



Administrator
National Health
Funding Pool

National Health Reform
Public Hospital Funding

South Australia Report
April 2016

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National Health Reform public hospital funding South Australia report – April 2016

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 South Australia for April 2016 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 – South Australia, April 2016

Table 1b – State pool account transactions YTD – South Australia, April 2016

State managed fund transactions

Table 2a – State managed fund transactions – South Australia, April 2016

Table 2b – State managed fund transactions YTD – South Australia, April 2016

NHR funding and payments by service category

Table 3 – NHR funding and payments by service category – South Australia, April 2016

NHR contributions by local hospital network

Table 4a – NHR contributions by local hospital network – South Australia, April 2016

Table 4b – NHR contributions by local hospital network YTD – South Australia, April 2016

Estimated monthly, YTD and annual activity

Table 5 – Estimated monthly, YTD and annual NWAU by local hospital network – South Australia, April 2016

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

Basis for National Health Reform payments – South Australia, April 2016

For the basis of the Commonwealth contribution to NHR funding, see [Basis of Commonwealth NHR funding, 2015-16](#).

The basis used to determine NHR payments to LHNs in South Australia for April 2016 was advised by the SA Department of Health to be as follows:

In determining the annual funding allocation for all LHNs, the budget has been built up predominantly on an activity basis that shares principles with the IHPA framework. It is designed to equitably distribute funding to each LHN relative to all LHNs in South Australia. This occurs within the confines of a limited funding pool that includes adjustments to recognise cost improvements and the attainment of service efficiencies that are also equitably allocated on an activity basis.

Supplementation is provided as block funding where an activity-based approach is not appropriate. This captures the provision of services including teaching, training and research, some mental health services and the delivery of out of hospital strategies incorporating primary health.

Monthly allocations to LHNs will vary for a variety of reasons, but they are predominantly cash flow financed based on need which includes the activity demand on hospital 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 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 – South Australia, April 2016

This table shows funding paid into the South Australian state pool account by the Commonwealth, South Australia or other states/territories, and payments out of the state pool account to LHNs, the state managed fund, the SA Department of Health or the state pool accounts of other states/territories for April 2016.

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	84,105,248	84,105,248				84,105,248
Commonwealth Block funding	14,105,110		14,105,110			14,105,110
Commonwealth Other funding	2,092,686			2,092,686		2,092,686
Total C^omwealth funding	100,303,044	84,105,248	14,105,110	2,092,686		100,303,044
SA funding	75,396,238	161,066,387		0	0	161,066,387
Other state/territory funding	0		0	0		0
Total	175,699,282	245,171,636	14,105,110	2,092,686	0	261,369,431

See definitions and explanatory notes following table 1b.

Table 1b – State pool account transactions YTD – South Australia, April 2016

Following on from table 1a, this table shows year-to-date (YTD) funding paid into the South Australia state pool account by the Commonwealth, South Australia and any other states/territories, and payments out of the state pool account to LHNs, the state managed fund, the SA Department of Health or the state pool accounts of other states/territories as at April 2016.

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	862,898,140	862,898,140				862,898,140
Commonwealth Block funding	137,705,495		137,705,495			137,705,495
Commonwealth Other funding	21,037,621			21,037,621		21,037,621
Total C'wealth funding	1,021,641,256	862,898,140	137,705,495	21,037,621		1,021,641,256
SA funding	1,734,961,999	1,573,234,602		0	1,400,000	1,574,634,602
Other state/territory funding	5,600,000		0	0		0
Total	2,762,203,255	2,436,132,742	137,705,495	21,037,621	1,400,000	2,596,275,858

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.

SA funding represents funding contributions paid by South Australia into its own state pool account, and subsequently paid to LHNs within the state, to the South Australian health department and/or to other state pool accounts.

Other state/territory funding represents contributions paid to South Australia 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 – South Australia, April 2016

This table shows funding paid into the South Australian state managed fund by the Commonwealth and South Australia, and payments out of the state managed fund to LHNs and other provider organisations for April 2016.

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	14,105,110			14,105,110
State/territory Block funding	10,968,145			10,968,145
Total	25,073,255	25,073,255	0	25,073,255

See explanatory notes below table 2b.

