

National Health Reform Public hospital funding

Victorian report September 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, September 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 September 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, September 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 preparation for using the Pool in October 2012, Victoria transferred state funds into the Victorian state pool account in late September 2012. Victoria provided data for the September 2012 report to enable monthly reporting on NHR funding, payments and services.

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 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.

Report tables

This report includes the following tables:

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

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

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

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

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

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

Payments in Victoria are based upon “Statement of priorities” agreements between Victorian public health services (LHNs) and the Minister for Health (or Secretary). These annual agreements detail the service profile, strategic priorities and deliverables the LHN 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.

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.

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

In preparation for using the National Health Funding Pool in October 2012, Victoria transferred state funds into its state pool account in late September 2012. Victoria provided data for the September 2012 report to enable monthly reporting on NHR funding, payments and services.

Table 1a – State pool account transactions, September 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 September 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 (\$)	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	*	*	*	*
Commonwealth Block funding	75,803,415	*	*	*	*
Commonwealth Other funding	6,434,376	*	*	*	*
Total Commonwealth funding	278,410,661	196,172,870	75,803,415	6,434,376	278,410,661
State/territory funding	590,456,127	304,266,812		0	304,266,812
Grand Total	868,866,788	500,439,682	75,803,415	6,434,376	582,677,473

* Information not provided by Victoria.

Of the total amount of \$868,886,788 shown in Table 1a as paid into the state pool account, \$286,189,315 of state funding was paid by Victoria in preparation for making Pool payments from 1 October 2012. The \$278,410,661 of Commonwealth funding and the remaining \$304,266,812 of state funding were notional payments for the month.

No payments were made from the Victorian state pool account prior to October 2012, with payments made directly from departmental bank accounts to local hospital networks.

See definitions and explanatory notes following table 1b.

Table 1b – State pool account transactions YTD, September 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 September 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	588,518,610	*	*	*	*
Commonwealth Block funding	227,410,245	*	*	*	*
Commonwealth Other funding	19,303,127	*	*	*	*
Total Commonwealth funding	835,231,982	588,518,610	227,410,245	19,303,127	835,231,982
State/territory funding	1,251,181,326	964,992,011		0	964,992,011
Grand Total	2,086,413,308	1,553,510,621	227,410,245	19,303,127	1,800,223,993

* Information not provided by Victoria.

Of the total year-to-date amount of \$2,086,413,308 shown in Table 1b as paid into the Victorian state pool account, \$286,189,315 of state funding was paid by Victoria in preparation for making Pool payments from 1 October 2012. The \$835,231,982 of Commonwealth funding and remaining \$964,992,011 of state funding are notional year-to-date payments.

No payments were made from the Victorian state pool account prior to October 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, September 2012

As outlined above, under Victorian NHR arrangements, no amounts were paid into or out of the Victorian state managed fund for September 2012. All amounts shown reflect notional payments. Victoria provided data for the September 2012 report to enable monthly reporting on NHR funding, payments and services.

Table 2a – State managed fund transactions, September 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 September 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	103,376,452			103,376,452
Total	179,179,867	176,827,431	2,352,436	179,179,867

See explanatory notes below table 2b.

Table 2b – State managed fund transactions YTD, September 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 September 2012. All amounts shown reflect notional payments.

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	227,410,245			227,410,245
State/territory Block funding	294,112,544			294,112,544
Total	521,522,789	516,145,938	5,376,851	521,522,789

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, September 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 September 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 (\$)
ABF				
Acute admitted - public	*	*	*	*
Acute admitted - private	*	*	*	*
Non-admitted	*	*	*	*
Emergency department	*	*	*	*
Total ABF (Pool)	786,628,997	500,439,682	1,839,699,936	1,553,510,621
Block				
Mental health	*	*	*	*
Small rural & metro hospitals	*	*	*	*
Sub-acute	*	*	*	*
Teaching, training & research	*	*	*	*
Other	*	*	*	*
Total Block (SMF)	179,179,867	179,179,867	521,522,789	521,522,789
Other				
Public health funding	6,434,376	6,434,376	19,303,127	19,303,127
Overdeposit	0	0	0	0
Cross border	0	0	0	0
Interest	0	0	0	0
Total Other (Pool)	6,434,376	6,434,376	19,303,127	19,303,127
Grand Total	972,243,240	686,053,925	2,380,525,852	2,094,336,537

