



Administrator
National Health
Funding Pool

National Health Reform
Public Hospital Funding

Western Australia Report
January 2015

National Health Reform public hospital funding Western Australia report – January 2015

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

This report is prepared on a cash basis. It shows monthly and year-to-date (YTD) National Health Reform (NHR) funding and payments for Western Australia for January 2015 as part of the *National Health Reform Agreement*.

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Local hospital networks and National Health Reform

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

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

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

- All admitted and non-admitted services
- All emergency department services provided by a recognised emergency department
- Other outpatient, mental health, sub-acute services and other services that could reasonably be considered a public hospital service.

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

Basis for National Health Reform payments – Western Australia, January 2015

For the basis of the Commonwealth contribution to NHR funding, see [Basis of Commonwealth NHR funding, 2014-15](#).

The basis used to determine NHR payments to LHNs in Western Australia for January 2015 was advised by the WA Department of Health to be as follows:

The 2014-15 annual funding allocations have been developed using the Western Australian Activity Based Funding program methodology. Activity profiles have been developed consistent with the WA Health clinical services framework. The funding allocations include activity based services, block funded services and specified programs.

The national ABF classifications and associated price weights including all of the adjustments (Specialised Paediatric, Rural/remote, Indigenous, ICU and private patient) have been used to define activity based funding profiles.

The State Transitioning Price, calculated using a methodology more closely aligned to the National ABF framework, provide a more transparent basis for comparing the cost of delivering hospital services in Western Australia against the national cost benchmark (Projected Average Cost (PAC)). The gap between the total price of all hospital activity funded at the State Transition Price and the total cost of all hospital activity funded at the PAC, is called the Community Service Subsidy (CSS) payment.

Block funding is based on budget to budget build from the previous year using State Government funding parameters consistent with the State budget.

The payments disclosed in the FSH and South Metropolitan Health Service reflect funding allocations between these LHNs reported to the Administrator by WA Health.

Reference information

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

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

State pool account transactions

Table 1a – State pool account transactions – Western Australia, January 2015

This table shows funding paid into the Western Australian state pool account by the Commonwealth, Western Australia or other states/territories, and payments out of the state pool account to LHNs, the state managed fund, the WA Department of Health or the state pool accounts of other states/territories for January 2015.

NHR funding by source	Paid into state pool account (\$)	Paid out of state pool account				Total paid out (\$)
		To Local hospital networks (\$)	To State Managed Fund (\$)	To state health department (\$)	To state pool (other State) (\$)	
Commonwealth ABF funding	119,426,733	119,280,635				119,280,635
Commonwealth Block funding	25,416,303		25,392,160			25,392,160
Commonwealth Other funding	3,129,000			3,129,000		3,129,000
Total C*wealth funding	147,972,037	119,280,635	25,392,160	3,129,000		147,801,796
WA funding	175,697,330	175,696,723		0	0	175,696,723
Other state/territory funding	0		0	0		0
Total	323,669,367	294,977,358	25,392,160	3,129,000	0	323,498,518

See definitions and explanatory notes following table 1b.

Table 1b – State pool account transactions YTD – Western Australia, January 2015

Following on from table 1a, this table shows year-to-date (YTD) funding paid into the Western Australian state pool account by the Commonwealth, Western Australia or other states/territories, and payments out of the state pool account to LHNs, the state managed fund, the WA Department of Health or the state pool accounts of other states/territories as at January 2015.

NHR funding by source	Paid into state pool account (\$)	Paid out of state pool account				Total paid out YTD (\$)
		To Local hospital networks YTD (\$)	To State Managed Fund YTD (\$)	To state health department YTD (\$)	To state pool (other State) YTD (\$)	
Commonwealth ABF funding	837,570,309	837,132,014				837,132,014
Commonwealth Block funding	160,977,106		160,909,485			160,909,485
Commonwealth Other funding	22,015,758			22,015,758		22,015,758
Total C'wealth funding	1,020,563,173	837,132,014	160,909,485	22,015,758		1,020,057,257
WA funding	1,278,127,931	1,278,127,059		0	0	1,278,127,059
Other state/territory funding	0		0	0		0
Total	2,298,691,104	2,115,259,073	160,909,485	22,015,758	0	2,298,184,316

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

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

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

WA funding represents funding contributions paid by Western Australia into its own state pool account, and subsequently paid to LHNs within the state, to the Western Australian health department and/or to other state pool accounts.

Other state/territory funding represents contributions paid to Western Australia by other states and territories for cross-border activity.

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

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

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

State managed fund transactions

Table 2a – State managed fund transactions – Western Australia, January 2015

This table shows funding paid into the Western Australian state managed fund by the Commonwealth and Western Australia, and payments out of the state managed fund to LHNs and other provider organisations for January 2015.

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	25,416,303			25,392,160
State/territory Block funding	29,118,761			29,118,761
Total	54,535,064	54,510,921	0	54,510,921

See explanatory notes below table 2b.