Table 2b – State managed fund transactions YTD – South Australia, April 2016

Following on from table 2a, this table shows year-to-date (YTD) funding paid into the South Australian state managed fund by the Commonwealth and South Australia, and YTD payments out of the state managed fund to LHNs and other provider organisations as at April 2016.

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	137,705,495			137,705,495
State/territory Block funding	166,970,868			166,970,868
Total	304,676,364	304,676,364	0	304,676,364

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 South Australian 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 – South Australia, April 2016

This table shows NHR funding and payments by service category on both a monthly and year-to-date (YTD) basis for South Australia for April 2016. 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	97,044,801	149,271,950	1,579,484,668	1,483,242,065
Admitted mental health	10,163,244	15,590,654	164,785,305	154,524,769
Sub-acute	8,084,175	12,466,315	131,422,884	123,380,732
Emergency department	17,409,350	27,216,368	287,082,923	270,402,608
Non-admitted	26,403,678	40,626,348	432,122,360	404,582,568
Total ABF (Pool)	159,105,248	245,171,636	2,594,898,140	2,436,132,742
Block				
Small rural hospitals	6,938,544	6,938,544	115,986,549	115,986,549
Teaching, training & research	7,284,604	7,284,604	70,358,545	70,358,545
Non-admitted mental health	7,820,736	7,820,736	79,270,756	79,270,756
Other non-admitted services	3,029,371	3,029,371	39,060,513	39,060,513
Total Block (SMF)	25,073,255	25,073,255	304,676,364	304,676,364
Other				
Public health funding	2,092,686	2,092,686	21,037,621	21,037,621
Overdeposit	0		0	0
Cross border	0	0	5,600,000	1,400,000
Interest	396,238		2,961,999	0
Total Other (Pool)	2,488,924	2,092,686	29,599,620	22,437,621
Grand Total	186,667,427	272,337,576	2,929,174,123	2,763,246,726

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 – South Australia, April 2016

This table shows NHR contributions (from state, territory and Commonwealth sources) made to each LHN in South Australia during April 2016.

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 Adelaide Local Health Network	85,961,110	6,638,890	92,600,000
Central Office Services	4,744,890	0	4,744,890
Country Health SA Local Health Network	26,592,620	9,707,380	36,300,000
Northern Adelaide Local Health Network	41,338,399	5,361,601	46,700,000
Southern Adelaide Local Health Network	63,152,044	1,847,956	65,000,000
Women's and Children's Health Network	23,382,573	1,517,427	24,900,000
Total	245,171,636	25,073,255	270,244,890

See explanatory notes below table 4b.

Table 4b – NHR contributions by local hospital network YTD – South Australia, April 2016

This table shows YTD NHR contributions (from state, territory and Commonwealth sources) made to each LHN in South Australia as at April 2016.

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 Adelaide Local Health Network	849,971,586	64,262,985	914,234,570
Central Office Services	47,448,904	0	47,448,904
Country Health SA Local Health Network	265,472,457	160,727,543	426,200,000
Northern Adelaide Local Health Network	406,432,580	33,293,052	439,725,631
Southern Adelaide Local Health Network	626,458,758	33,541,242	660,000,000
Women's and Children's Health Network	240,348,457	12,851,543	253,200,000
Total	2,436,132,742	304,676,364	2,740,809,106

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 – South Australia, April 2016

This table shows estimated state or territory hospital activity for activity-based funding services expressed as NWAU for April 2016, the associated cumulative year-to-date (YTD), and total estimated annual NWAU for each LHN in South Australia.

Local hospital network	Estimated NWAU delivered in current month	Estimated NWAU delivered YTD	Estimated annual NWAU 2015-16
Central Adelaide Local Health Network	17,178	169,858	203,161
Central Office Services	948	9,482	11,379
Country Health SA Local Health Network	5,314	53,052	61,455
Northern Adelaide Local Health Network	8,261	81,222	96,646
Southern Adelaide Local Health Network	12,620	125,192	148,375
Women's and Children's Health Network	4,673	48,031	57,191
Total	48,995	486,837	578,206

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](#).