

National Health Reform Public hospital funding

Victorian report January 2013

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, January 2013

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 Victoria for January 2013 as part of the *National Health Reform Agreement*.

Participation in the National Health Funding Pool – Victoria, January 2013

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 in the National Health Funding Pool from 1 July 2012.

However, not all states and territories had their legislation in place by that date. As part of the transition to National Health Reform funding, arrangements were put in place whereby those states and territories received equivalent funding directly from the Commonwealth Treasury, and made payments directly from departmental bank accounts to local hospital networks (LHNs). Although these transactions were not made through state pool accounts and state managed funds, they have been included in this report (and designated as 'notional payments' into and out of state pool accounts and state managed funds) to enable national comparability for month and year-to-date reporting periods.

Victoria has participated in the National Health Funding Pool since 1 October 2012.

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, January 2013

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 January 2013 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.

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.

While the basis of NHR payments are reported on a cash basis by the Administrator, LHNs generally report revenue and expenditure on an accrual basis.

Victorian local hospital networks receive activity-based funding, block funding and other payments for different services and purposes. Adjustments are made for cash flow needs and costs administered by the Victorian Department of Health on behalf of local hospital networks. Due to the timing and processing of adjustments in January 2013, The Royal Women's Hospital shows a negative payment amount for the block payment.

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 the 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. 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, January 2013

Table 2 – Transactions on the Victorian state managed fund, January 2013

Table 3 – Victorian NHR funding and payments by service category, January 2013

Table 4 – Victorian NHR payment distribution by LHN, January 2013

Table 5 – Victorian estimated monthly, YTD and annual NWAU by LHN, January 2013

Table 1 – Transactions on the Victorian state pool account, January 2013

Table 1a – State pool account transactions, January 2013

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 January 2013.

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	185,281,481	180,196,215			180,196,215
Commonwealth Block funding	71,589,446		71,589,446		71,589,446
Commonwealth Other funding	6,210,585			6,210,585	6,210,585
Total Commonwealth funding	263,081,512	180,196,215	71,589,446	6,210,585	257,996,246
State/territory funding	24,150,304	23,828,285		321,919	24,150,204
Grand Total	287,231,816	204,024,500	71,589,446	6,532,504	282,146,450

See definitions and explanatory notes following table 1b.

Table 1b – State pool account transactions YTD, January 2013

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 January 2013. These amounts include notional payments for July, August and September 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	1,351,427,313	*	*	*	*
Commonwealth Block funding	522,195,967	*	*	*	*
Commonwealth Other funding	44,593,048	*	*	*	*
Total Commonwealth funding	1,918,216,329	1,346,342,047	522,195,967	44,593,048	1,913,131,062
State/territory funding	2,048,246,275	2,047,399,990		846,184	2,048,246,174
Grand Total	3,966,462,603	3,393,742,037	522,195,967	45,439,232	3,961,377,236

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

Of the total year-to-date amount of \$3,966,462,603 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 \$3,961,377,236 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 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 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, January 2013

Table 2a – State managed fund transactions, January 2013

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 January 2013.

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	71,589,446			71,589,446
State/territory Block funding	10,922,579			10,922,579
Total	82,512,025	81,861,925	650,100	82,512,025

See explanatory notes below table 2b.

Table 2b – State managed fund transactions YTD, January 2013

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 January 2013. 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	522,195,967			522,195,967
State/territory Block funding	707,513,922			707,513,922
Total	1,229,709,889	1,210,615,926	19,093,963	1,229,709,889

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, January 2013

This table shows the NHR funding and payments by service category on both a monthly and year-to-date (YTD) basis for Victoria for January 2013.

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)	209,109,866	204,024,500	3,398,827,404	3,393,742,037
Block				
Mental health	*	*	*	*
Small rural & metro hospitals	*	*	*	*
Sub-acute	*	*	*	*
Teaching, training & research	*	*	*	*
Other	*	*	*	*
Total Block (SMF)	82,512,025	82,512,025	1,229,709,889	1,229,709,889
Other				
Public health funding	6,210,585	6,210,585	44,593,048	44,593,048
Overdeposit	0	0	0	0
Cross border	0	0	0	0
Interest	321,919	321,919	846,184	846,184
Total Other (Pool)	6,532,504	6,532,504	45,439,232	45,439,232
Grand Total	298,154,395	293,069,029	4,673,976,525	4,668,891,158

* 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, January 2013

This table shows NHR payments (from state, territory and Commonwealth sources) made to each local hospital network (LHN) in Victoria during January 2013.

