

# **National Health Reform Public hospital funding**

## **Victorian report October 2012**

Issued by the Administrator of the National Health Funding Pool  
under section 240 of the *National Health Reform Act 2011*

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# National Health Reform public hospital funding – Victorian report, October 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 Victoria for October 2012 as part of the *National Health Reform Agreement*.

As part of the transition to National Health Reform Funding arrangements, the reported funding includes 'notional payments' paid into and out of the Victorian state pool account and state managed fund prior to the Victorian enabling legislation being proclaimed for operation. Reporting in this way enables national comparability for month and year-to-date reporting periods.

## Participation and provision of data – Victoria, October 2012

In signing the *National Health Reform Agreement* (the Agreement), 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 Agreement, 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.

The relevant Victorian health reform legislation was proclaimed for operation from 1 October 2012. Prior to this date, Victoria received equivalent funding directly from the Commonwealth Treasury, and made payments directly from departmental bank accounts to local hospital networks (LHNs). In October 2012, Victoria used the National Health Funding Pool to process NHR funding and payments, and provided the data required for the Administrator's October 2012 monthly reports.

## Local hospital networks and National Health Reform

Under the 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 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 Victorian Department of Health to view the service agreement for that local hospital network.

**Note:** Amounts shown in the monthly reports do not include the New South Wales contributions to Victoria for Albury Wodonga Health.

## Basis for National Health Reform payments – Victoria, October 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 Victoria for October 2012 was advised by Victoria to be as follows:

Payments in Victoria are based upon 'Statement of priorities' agreements between Victorian public health services (local hospital networks or LHNs) and the Minister for Health (or Secretary). These annual agreements detail the service profile, strategic priorities and deliverables the local hospital network will achieve in the year ahead; list the key financial, access and service performance priorities and agreed targets; and list funding estimates and associated service activity. Once agreed, Statements of priorities are published at [www.health.vic.gov.au/hospitals/sops.htm](http://www.health.vic.gov.au/hospitals/sops.htm).

Funding details are aggregated into ABF funded services (including NWAU equivalent service volume), Block funded services and Other funding for the purpose of determining payments to and from the state pool account and the state managed fund.

Payments are made twice monthly on the basis of one-twelfth of the agreed funding budget, adjusted for cash flow requirements of individual Victorian public health services.

### 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.
- *Notional NHR payments* - funds paid into and out of departmental bank accounts to local hospital networks that would have been transacted through the state pool account and/or state managed fund had the NHR funding arrangements been in place between 1 July and 1 October 2012. Notional payments are included in 2012-13 reporting to enable national comparability for month and year-to-date reporting periods.

## Report tables

This report includes the following tables:

Table 1 – Transactions on the Victorian state pool account, October 2012

Table 2 – Transactions on the Victorian state managed fund, October 2012

Table 3 – Victorian NHR funding and payments by service category, October 2012

Table 4 – Victorian NHR payment distribution by LHN, October 2012

Table 5 – Victorian estimated monthly, YTD and annual NWAU by LHN, October 2012

## Table 1 – Transactions on the Victorian state pool account, October 2012

### Table 1a – State pool account transactions, October 2012

This table shows funding paid into the Victorian state pool account by the Commonwealth and Victoria, and payments out of the state pool account to local hospital networks, the state managed fund, and the state health department for October 2012.

NHR funding by source	Paid into state pool account (\$)	Paid out of state pool account			Total paid out (\$)
		To local hospital networks (\$)	To state managed fund (\$)	To state health department (\$)	
Commonwealth ABF funding	196,172,870	196,172,870			196,172,870
Commonwealth Block funding	75,803,415		75,803,415		75,803,415
Commonwealth Other funding	6,434,376			6,434,376	6,434,376
<b>Total Commonwealth funding</b>	<b>278,410,661</b>	<b>196,172,870</b>	<b>75,803,415</b>	<b>6,434,376</b>	<b>278,410,661</b>
<b>State/territory funding</b>	<b>20,807,746</b>	<b>302,335,645</b>		<b>79,976</b>	<b>302,415,622</b>
<b>Grand Total</b>	<b>299,218,407</b>	<b>498,508,515</b>	<b>75,803,415</b>	<b>6,514,352</b>	<b>580,826,283</b>

See definitions and explanatory notes following table 1b.

**Table 1b – State pool account transactions YTD, October 2012**

Following on from table 1a, this table shows the year-to-date (YTD) funding paid into the Victorian state pool account by the Commonwealth and Victoria, and payments out of the state pool account to local hospital networks, the state managed fund, and the state health department as at October 2012. The table includes 'notional payments' paid into and out of the Victorian state pool account prior to the Victorian legislation being proclaimed for operation from 1 October 2012.

