding payments for the last three months as a result of an overpayment being made in July, which was adjusted in August. State payment amounts will be further adjusted in October to reflect increases in the total funding provided to each organisation under revised service agreements and the timing of expenditure in accordance with budget cash flows, for example, three pays in October/May and payment of an annual insurance premium in November.

Block funding – Mental health payment discrepancy

Tasmania have identified that the payment relating to block funding – Mental health, transacted via the state managed fund, was provided to a service provider who is not one of the identified Tasmanian local hospital networks, ie. Tasmanian Health Organisation – North West, North or South. Therefore payments relating to block funding – Mental health for July 2012 will not align in Report 1 and 2 (national and state level) and Report 3 (local hospital network level).

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 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 state managed fund by the state or territory.

Table 1 – Transactions on the Tasmanian state pool account, July 2012

Table 1a – State pool account transactions, July 2012

This table shows funding paid into the Tasmanian state pool account by the Commonwealth and Tasmania and payments out of the state pool account for July 2012.

NHR Funding by Source	Paid into state pool account (\$)	Paid out of state pool account			
		To LHNs (\$)	To state managed fund (\$)	To State health department (\$)	Total paid out (\$)
Commonwealth (ABF)	19,866,288	19,866,288			19,866,288
Commonwealth (Block)	4,420,128		4,420,128		4,420,128
Commonwealth (Other)	577,835			577,835	577,835
Total Commonwealth	24,864,251	19,866,288	4,420,128	577,835	24,864,251
Total state funding (ABF)	24,966,105	24,966,105			24,966,105
Grand Total	49,830,357	44,832,394	4,420,128	577,835	49,830,357

See explanatory notes following table 1b.

Table 1b – State pool account transactions YTD, July 2012

Following on from table 1a, this table shows the year-to-date (YTD) funding paid into the Tasmanian state pool account by the Commonwealth and Tasmania and payments out of the state pool account as at July 2012.

NHR Funding by Source	Paid into state pool account YTD (\$)	Paid out of state pool account YTD			
		To LHNs (\$)	To state managed fund (\$)	To State health department (\$)	Total paid out (\$)
Commonwealth (ABF)	19,866,288	19,866,288			19,866,288
Commonwealth (Block)	4,420,128		4,420,128		4,420,128
Commonwealth (Other)	577,835			577,835	577,835
Total Commonwealth	24,864,251	19,866,288	4,420,128	577,835	24,864,251
Total state funding (ABF)	24,966,105	24,966,105			24,966,105
Grand Total	49,830,357	44,832,394	4,420,128	577,835	49,830,357

ABF funding represents Acute admitted public, Acute admitted private, Non-admitted, and Emergency department service categories, which are funded through the state pool account and subsequently paid to local hospital networks.

Block funding represents Mental health, Small rural and metropolitan hospitals, Sub-acute, Teaching, training and research, and Other categories, which are paid to state managed funds (SMFs).

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

State funding (ABF) represents activity based funding contributions paid in by Tasmania into its own state pool account, and subsequently paid to local hospital networks.

Note: The grey shaded areas in the table above reflect that these amounts are not applicable for a particular 'paid out' column. For example, Commonwealth block funding is only paid to state managed funds and is not applicable for local hospital networks or state health departments. NHR funding and payments shown in these tables includes GST where applicable.

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

Table 2 – Transactions on the Tasmanian state managed fund, July 2012

Table 2a – State managed fund transactions, July 2012

This table shows funding paid into the Tasmanian state managed fund by the Commonwealth and Tasmania and payments out of the state managed fund for July 2012.

NHR Funding by Source	Paid into state managed fund (\$)	Paid out of state managed fund		
		To LHNs (\$)	To Other (\$)	Total paid out (\$)
Commonwealth (Block)	4,420,128			4,420,128
State/Territory (Block)	21,325,881			21,325,881
Total	25,746,008	24,563,204	1,182,805	25,746,008

See explanatory notes below table 2b.

Table 2b – State managed fund transactions YTD, July 2012

Following on from table 2a, this table shows the year-to-date (YTD) funding paid into the Tasmanian state managed fund by the Commonwealth and Tasmania and payments out of the state managed fund as at July 2012.

NHR Funding by Source	Paid into state managed fund YTD (\$)	Paid out of state managed fund YTD		
		To LHNs (\$)	To Other (\$)	Total paid out (\$)
Commonwealth (Block)	4,420,128			4,420,128
State/Territory (Block)	21,325,881			21,325,881
Total	25,746,008	24,563,204	1,182,805	25,746,008

Block funding represents Mental health, Small rural and metropolitan hospitals, Sub-acute, Teaching, training and research, and Other categories.

Commonwealth (Block) represents Commonwealth block funding contributions paid into the state managed fund from the state pool account, and payments out.