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 payments (ex GST) (\$)
Albury Wodonga Health	2,264,000	1,382,075	3,646,075
Alexandra District Hospital	0	333,500	333,500
Alfred Health	18,454,000	5,337,000	23,791,000
Alpine Health	0	732,100	732,100
Austin Health	14,765,000	4,837,000	19,602,000
Bairnsdale Regional Health Service	1,051,000	232,000	1,283,000
Ballarat Health Services	4,888,000	2,420,441	7,308,441
Barwon Health	7,936,000	2,979,000	10,915,000
Bass Coast Regional Health	665,000	135,000	800,000
Beaufort & Skipton Health Service	0	143,000	143,000
Beechworth Health Service	0	258,025	258,025
Benalla Health	705,000	85,000	790,000
Bendigo Health Care Group	4,607,000	3,525,000	8,132,000
Boort District Health	0	69,000	69,000
Calvary Health Care Bethlehem	0	886,000	886,000
Casterton Memorial Hospital	0	138,900	138,900
Castlemaine Health	366,000	250,000	616,000
Central Gippsland Health Service	2,591,000	440,000	3,031,000
Cobram District Health	0	200,000	200,000
Cohuna District Hospital	0	159,000	159,000
Colac Area Health	616,000	81,000	697,000
Djerriwarrh Health Services	1,143,000	96,000	1,239,000
Dunmunkle Health Services	0	34,000	34,000
East Grampians Health Service	467,000	60,000	527,000
East Wimmera Health Service	0	400,900	400,900
Eastern Health	11,566,000	5,219,000	16,785,000

Local hospital network (LHN)	ABF component (ex GST)	Block component (ex GST)	Total NHR payments (ex GST)
	(\$)	(\$)	(\$)
Echuca Regional Health	872,000	320,000	1,192,000
Edenhope and District Memorial Hospital	0	250,700	250,700
Gippsland Southern Health Service	682,000	75,000	757,000
Goulburn Valley Health	3,192,000	1,445,000	4,637,000
Heathcote Health	0	58,000	58,000
Hepburn Health Service	0	274,000	274,000
Hesse Rural Health Service	0	108,100	108,100
Heywood Rural Health	0	68,000	68,000
Inglewood & Districts Health Service	0	54,000	54,000
Kerang District Health	0	199,000	199,000
Kilmore & District Hospital	0	338,000	338,000
Kooweerup Regional Health Services	0	149,000	149,000
Kyabram & District Health Services	402,000	8,000	410,000
Kyneton District Health Service	0	287,000	287,000
Latrobe Regional Hospital	2,610,000	2,092,000	4,702,000
Lorne Community Hospital	0	69,000	69,000
Maldon Hospital	0	32,000	32,000
Mallee Track Health and Community Service	0	127,000	127,000
Mansfield District Hospital	0	259,100	259,100
Maryborough District Health Service	475,000	40,000	515,000
Melbourne Health	11,955,000	9,007,000	20,962,000
Mercy Public Hospitals Inc.	6,490,000	1,488,000	7,978,000
Moyne Health Services	0	99,000	99,000
MTAA Superannuation Fund (Mildura Base Hospital)	2,500,000	762,199	3,262,199
Nathalia District Hospital	0	64,000	64,000
Northeast Health Wangaratta	2,931,000	571,451	3,502,451
Northern Health	8,942,000	2,832,000	11,774,000
Numurkah District Health Service	0	231,400	231,400
Omeo District Health	0	49,000	49,000
Orbost Regional Health	0	184,000	184,000
Otway Health & Community Services	0	80,000	80,000