NHR funding by source	Paid into state pool account YTD (\$)	Paid out of state pool account YTD			
		To local hospital networks (\$)	To state managed fund (\$)	To state health department (\$)	Total paid out YTD (\$)
Commonwealth ABF funding	784,691,480	*	*	*	*
Commonwealth Block funding	303,213,660	*	*	*	*
Commonwealth Other funding	25,737,502	*	*	*	*
<b>Total Commonwealth funding</b>	<b>1,113,642,643</b>	<b>784,691,480</b>	<b>303,213,660</b>	<b>25,737,502</b>	<b>1,113,642,643</b>
<b>State/territory funding</b>	<b>1,271,989,074</b>	<b>1,267,327,656</b>		<b>79,976</b>	<b>1,267,407,632</b>
<b>Grand Total</b>	<b>2,385,631,717</b>	<b>2,052,019,136</b>	<b>303,213,660</b>	<b>25,817,479</b>	<b>2,381,050,276</b>

\* Information for July, August and September 2012 not provided by Victoria.

Of the total year-to-date amount of \$2,385,631,717 shown in Table 1b as paid into the Victorian state pool account, \$1,800,223,993 was notional year-to-date payments.

Of the total year-to-date amount of \$2,381,050,276 shown in Table 1b as paid out of the Victorian state pool account, \$1,800,223,993 was notional year-to-date payments.

No payments were made from the Victorian state pool account in July, August and September 2012, with payments made directly from departmental bank accounts to local hospital networks.

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

**Commonwealth Block funding** represents Mental health, Small rural and metropolitan hospitals, Sub-acute, Teaching, training and research, and Other categories, which are funded by the Commonwealth and paid to the state managed fund.

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

**State/territory funding** represents funding contributions paid in by Victoria into its own state pool account, and subsequently paid to local hospital networks within Victoria and/or to the Victorian Department of Health.

**Note:** The grey shaded areas in these tables reflect that state or territory funding is not paid out of state pool account to the state managed fund.

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 2 – Transactions on the Victorian state managed fund, October 2012

### Table 2a – State managed fund transactions, October 2012

This table shows funding paid into the Victorian state managed fund by the Commonwealth and Victoria, and payments out of the state managed fund for October 2012.

NHR funding by source	Paid into state managed fund (\$)	Paid out of state managed fund		
		To local hospital networks (\$)	To Other (\$)	Total paid out (\$)
Commonwealth Block funding	75,803,415			75,803,415
State/territory Block funding	95,840,847			95,840,847
<b>Total</b>	<b>171,644,262</b>	<b>169,655,924</b>	<b>1,988,338</b>	<b>171,644,262</b>

See explanatory notes below table 2b.

### Table 2b – State managed fund transactions YTD, October 2012

Following on from table 2a, this table shows the year-to-date (YTD) funding paid into the Victorian state managed fund by the Commonwealth and Victoria, and payments out of the state managed fund as at October 2012. These amounts include notional payments for July, August and September 2012.

NHR funding by source	Paid into state managed fund YTD (\$)	Paid out of state managed fund YTD		
		To local hospital networks (\$)	To Other (\$)	Total paid out YTD (\$)
Commonwealth Block funding	303,213,660			303,213,660
State/territory Block funding	389,953,390			389,953,390
<b>Total</b>	<b>693,167,050</b>	<b>685,801,862</b>	<b>7,365,189</b>	<b>693,167,050</b>

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

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

**State/territory Block funding** represents Victorian block funding contributions into the state managed fund, and block payments out of the state managed fund to local hospital networks and other provider organisations.

**Note:** The grey shaded areas in these tables 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 – Victorian NHR funding and payments by service category, October 2012

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

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

Service category	NHR funding (\$)	NHR payments (\$)	NHR funding YTD (\$)	NHR payments YTD (\$)
<b>ABF</b>				
Acute admitted - public	*	*	*	*
Acute admitted - private	*	*	*	*
Non-admitted	*	*	*	*
Emergency department	*	*	*	*
<b>Total ABF (Pool)</b>	<b>216,900,640</b>	<b>498,508,515</b>	<b>2,056,600,578</b>	<b>2,052,019,136</b>
<b>Block</b>				
Mental health	*	*	*	*
Small rural & metro hospitals	*	*	*	*
Sub-acute	*	*	*	*
Teaching, training & research	*	*	*	*
Other	*	*	*	*
<b>Total Block (SMF)</b>	<b>171,644,262</b>	<b>171,644,262</b>	<b>693,167,050</b>	<b>693,167,050</b>
<b>Other</b>				
Public health funding	6,434,376	6,434,376	25,737,502	25,737,502
Overdeposit	0	0	0	0
Cross border	0	0	0	0
Interest	79,976	79,976	79,976	79,976
<b>Total Other (Pool)</b>	<b>6,514,352</b>	<b>6,514,352</b>	<b>25,817,479</b>	<b>25,817,479</b>
<b>Grand Total</b>	<b>395,059,254</b>	<b>676,667,129</b>	<b>2,775,585,108</b>	<b>2,771,003,666</b>

\* Victoria has advised it is unable to provide payment information by service category as its 2012-13 service agreements with local hospital networks do not set separate budgets at that level.