State/Territory (Block) represents Tasmanian block funding contributions into the state managed fund and payments out.

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

NHR funding and payments shown in these tables include GST where applicable. For more information on NHR funding and payments, see [National Health Reform funding and payments](#).

Table 3 – Tasmanian NHR funding and payments by service category, July 2012

This table shows the NHR funding and payments by service category on both a monthly and year-to-date (YTD) basis for Tasmania for July 2012.

Service category	NHR funding (\$)	NHR payments (\$)	YTD NHR funding (\$)	YTD NHR payments (\$)
ABF				
Acute admitted - public	33,499,259	33,499,259	33,499,259	33,499,259
Acute admitted - private	3,237,847	3,237,847	3,237,847	3,237,847
Non-admitted	3,253,446	3,253,446	3,253,446	3,253,446
Emergency department	4,841,842	4,841,842	4,841,842	4,841,842
Total ABF (Pool)	44,832,394	44,832,394	44,832,394	44,832,394
Block				
Mental health	1,117,175	1,182,805	1,117,175	1,182,805
Small rural & metro hospitals	8,861,256	8,795,627	8,861,256	8,795,627
Sub-acute	3,260,641	3,260,641	3,260,641	3,260,641
Teaching, training & research	782,834	782,834	782,834	782,834
Other	11,724,102	11,724,102	11,724,102	11,724,102
Total Block (SMF)	25,746,008	25,746,008	25,746,008	25,746,008
Other				
Public health funding	577,835	577,835	577,835	577,835
Overdeposit	0	0	0	0
Cross border	0	0	0	0
Interest	0	0	0	0
Total Other (Pool)	577,835	577,835	577,835	577,835
Grand Total	71,156,237	71,156,237	71,156,237	71,156,237

Total ABF (Pool) is an aggregate of both Commonwealth and State contributions for activity based funding.

Total Block (SMF) is an aggregate of both Commonwealth and State contributions for block funding.

Total Other (Pool) represents other payments made through the state pool account.

State and territory cross border payments can either be:

- Paid to the relevant state or territory's local hospital networks - 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 local hospital networks are already being funded for the cost of treating cross-border patients - shown in the Cross border payment row under Other in the above table.

Cross-border funding arrangements between states and territories are yet to be put in place.

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

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

Table 4 – Tasmanian NHR payment distribution by LHN, July 2012

This table shows NHR payments (from state, territory and Commonwealth sources) made to each local hospital network (LHN) in Tasmania during July 2012.

NHR payments are separated into an activity based funding (ABF) component and a block component.

Local hospital network (LHN)	ABF component (ex GST) (\$)	Block component (ex GST) (\$)	Total NHR payment (ex GST) (\$)
Tasmanian Health Organisation - North	15,555,615	7,765,719	23,321,334
Tasmanian Health Organisation - North West	5,908,652	4,775,879	10,684,531
Tasmanian Health Organisation - South	23,368,127	12,021,606	35,389,733
Total	44,832,394	24,563,204	69,395,597

A local hospital network (LHN) is an organisation that provides public hospital services in accordance with the *National Health Reform Agreement*. A local hospital network 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 a local hospital network.

NHR payments in this table are GST exclusive to enable comparability of NHR payments to each local hospital network within the jurisdiction and allow for reconciliation against the Table 1a for each local hospital network report.

Note: The majority of government funding to local hospital networks 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 on NHR funding and payments, see [National Health Reform funding and payments](#).

Table 5 – Tasmanian estimated monthly, YTD and annual NWAU by LHN, July 2012

This table shows estimated state and territory hospital activity for activity based funding services expressed as National Weighted Activity Units (NWAU) for July 2012, the associated cumulative year-to-date (YTD) and total annual estimated NWAU for each local hospital network in Tasmania.

NHR funding amounts and service volumes are provided by states and territories as service *estimates* at the start of each financial year, and may continue to be refined during the course of the year. These *estimates* form the basis of monthly reporting of service volumes until *actual* service numbers become available.

The estimated annual NWAU for each local hospital network (LHN) was provided to the Administrator as a basis for determining the Commonwealth NHR activity based funding. Current month NWAU estimates accumulate through the year-to-date NWAU to equal the annual NWAU at the end of the financial year.

Local hospital network (LHN)	Estimated NWAU delivered in current month	Estimated NWAU delivered YTD	Estimated annual NWAU 2012-13
Tasmanian Health Organisation - North	3,185	3,185	37,209
Tasmanian Health Organisation - North West	1,274	1,274	14,002
Tasmanian Health Organisation - South	4,864	4,864	57,757
Total	9,323	9,323	108,968

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.

NHR payments relate to the cash needs of public hospitals and may not be linked to the volume of services delivered in any given month.

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

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