



**Administrator**  
National Health  
Funding Pool

National Health Reform  
Public Hospital Funding

**Tasmania Report**  
**August 2013**

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# National Health Reform public hospital funding Tasmania report – August 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 Tasmania for August 2013 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 Tasmanian Department of Health and Human Services to view the service agreement for that LHN.

## Basis for National Health Reform payments – Tasmania, August 2013

For the basis of the Commonwealth contribution to NHR funding, see [Basis of Commonwealth NHR funding, 2013-14](#).

The basis used to determine NHR payments to LHNs in Tasmania for August 2013 was advised by the Tasmanian Department of Health and Human Services to be as follows:

*In determining the 2013-2014, annual allocation for Tasmanian LHNs (known as Tasmanian Health Organisations (THOs), funding for activity based funding (ABF) and block service streams has been developed using state-based historical funding amounts, supplemented for indexation and adjustments for the impact of Government policy and other adjustments.*

*The historic funding has then been allocated across the THOs and split between the activity-based and block funding streams using an ABF model, the outputs of which are published in the THO Service Agreements.*

*Due to final Commonwealth contribution amounts still being finalised, the actual monthly payment amounts for the first quarter will be based on historical payment amount. This will be adjusted in a subsequent month, once the amounts are finalised. However, the ABF Model was used for splitting the amounts into the various service categories and allocating block payments to THOs.*

## 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 – Tasmania, August 2013**

This table shows funding paid into the Tasmanian state pool account by the Commonwealth, Tasmania or other states/territories, and payments out of the state pool account to LHNs, the state managed fund, the Tasmanian Department of Health or the state pool accounts of other states/territories for August 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 (\$)	To state pool (other State) (\$)	
Commonwealth ABF funding	22,504,054	22,504,054				22,504,054
Commonwealth Block funding	2,233,202		2,233,202			2,233,202
Commonwealth Other funding	601,254			601,254		601,254
<b>Total C'wealth funding</b>	<b>25,338,510</b>	<b>22,504,054</b>	<b>2,233,202</b>	<b>601,254</b>		<b>25,338,510</b>
<b>TAS funding</b>	<b>23,897,680</b>	<b>23,897,678</b>		<b>0</b>	<b>0</b>	<b>23,897,678</b>
<b>Other state/territory funding</b>	<b>0</b>					<b>0</b>
<b>Total</b>	<b>49,236,190</b>	<b>46,401,732</b>	<b>2,233,202</b>	<b>601,254</b>	<b>0</b>	<b>49,236,189</b>

See definitions and explanatory notes following table 1b.

**Table 1b – State pool account transactions YTD – Tasmania, August 2013**

Following on from table 1a, this table shows year-to-date (YTD) funding paid into the Tasmanian state pool account by the Commonwealth, Tasmania or other states/territories, and payments out of the state pool account to LHNs, the state managed fund, the Tasmania Department of Health or the state pool accounts of other states/territories as at August 2013.

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	45,008,108	45,008,108				45,008,108
Commonwealth Block funding	4,466,403		4,466,403			4,466,403
Commonwealth Other funding	1,202,509			1,202,509		1,202,509
<b>Total C'wealth funding</b>	<b>50,677,021</b>	<b>45,008,108</b>	<b>4,466,403</b>	<b>1,202,509</b>		<b>50,677,021</b>
<b>TAS funding</b>	<b>47,796,137</b>	<b>47,795,357</b>		<b>0</b>	<b>0</b>	<b>47,795,357</b>
<b>Other state/territory funding</b>	<b>0</b>					<b>0</b>
<b>Total</b>	<b>98,473,158</b>	<b>92,803,465</b>	<b>4,466,403</b>	<b>1,202,509</b>	<b>0</b>	<b>98,472,377</b>

**Commonwealth ABF funding** represents Acute admitted public, Acute admitted private, 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.

**TAS funding** represents funding contributions paid by Tasmania into its own state pool account, and subsequently paid to LHNs within the state, to the Tasmanian health department and/or to other state pool accounts.

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

**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 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 – Tasmania, August 2013**

This table shows funding paid into the Tasmanian state managed fund by the Commonwealth and Tasmania, and payments out of the state managed fund to LHNs and other provider organisations for August 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	2,233,202			2,233,202
State/territory Block funding	36,183,051			36,183,051
<b>Total</b>	<b>38,416,253</b>	<b>38,416,253</b>	<b>0</b>	<b>38,416,253</b>

See explanatory notes below table 2b.