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

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

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

State and territory cross border payments can either be:

- Paid to the relevant state or territory's 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 for state and territory contributions.

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 – Victorian NHR payment distribution by LHN, October 2012

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

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

Local hospital network (LHN)	ABF component (inc GST) (\$)	Block component (inc GST) (\$)	Total NHR payments (inc GST) (\$)
Albury Wodonga Health	5,330,332	2,912,000	8,242,332
Alexandra District Hospital	0	430,416	430,416
Alfred Health	34,929,656	9,194,000	44,123,656
Alpine Health	0	769,000	769,000
Austin Health	36,403,976	9,707,000	46,110,976
Bairnsdale Regional Health Service	2,324,000	483,000	2,807,000
Ballarat Health Services	14,318,010	4,785,000	19,103,010
Barwon Health	19,248,892	6,116,000	25,364,892
Bass Coast Regional Health	1,457,000	277,000	1,734,000
Beaufort & Skipton Health Service	0	363,663	363,663
Beechworth Health Service	0	453,000	453,000
Benalla Health	967,000	120,000	1,087,000
Bendigo Health Care Group	10,386,546	6,516,500	16,903,046
Boort District Health	0	155,000	155,000
Calvary Health Care Bethlehem Limited	0	2,348,287	2,348,287
Casterton Memorial Hospital	0	245,000	245,000
Castlemaine Health	803,000	441,550	1,244,550
Central Gippsland Health Service	2,739,000	442,000	3,181,000
Cobram District Health	0	410,000	410,000
Cohuna District Hospital	0	342,000	342,000
Colac Area Health	1,206,000	126,000	1,332,000
Djerriwarrh Health Services	2,556,551	204,000	2,760,551
Dunmunkle Health Services	0	119,644	119,644
East Grampians Health Service	1,186,526	119,000	1,305,526
East Wimmera Health Service	0	885,179	885,179
Eastern Health	34,146,660	15,152,500	49,299,160

<b>Local hospital network (LHN)</b>	<b>ABF component (inc GST)</b>	<b>Block component (inc GST)</b>	<b>Total NHR payments (inc GST)</b>
	<b>(\$)</b>	<b>(\$)</b>	<b>(\$)</b>
Echuca Regional Health	2,259,659	181,000	2,440,659
Edenhope and District Memorial Hospital	0	298,729	298,729
Gippsland Southern Health Service	1,004,000	108,000	1,112,000
Goulburn Valley Health	8,555,281	3,140,000	11,695,281
Heathcote Health	0	134,000	134,000
Hepburn Health Service	0	744,396	744,396
Hesse Rural Health Service	0	127,000	127,000
Heywood Rural Health	0	163,000	163,000
Inglewood and Districts Health Service	0	125,000	125,000
Kerang & District Health	0	427,000	427,000
Kilmore and District Hospital	0	695,000	695,000
Kooweerup Regional Health Services	0	423,740	423,740
Kyabram & District Health Services	751,000	12,000	763,000
Kyneton District Health Service	0	613,000	613,000
Latrobe Regional Hospital	8,383,098	4,733,000	13,116,098
Lorne Community Hospital	0	159,000	159,000
Maldon Hospital	0	116,183	116,183
Mallee Track Health and Community Service	0	277,000	277,000
Mansfield District Hospital	0	618,049	618,049
Maryborough District Health Service	1,363,000	103,000	1,466,000
Melbourne Health	35,088,952	19,443,025	54,531,977
Mercy Public Hospitals Inc.	16,529,882	3,348,400	19,878,282
Moyne Health Services	0	246,000	246,000
MTAA Superannuation Fund (Mildura Base Hospital) Facilities and Services Pty Ltd	6,149,000	1,607,100	7,756,100
Nathalia District Hospital	0	168,432	168,432
Northeast Health Wangaratta	7,029,806	1,801,000	8,830,806
Northern Health	19,597,616	5,835,000	25,432,616
Numurkah District Health Service	0	459,000	459,000
Omeo District Health	0	122,000	122,000
Orbost Regional Health	0	441,810	441,810
Otway Health and Community Services	0	192,000	192,000