* 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, September 2012

This table shows NHR payments (from state, territory and Commonwealth sources) made to each local hospital network (LHN) in Victoria during September 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	4,207,000	1,191,375	5,398,375
Alexandra District Hospital	0	405,780	405,780
Alfred Health	44,638,608	12,946,050	57,584,658
Alpine Health	0	768,000	768,000
Austin Health	37,564,000	12,186,550	49,750,550
Bairnsdale Regional Health Service	2,996,162	499,165	3,495,327
Ballarat Health Services	10,420,000	5,733,200	16,153,200
Barwon Health	25,915,507	7,031,250	32,946,757
Bass Coast Regional Health	1,699,296	293,085	1,992,381
Beaufort & Skipton Health Service	0	301,000	301,000
Beechworth Health Service	0	1,030,444	1,030,444
Benalla Health	1,173,255	130,550	1,303,805
Bendigo Health Care Group	9,141,000	5,950,850	15,091,850
Boort District Health	0	232,983	232,983
Calvary Health Care Bethlehem Limited	0	2,044,900	2,044,900
Casterton Memorial Hospital	0	302,808	302,808
Castlemaine Health	783,000	613,050	1,396,050
Central Gippsland Health Service	4,668,944	638,895	5,307,839
Cobram District Health	0	442,000	442,000
Cohuna District Hospital	0	391,753	391,753
Colac Area Health	2,020,524	161,705	2,182,229
Djerriwarrh Health Services	2,364,000	273,515	2,637,515
Dunmunkle Health Services	0	78,000	78,000
East Grampians Health Service	984,000	164,160	1,148,160
East Wimmera Health Service	0	726,000	726,000
Eastern Health	37,106,799	14,275,850	51,382,649

Local hospital network (LHN)	ABF component (inc GST)	Block component (inc GST)	Total NHR payments (inc GST)
	(\$)	(\$)	(\$)
Echuca Regional Health	1,873,000	192,315	2,065,315
Edenhope and District Memorial Hospital	0	251,000	251,000
Gippsland Southern Health Service	1,298,595	125,805	1,424,400
Goulburn Valley Health	6,654,000	2,993,300	9,647,300
Heathcote Health	0	193,725	193,725
Hepburn Health Service	0	586,000	586,000
Hesse Rural Health Service	0	186,480	186,480
Heywood Rural Health	0	239,171	239,171
Inglewood and Districts Health Service	0	167,151	167,151
Kerang & District Health	0	527,031	527,031
Kilmore and District Hospital	0	963,598	963,598
Kooweerup Regional Health Services	0	356,000	356,000
Kyabram & District Health Services	1,357,611	20,000	1,377,611
Kyneton District Health Service	0	725,320	725,320
Latrobe Regional Hospital	8,915,132	4,733,950	13,649,082
Lorne Community Hospital	0	206,328	206,328
Maldon Hospital	0	76,000	76,000
Mallee Track Health and Community Service	0	285,200	285,200
Mansfield District Hospital.	0	415,000	415,000
Maryborough District Health Service	885,000	86,395	971,395
Melbourne Health	36,166,634	18,949,184	55,115,818
Mercy Public Hospitals Inc.	15,414,225	3,322,605	18,736,830
Moyne Health Services	0	363,589	363,589
MTAA Superannuation Fund (Mildura Base Hospital) Facilities and Services Pty Ltd	6,147,900	1,622,258	7,770,158
Nathalia District Hospital	0	134,000	134,000
Northeast Health Wangaratta	5,167,000	1,840,475	7,007,475
Northern Health	19,520,365	5,597,600	25,117,965
Numurkah District Health Service	0	457,000	457,000
Omeo District Health	0	119,000	119,000
Orbost Regional Health	0	438,140	438,140
Otway Health and Community Services	0	188,000	188,000

