



Administrator
National Health
Funding Pool

National Health Reform
Public Hospital Funding

Northern Territory Report
May 2015

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National Health Reform public hospital funding Northern Territory report – May 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 the Northern Territory for May 2015 as part of the *National Health Reform Agreement*.

In this report

This report includes the following tables:

State pool account transactions

Table 1a – State pool account transactions – Northern Territory, May 2015

Table 1b – State pool account transactions YTD – Northern Territory, May 2015

State managed fund transactions

Table 2a – State managed fund transactions – Northern Territory, May 2015

Table 2b – State managed fund transactions YTD – Northern Territory, May 2015

NHR funding and payments by service category

Table 3 – NHR funding and payments by service category – Northern Territory, May 2015

NHR contributions by local hospital network

Table 4a – NHR contributions by local hospital network – Northern Territory, May 2015

Table 4b – NHR contributions by local hospital network YTD – Northern Territory, May 2015

Estimated monthly, YTD and annual activity

Table 5 – Estimated monthly, YTD and annual NWAU by local hospital network – Northern Territory, May 2015

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 NT Department of Health to view the service agreement for that LHN.

Basis for National Health Reform payments – Northern Territory, May 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 the Northern Territory for May 2015 was advised by the NT Department of Health to be as follows:

The annual funding allocation for the Top End and Central Australian Health and Hospital Services of Northern Territory has been determined on a historical basis for both the activity based funding (ABF) and block service streams, supplemented by a level of growth based on Northern Territory Government Wage and Consumer Price Index parameters. Projected activity increases are not budgeted for and both local hospital networks are required to meet demand increases from within existing resources as a cost containment strategy.

Variations to monthly payments to the Northern Territory LHNs are made based on cash requirements. Cash requirements are impacted by the Northern Territory Salary payment cycle and other monthly variations, such as contractual obligation payment cycles which the LHNs are engaged in.

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 – Northern Territory, May 2015

This table shows funding paid into the Northern Territory state pool account by the Commonwealth, the Northern Territory or other states/territories, and payments out of the state pool account to LHNs, the state managed fund, the NT Department of Health or the state pool accounts of other states/territories for May 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	12,177,200	12,177,200				12,177,200
Commonwealth Block funding	1,405,255		1,405,255			1,405,255
Commonwealth Other funding	300,215			300,215		300,215
Total C^owealth funding	13,882,670	12,177,200	1,405,255	300,215		13,882,670
NT funding	23,743,540	23,742,083		0	0	23,742,083
Other state/territory funding	0		0	0		0
Total	37,626,210	35,919,283	1,405,255	300,215	0	37,624,753

See definitions and explanatory notes following table 1b.

Table 1b – State pool account transactions YTD – Northern Territory, May 2015

Following on from table 1a, this table shows year-to-date (YTD) funding paid into the Northern Territory state pool account by the Commonwealth, the Northern Territory or other states/territories, and payments out of the state pool account to LHNs, the state managed fund, the NT Department of Health or the state pool accounts of other states/territories as at May 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	127,410,014	127,410,014				127,410,014
Commonwealth Block funding	15,356,015		15,356,015			15,356,015
Commonwealth Other funding	3,259,430			3,259,430		3,259,430
Total C'wealth funding	146,025,460	127,410,014	15,356,015	3,259,430		146,025,460
NT funding	261,180,066	261,162,917		0	0	261,162,917
Other state/territory funding	0		0	0		0
Total	407,205,526	388,572,931	15,356,015	3,259,430	0	407,188,377

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.

NT funding represents funding contributions paid by the Northern Territory into its own state pool account, and subsequently paid to LHNs within the state, to the Northern Territory health department and/or to other state pool accounts.

Other state/territory funding represents contributions paid to Northern Territory 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 – Northern Territory, May 2015

This table shows funding paid into the Northern Territory state managed fund by the Commonwealth and the Northern Territory, and payments out of the state managed fund to LHNs and other provider organisations for May 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	1,405,255			1,405,255
State/territory Block funding	46,444,096			46,444,096
Total	47,849,351	47,849,351	0	47,849,351

See explanatory notes below table 2b.

Table 2b – State managed fund transactions YTD – Northern Territory, May 2015

Following on from table 2a, this table shows year-to-date (YTD) funding paid into the Northern Territory state managed fund by the Commonwealth and the Northern Territory, and YTD payments out of the state managed fund to LHNs and other provider organisations as at May 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	15,356,015			15,356,015
State/territory Block funding	403,218,904			403,218,904
Total	418,574,919	418,574,919	0	418,574,919

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 Northern Territory 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 – Northern Territory, May 2015

This table shows NHR funding and payments by service category on both a monthly and year-to-date (YTD) basis for the Northern Territory for May 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	25,155,155	25,155,155	273,039,005	273,039,005
Admitted mental health	1,605,648	1,605,648	17,428,021	17,428,021
Sub-acute	1,089,700	1,089,700	11,645,249	11,645,249
Emergency department	4,097,642	4,097,642	44,587,582	44,587,582
Non-admitted	3,971,138	3,971,138	41,873,073	41,873,073
Total ABF (Pool)	35,919,283	35,919,283	388,572,931	388,572,931
Block				
Small rural hospitals	6,386,381	6,341,496	55,605,573	55,108,847
Teaching, training & research	1,026,976	1,091,011	9,426,185	10,134,628
Non-admitted mental health	655,418	654,268	5,893,144	5,879,427
Other non-admitted services	39,780,576	39,762,576	347,650,016	347,452,016
Total Block (SMF)	47,849,351	47,849,351	418,574,919	418,574,919
Other				
Public health funding	300,215	300,215	3,259,430	3,259,430
Overdeposit	0	0	0	0
Cross border	0	0	0	0
Interest	1,457	0	17,149	0
Total Other (Pool)	301,672	300,215	3,276,579	3,259,430
Grand Total	84,070,307	84,068,850	810,424,430	810,407,281

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 – Northern Territory, May 2015

This table shows NHR contributions (from state, territory and Commonwealth sources) made to each LHN in the Northern Territory during May 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) (\$)
Central Australia Health Service	10,999,932	13,078,608	24,078,540
Top End Health Service	24,919,351	34,770,744	59,690,095
Total	35,919,283	47,849,351	83,768,634

See explanatory notes below table 4b.

Table 4b – NHR contributions by local hospital network YTD – Northern Territory, May 2015

This table shows YTD NHR contributions (from state, territory and Commonwealth sources) made to each LHN in the Northern Territory as at May 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) (\$)
Central Australia Health Service	136,832,219	99,788,731	236,620,950
Top End Health Service	251,740,712	318,786,188	570,526,900
Total	388,572,931	418,574,919	807,147,850

NHR contributions 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 – Northern Territory, May 2015

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

Local hospital network	Estimated NWAU delivered in current month	Estimated NWAU delivered YTD	Estimated annual NWAU 2014-15
Central Australia Health Service	3,768	39,304	37,663
Top End Health Service	6,718	68,859	76,998
Total	10,486	108,163	114,661

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](#).