Local hospital network (LHN)	ABF component (inc GST) (\$)	Block component (inc GST) (\$)	Total NHR payments (inc GST) (\$)
Peninsula Health	18,014,802	6,776,000	24,790,802
Peter MacCallum Cancer Institute	6,293,836	572,750	6,866,586
Portland District Health	1,346,000	169,000	1,515,000
Robinvale District Health Services	0	379,000	379,000
Rochester and Elmore District Health Service	0	344,000	344,000
Royal Victorian Eye and Ear Hospital	6,052,824	191,000	6,243,824
Rural Northwest Health	0	596,000	596,000
Seymour District Memorial Hospital	0	820,000	820,000
South Gippsland Hospital	0	351,000	351,000
South West Healthcare	5,398,000	2,278,000	7,676,000
Southern Health	80,116,121	20,823,206	100,939,327
St Vincent's Hospital (Melbourne) Limited	23,284,469	9,304,900	32,589,369
Stawell Regional Health	891,037	136,000	1,027,037
Swan Hill District Hospital	1,723,000	185,000	1,908,000
Tallangatta Health Service	0	232,000	232,000
Terang and Mortlake Health Service	0	371,000	371,000
The Royal Children's Hospital	27,124,551	2,777,000	29,901,551
The Royal Women's Hospital	11,471,820	9,000	11,480,820
Timboon and District Healthcare Service	0	265,000	265,000
Upper Murray Health and Community Services	0	266,000	266,000
Victorian Institute of Forensic Mental Health	0	3,313,000	3,313,000
West Gippsland Healthcare Group	3,024,336	390,000	3,414,336
West Wimmera Health Service	0	1,229,913	1,229,913
Western District Health Service	2,110,000	531,000	2,641,000
Western Health	33,420,822	5,939,000	39,359,822
Wimmera Health Care Group	3,522,455	353,000	3,875,455
Yarram and District Health Service	0	359,000	359,000
Yarrawonga District Health Service	0	522,000	522,000
Yea and District Memorial Hospital	0	194,552	194,552
<b>Total</b>	<b>498,508,515</b>	<b>169,655,924</b>	<b>668,164,439</b>

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 – Victorian estimated monthly, YTD and annual NWAU by LHN, October 2012

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

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 funded in current month	Estimated NWAU funded YTD	Estimated annual NWAU 2012-13
Albury Wodonga Health	1,257	5,027	15,082
Alfred Health	8,606	34,425	103,275
Austin Health	7,146	28,582	85,746
Bairnsdale Regional Health Service	778	3,111	9,332
Ballarat Health Services	2,791	11,164	33,491
Barwon Health	5,296	21,184	63,553
Bass Coast Regional Health	455	1,821	5,463
Benalla Health	255	1,018	3,055
Bendigo Health Care Group	2,621	10,483	31,450
Castlemaine Health	205	820	2,460
Central Gippsland Health Service	790	3,161	9,483
Colac Area Health	315	1,261	3,784
Djerriwarrh Health Services	498	1,993	5,980
East Grampians Health Service	225	901	2,703
Eastern Health	8,286	33,144	99,431
Echuca Regional Health	528	2,112	6,335
Gippsland Southern Health Service	232	926	2,779
Goulburn Valley Health	1,867	7,468	22,405
Kyabram & District Health Services	205	818	2,454
Latrobe Regional Hospital	1,935	7,742	23,225

Local hospital network (LHN)	Estimated NWAU funded in current month	Estimated NWAU funded YTD	Estimated annual NWAU 2012-13
Maryborough District Health Service	225	900	2,699
Melbourne Health	7,167	28,669	86,006
Mercy Public Hospitals Inc.	3,509	14,037	42,111
MTAA Superannuation Fund (Mildura Base Hospital) Facilities and Services Pty Ltd	1,282	5,128	15,385
Northeast Health Wangaratta	1,148	4,590	13,770
Northern Health	4,390	17,560	52,681
Peninsula Health	5,044	20,177	60,530
Peter Maccallum Cancer Institute	1,671	6,684	20,051
Portland District Health	322	1,289	3,868
Royal Victorian Eye and Ear Hospital	1,353	5,411	16,233
South West Healthcare	1,446	5,786	17,357
Southern Health	14,712	58,849	176,546
St Vincent's Hospital (Melbourne) Limited	4,983	19,930	59,790
Stawell Regional Health	203	812	2,437
Swan Hill District Hospital	487	1,948	5,844
The Royal Children's Hospital	4,425	17,700	53,099
The Royal Women's Hospital	2,801	11,204	33,611
West Gippsland Healthcare Group	843	3,374	10,121
Western District Health Service	470	1,878	5,635
Western Health	7,967	31,867	95,602
Wimmera Health Care Group	765	3,060	9,179
<b>Total</b>	<b>109,503</b>	<b>438,014</b>	<b>1,314,041</b>

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

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

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

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