Local hospital network (LHN)	ABF component (ex GST) (\$)	Block component (ex GST) (\$)	Total NHR payments (ex GST) (\$)
Peninsula Health	8,416,000	3,520,000	11,936,000
Peter MacCallum Cancer Institute	3,060,000	333,000	3,393,000
Portland District Health	586,000	82,000	668,000
Robinvale District Health Services	0	175,000	175,000
Rochester & Elmore District Health Service	0	159,000	159,000
Rural Northwest Health	0	290,000	290,000
Seymour District Memorial Hospital	0	668,900	668,900
South Gippsland Hospital	0	157,000	157,000
South West Healthcare	2,410,000	1,111,000	3,521,000
Southern Health	28,516,105	9,856,560	38,372,665
St Vincent's Hospital (Melbourne)	8,821,000	4,100,000	12,921,000
Stawell Regional Health	370,000	69,000	439,000
Swan Hill District Health	904,000	98,000	1,002,000
Tallangatta Health Service	0	114,000	114,000
Terang & Mortlake Health Service	0	225,400	225,400
The Royal Children's Hospital	10,939,295	1,769,000	12,708,295
The Royal Victorian Eye & Ear Hospital	2,764,000	111,000	2,875,000
The Royal Women's Hospital	5,081,000	-4,000	5,077,000
Timboon & District Healthcare Service	0	119,000	119,000
Upper Murray Health & Community Services	0	181,100	181,100
Victorian Institute of Forensic Mental Health	0	1,608,000	1,608,000
West Gippsland Healthcare Group	1,205,000	338,254	1,543,254
West Wimmera Health Service	0	420,000	420,000
Western District Health Service	1,101,000	287,000	1,388,000
Western Health	13,606,000	2,629,000	16,235,000
Wimmera Health Care Group	1,329,000	183,000	1,512,000
Yarram & District Health Service	0	147,000	147,000
Yarrawonga Health	0	251,000	251,000
Yea & District Memorial Hospital	0	86,200	86,200
Total	202,243,400	81,138,305	283,381,705

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 in each local hospital network report.

Note: This table excludes GST and payments to other provider organisations (non-local hospital networks).

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, January 2013

This table shows estimated state or territory hospital activity for activity based funding services expressed as National Weighted Activity Units (NWAU) for January 2013, 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	8,799	15,082
Alfred Health	8,606	60,242	103,275
Austin Health	7,146	50,022	85,746
Bairnsdale Regional Health Service	778	5,446	9,332
Ballarat Health Services	2,791	19,537	33,491
Barwon Health	5,296	37,072	63,553
Bass Coast Regional Health	455	2,985	5,463
Benalla Health	255	4,151	3,055
Bendigo Health Care Group	2,621	16,181	31,450
Castlemaine Health	205	1,435	2,460
Central Gippsland Health Service	790	5,530	9,483
Colac Area Health	315	2,205	3,784
Djerriwarrh Health Services	498	3,486	5,980
East Grampians Health Service	225	1,575	2,703
Eastern Health	8,286	58,002	99,431
Echuca Regional Health	528	3,696	6,335
Gippsland Southern Health Service	232	1,624	2,779
Goulburn Valley Health	1,867	13,069	22,405
Kyabram & District Health Services	205	1,435	2,454
Latrobe Regional Hospital	1,935	13,545	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	1,575	2,699
Melbourne Health	7,167	50,169	86,006
Mercy Public Hospitals Inc.	3,509	24,563	42,111
MTAA Superannuation Fund (Mildura Base Hospital)	1,282	8,974	15,385
Northeast Health Wangaratta	1,148	8,036	13,770
Northern Health	4,390	30,730	52,681
Peninsula Health	5,044	35,308	60,530
Peter MacCallum Cancer Institute	1,671	11,697	20,051
Portland District Health	322	2,254	3,868
South West Healthcare	1,446	10,122	17,357
Southern Health	14,712	102,984	176,546
St Vincent's Hospital (Melbourne)	4,983	34,881	59,790
Stawell Regional Health	203	1,421	2,437
Swan Hill District Health	487	3,409	5,844
The Royal Children's Hospital	4,425	30,975	53,099
The Royal Victorian Eye & Ear Hospital	1,353	9,471	16,233
The Royal Women's Hospital	2,801	19,607	33,611
West Gippsland Healthcare Group	843	5,901	10,121
Western District Health Service	470	3,290	5,635
Western Health	7,967	55,769	95,602
Wimmera Health Care Group	765	5,355	9,179
Total	109,504	766,528	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](#).