

National Health Reform Public hospital funding

Local hospital network report October 2012 Melbourne Health

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

Available from the Public Hospital Funding website
www.publichospitalfunding.gov.au

National Health Reform public hospital funding – Local hospital network report

Melbourne Health, 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 the National Health Reform (NHR) payments made by the Commonwealth and Victoria to Melbourne Health for October 2012 as part of the *National Health Reform Agreement*.

Local hospital networks and National Health Reform

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

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

Under the Agreement, local hospital networks receive NHR 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.

Reference information

The data in this report can be viewed in conjunction with information shown on the *MyHospitals* website (www.myhospitals.gov.au) which provides information on hospitals throughout Australia.

The financial information outlined in the following report represents NHR payments. NHR payments are when NHR funding is deposited into a state pool account or state managed fund and is paid out of the state pool account by the Administrator, or is paid out of state managed fund by the state.

For the basis of NHR payments, see the *Basis for National Health Reform payments* explanation in the Victorian report for October 2012, see [Victorian report, October 2012](#).

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

Report tables

This report includes the following tables:

Table 1 – Commonwealth and Victorian NHR payments to Melbourne Health, October 2012

Table 2 – Estimated monthly, YTD and annual NWAU for Melbourne Health, October 2012

Table 1 – Commonwealth and Victorian NHR payments to Melbourne Health, October 2012

Table 1a – NHR payments, October 2012

This table shows the NHR payments made by Victoria and the Commonwealth to Melbourne Health by service category and contribution for October 2012.

The data is divided into service category and associated Commonwealth and state contribution for each amount. 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.

Service category	Total NHR payments (ex GST) (\$)	GST (\$)	Commonwealth NHR payments (ex GST) (\$)	State/territory NHR payments (ex GST) (\$)
Acute admitted - public	*	*	*	*
Acute admitted - private	*	*	*	*
Non-admitted	*	*	*	*
Emergency department	*	*	*	*
Total ABF payments (Pool)	35,088,952	0	12,839,815	22,249,137
Mental health	*	*		
Small rural & metro hospitals	*	*		
Sub-acute	*	*		
Teaching, training & research	*	*		
Other	*	*		
Total Block payments (SMF)	19,443,025	0		
Total NHR payments	54,531,977	0		

* 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.

See explanatory notes following table 1b.

Table 1b – NHR payments YTD, October 2012

Following on from table 1a, this table shows the year-to-date (YTD) NHR payments made by Victoria and the Commonwealth to Melbourne Health as at October 2012.

Service category	Total NHR payments YTD (ex GST) (\$)	GST YTD (\$)	Commonwealth NHR payments YTD (ex GST) (\$)	State/territory NHR payments YTD (ex GST) (\$)
Acute admitted - public	*	*	*	*
Acute admitted - private	*	*	*	*
Non-admitted	*	*	*	*
Emergency department	*	*	*	*
Total ABF payments (Pool)	167,489,586	0	51,359,262	116,130,324
Mental health	*	*		
Small rural & metro hospitals	*	*		
Sub-acute	*	*		
Teaching, training & research	*	*		
Other	*	*		
Total Block payments (SMF)	75,135,748	0		
Total NHR payments	242,625,334	0		

* 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 payments (Pool) represents NHR payments made by the Administrator from the state pool account to the local hospital network (LHN).

Total Block payments (SMF) represents NHR payments made by the state from the state managed fund (SMF) to the local hospital network.

Note: The grey shaded areas in the table above reflect that block payments made to local hospital networks cannot at this stage be identified by source of funding (state or Commonwealth) when paid from state managed funds.

Payments in these tables are GST exclusive. 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 the basis of NHR payments, see the *Basis for National Health Reform payments* explanation in the Victorian report for October 2012, see [Victorian report, October 2012](#).

Table 2 – Estimated monthly, YTD and annual NWAU for Melbourne Health, October 2012

This table shows the estimated activity for activity based funding services expressed as National Weighted Activity Units (NWAU) for October 2012, the associated cumulative year-to-date (YTD) NWAU, and the total estimated annual NWAU for Melbourne Health.

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 Melbourne Health was provided to the Administrator as a basis for determining Commonwealth NHR activity based funding. Current month NWAU estimates accumulate through the year-to-date (YTD) NWAU to equal the annual NWAU at the end of the financial year.

Activity based funding (ABF) service category	Estimated NWAU funded in current month	Estimated NWAU funded YTD	Estimated annual NWAU 2012-13
Acute admitted - public	*	*	*
Acute admitted - private	*	*	*
Non-admitted	*	*	*
Emergency department	*	*	*
Total	7,167	28,669	86,006

* Victoria has advised that service agreements with local hospital networks for 2012-13 do not set separate NHR service category budgets.

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 explanation and basis, see [National Health Reform Reporting](#).

For the basis of NHR payments, see the *Basis for National Health Reform payments* explanation in the Victorian report for October 2012, see [Victorian report, October 2012](#).