Table 2b – State managed fund transactions YTD – Western Australia, January 2015

Following on from table 2a, this table shows year-to-date (YTD) funding paid into the Western Australian state managed fund by the Commonwealth and Western Australia, and YTD payments out of the state managed fund to LHNs and other provider organisations as at January 2015.

NHR funding by source	Paid into state managed fund YTD (\$)	Paid out of state managed fund YTD		
		To local hospital networks YTD (\$)	To Other YTD (\$)	Total paid out YTD (\$)
Commonwealth Block funding	160,977,106			160,909,485
State/territory Block funding	268,081,325			268,081,325
Total	429,058,431	428,990,810	0	428,990,810

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

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

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

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

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

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

NHR funding and payments by service category

Table 3 – NHR funding and payments by service category – Western Australia, January 2015

This table shows NHR funding and payments by service category on both a monthly and year-to-date (YTD) basis for Western Australia for January 2015. NHR funding and payments are separated into the following service categories – activity-based funding (ABF), block funding, and other funding.

Service category	NHR funding (\$)	NHR payments (\$)	NHR funding YTD (\$)	NHR payments YTD (\$)
ABF				
Acute admitted	174,664,773	174,664,773	1,254,450,387	1,254,450,387
Admitted mental health	21,824,781	21,678,683	152,883,382	152,445,087
Sub-acute	14,438,478	14,438,478	102,990,891	102,990,891
Emergency department	37,877,903	37,877,903	272,623,273	272,623,273
Non-admitted	46,317,521	46,317,521	332,749,435	332,749,435
Total ABF (Pool)	295,123,456	294,977,358	2,115,697,368	2,115,259,073
Block				
Small rural hospitals	25,218,758	25,218,758	193,661,756	193,661,756
Teaching, training & research	9,832,826	9,825,345	101,194,614	101,172,170
Non-admitted mental health	19,046,210	19,029,549	128,217,925	128,172,748
Other non-admitted services	437,270	437,270	5,984,135	5,984,135
Total Block (SMF)	54,535,064	54,510,921	429,058,431	428,990,810
Other				
Public health funding	3,129,000	3,129,000	22,015,758	22,015,758
Overdeposit	0		0	0
Cross border	0	0	0	0
Interest	608		872	0
Total Other (Pool)	3,129,608	3,129,000	22,016,630	22,015,758
Grand Total	352,788,127	352,617,279	2,566,772,429	2,566,265,641

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

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

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

State and territory cross-border payments can either be:

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

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

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

NHR contributions by local hospital network

Table 4a – NHR contributions by local hospital network – Western Australia, January 2015

This table shows NHR contributions (from state, territory and Commonwealth sources) made to each LHN in Western Australia during January 2015.

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

Local hospital network	ABF component (ex GST) (\$)	Block component (ex GST) (\$)	Total NHR payments (ex GST) (\$)
Child and Adolescent Health Service	20,986,625	1,832,397	22,819,022
FSH - Western Australia	8,565,257	613,282	9,178,540
North Metropolitan Health Service	108,715,800	11,652,232	120,368,032
Notional LHN - Royal Street - WA	6,016,507	0	6,016,507
South Metropolitan Health Service	111,094,368	9,170,359	120,264,727
WA Country Health Service	39,598,801	31,242,651	70,841,452
Total	294,977,358	54,510,921	349,488,279

See explanatory notes below table 4b.

Table 4b – NHR contributions by local hospital network YTD – Western Australia, January 2015

This table shows YTD NHR contributions (from state, territory and Commonwealth sources) made to each LHN in Western Australia as at January 2015.

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

Local hospital network	ABF component YTD (ex GST) (\$)	Block component YTD (ex GST) (\$)	Total NHR payments YTD (ex GST) (\$)
Child and Adolescent Health Service	150,630,509	15,656,478	166,286,987
FSH - Western Australia	78,905,695	3,450,009	82,355,704
North Metropolitan Health Service	757,154,675	92,804,735	849,959,410
Notional LHN - Royal Street - WA	42,142,415	0	42,142,415
South Metropolitan Health Service	797,357,184	82,570,263	879,927,447
WA Country Health Service	289,068,596	234,509,325	523,577,921
Total	2,115,259,073	428,990,810	2,544,249,883

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

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

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

Estimated monthly, YTD and annual activity

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

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

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

Table 5 – Estimated monthly, YTD and annual NWAU by local hospital network – Western Australia, January 2015

This table shows estimated state or territory hospital activity for activity-based funding services expressed as NWAU for January 2015, the associated cumulative year-to-date (YTD), and total estimated annual NWAU for each LHN in Western Australia.

Local hospital network	Estimated NWAU delivered in current month	Estimated NWAU delivered YTD	Estimated annual NWAU 2014-15
Child and Adolescent Health Service	3,579	29,497	51,432
FSH - Western Australia	2,194	6,560	54,346
North Metropolitan Health Service	20,176	152,493	262,442
Notional LHN - Royal Street - WA	1,151	9,354	16,268
South Metropolitan Health Service	20,315	161,940	267,622
WA Country Health Service	7,439	56,490	97,721
Total	54,855	416,335	749,831

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

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

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