**Table 2b – State managed fund transactions YTD – Tasmania, August 2013**

Following on from table 2a, this table shows year-to-date (YTD) funding paid into the Tasmanian state managed fund by the Commonwealth and Tasmania, and YTD payments out of the state managed fund to LHNs and other provider organisations as at August 2013.

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	4,466,403			4,466,403
State/territory Block funding	62,366,102			62,366,102
<b>Total</b>	<b>66,832,505</b>	<b>66,832,505</b>	<b>0</b>	<b>66,832,505</b>

**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 Tasmanian 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 – Tasmania, August 2013**

This table shows NHR funding and payments by service category on both a monthly and year-to-date (YTD) basis for Tasmania for August 2013. 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 (\$)	YTD NHR funding (\$)	YTD NHR payments (\$)
<b>ABF</b>				
Acute admitted - public	26,969,682	26,969,682	53,939,364	53,939,364
Acute admitted - private	2,666,735	2,666,735	5,333,470	5,333,470
Non-admitted	9,703,964	9,703,964	19,407,929	19,407,929
Emergency department	5,286,928	5,286,928	10,573,856	10,573,856
Admitted mental health	0	0	0	0
Sub-acute	1,774,423	1,774,423	3,548,846	3,548,846
<b>Total ABF (Pool)</b>	<b>46,401,732</b>	<b>46,401,732</b>	<b>92,803,465</b>	<b>92,803,465</b>
<b>Block</b>				
Non-admitted mental health	1,800,000	1,800,000	3,600,000	3,600,000
Small rural hospitals	3,812,353	3,800,547	7,624,706	7,601,095
Teaching, training & research	3,202,602	3,214,408	6,405,204	6,428,815
Other non-admitted services	29,601,298	29,601,298	49,202,595	49,202,595
<b>Total Block (SMF)</b>	<b>38,416,253</b>	<b>38,416,253</b>	<b>66,832,505</b>	<b>66,832,505</b>
<b>Other</b>				
Public health funding	601,254	601,254	1,202,509	1,202,509
Overdeposit	0	0	0	0
Cross border	0	0	0	0
Interest	2	0	781	0
<b>Total Other (Pool)</b>	<b>601,256</b>	<b>601,254</b>	<b>1,203,289</b>	<b>1,202,509</b>
<b>Grand Total</b>	<b>85,419,241</b>	<b>85,419,239</b>	<b>160,839,259</b>	<b>160,838,479</b>

**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 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 – Tasmania, August 2013**

This table shows NHR contributions (from state, territory and Commonwealth sources) made to each LHN in Tasmania during August 2013.

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 payment (ex GST) (\$)
Tasmanian Health Organisation - North	18,716,414	13,705,356	32,421,770
Tasmanian Health Organisation - North West	5,929,509	5,020,912	10,950,421
Tasmanian Health Organisation - South	21,755,809	19,689,984	41,445,794
<b>Total</b>	<b>46,401,732</b>	<b>38,416,253</b>	<b>84,817,985</b>

See explanatory notes below table 4b.

## Table 4b – NHR contributions by local hospital network YTD – Tasmania, August 2013

This table shows YTD NHR contributions (from state, territory and Commonwealth sources) made to each LHN in Tasmania as at August 2013.

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 payment YTD (ex GST) (\$)
Tasmanian Health Organisation - North	37,432,828	27,410,712	64,843,540
Tasmanian Health Organisation - North West	11,859,019	10,041,824	21,900,843
Tasmanian Health Organisation - South	43,511,619	29,379,969	72,891,587
<b>Total</b>	<b>92,803,465</b>	<b>66,832,505</b>	<b>159,635,970</b>

NHR contributions in this table are GST exclusive to enable comparability of NHR payments in each local hospital network 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 – Tasmania, August 2013

This table shows estimated state or territory hospital activity for activity-based funding services expressed as NWAU for August 2013, the associated cumulative year-to-date (YTD), and total estimated annual NWAU for each LHN in Tasmania.

Local hospital network	Estimated NWAU delivered in current month	Estimated NWAU delivered YTD	Estimated annual NWAU 2013-14
Tasmanian Health Organisation - North	4,150	8,234	47,904
Tasmanian Health Organisation - North West	1,391	2,805	16,091
Tasmanian Health Organisation - South	4,488	8,702	50,083
<b>Total</b>	<b>10,029</b>	<b>19,741</b>	<b>114,078</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 the NWAU calculation, see [Calculation of NWAU](#).