Local hospital network (LHN)	ABF component (inc GST) (\$)	Block component (inc GST) (\$)	Total NHR payments (inc GST) (\$)
Peninsula Health	25,535,096	8,635,750	34,170,846
Peter MacCallum Cancer Institute	7,405,343	737,410	8,142,753
Portland District Health	1,770,983	201,000	1,971,983
Robinvale District Health Services	0	521,699	521,699
Rochester and Elmore District Health Service	0	382,520	382,520
Royal Victorian Eye and Ear Hospital	5,701,000	232,000	5,933,000
Rural Northwest Health	0	600,940	600,940
Seymour District Memorial Hospital	0	996,580	996,580
South Gippsland Hospital	0	391,566	391,566
South West Healthcare	6,757,821	2,476,345	9,234,166
Southern Health	57,047,219	18,498,535	75,545,754
St Vincent's Hospital (Melbourne) Limited	24,187,777	10,023,365	34,211,142
Stawell Regional Health	775,000	154,125	929,125
Swan Hill District Hospital	1,837,000	205,085	2,042,085
Tallangatta Health Service	0	306,299	306,299
Terang and Mortlake Health Service	0	440,760	440,760
The Royal Children's Hospital	24,314,375	3,011,143	27,325,518
The Royal Women's Hospital	11,337,000	8,650	11,345,650
Timboon and District Healthcare Service	0	316,115	316,115
Upper Murray Health and Community Services	0	264,000	264,000
Victorian Institute of Forensic Mental Health	0	3,892,406	3,892,406
West Gippsland Healthcare Group	4,009,000	606,320	4,615,320
West Wimmera Health Service	0	938,850	938,850
Western District Health Service	2,390,477	564,475	2,954,952
Western Health	35,469,034	5,825,850	41,294,884
Wimmera Health Care Group	2,821,000	368,445	3,189,445
Yarram and District Health Service	0	368,660	368,660
Yarrawonga District Health Service	0	520,000	520,000
Yea and District Memorial Hospital	0	164,000	164,000
Total	500,439,682	176,827,431	677,267,113

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, September 2012

This table shows estimated state or territory hospital activity for activity based funding services expressed as National Weighted Activity Units (NWAU) for September 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	3,770	15,082
Alfred Health	8,606	25,819	103,275
Austin Health	7,146	21,437	85,746
Bairnsdale Regional Health Service	778	2,333	9,332
Ballarat Health Services	2,791	8,373	33,491
Barwon Health	5,296	15,888	63,553
Bass Coast Regional Health	455	1,366	5,463
Benalla Health	255	764	3,055
Bendigo Health Care Group	2,621	7,862	31,450
Castlemaine Health	205	615	2,460
Central Gippsland Health Service	790	2,371	9,483
Colac Area Health	315	946	3,784
Djerriwarrh Health Services	498	1,495	5,980
East Grampians Health Service	225	676	2,703
Eastern Health	8,286	24,858	99,431
Echuca Regional Health	528	1,584	6,335
Gippsland Southern Health Service	232	695	2,779
Goulburn Valley Health	1,867	5,601	22,405
Kyabram & District Health Services	205	614	2,454
Latrobe Regional Hospital	1,935	5,806	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	675	2,699
Melbourne Health	7,167	21,501	86,006
Mercy Public Hospitals Inc.	3,509	10,528	42,111
MTAA Superannuation Fund (Mildura Base Hospital) Facilities and Services Pty Ltd	1,282	3,846	15,385
Northeast Health Wangaratta	1,148	3,443	13,770
Northern Health	4,390	13,170	52,681
Peninsula Health	5,044	15,132	60,530
Peter Maccallum Cancer Institute	1,671	5,013	20,051
Portland District Health	322	967	3,868
Royal Victorian Eye and Ear Hospital	1,353	4,058	16,233
South West Healthcare	1,446	4,339	17,357
Southern Health	14,712	44,136	176,546
St Vincent's Hospital (Melbourne) Limited	4,983	14,948	59,790
Stawell Regional Health	203	609	2,437
Swan Hill District Hospital	487	1,461	5,844
The Royal Children's Hospital	4,425	13,275	53,099
The Royal Women's Hospital	2,801	8,403	33,611
West Gippsland Healthcare Group	843	2,530	10,121
Western District Health Service	470	1,409	5,635
Western Health	7,967	23,900	95,602
Wimmera Health Care Group	765	2,295	9,179
Total	109,503	328,510	1,314,041

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](#).