



Administrator
National Health
Funding Pool

National Health Reform
Public Hospital Funding

Tasmania Report
April 2018

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National Health Reform public hospital funding Tasmania report – April 2018

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 April 2018 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, April 2018

For the basis of the Commonwealth contribution to NHR funding, see [Basis of Commonwealth NHR funding, 2017-18](#).

The basis used to determine NHR payments to LHNs in Tasmania for April 2018 was advised by the Tasmanian Department of Health and Human Services to be as follows:

NHR payments in Tasmania are based upon the activity outlined in the annual service agreement between the Minister for Health and the Tasmanian Health Service (THS).

The service agreement is informed by the Statement of Purchaser Intent (SOPI) and includes:

- *a schedule of services to be provided by or on behalf of the THS and the funding to be provided in relation to the provision of those services;*
- *performance standards, performance targets and performance measures for the THS, and*
- *standards of patient care and service delivery.*

Acute admitted and sub and non-acute service activity volumes are modelled based on age adjusted, population growth and other known factors using historical activity data. Emergency Department and outpatient service volumes are modelled based on agreed growth rates and other known historical data factors.

To provide consistency in methodology and consistency with the National Health Reform Agreement (NHRA), the 2017-18 Tasmanian Funding Model has adopted the National Weighted Activity Unit (NWAU) as the currency for Activity Based Funding, with the applicable version being NWAU17, and National Efficient Cost (NEC17), with some modifications in relation to small regional and remote hospitals, stand - alone hospitals providing specialist Mental Health services (admitted and non-admitted), and teaching, training and research.

The 2017-18 Tasmanian Funding Model also provides funding via operational and block grants to the THS covering services provided and activities undertaken that are not within scope for ABF.

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, April 2018

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 April 2018.

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	29,249,641	29,249,641				29,249,641
Commonwealth Block funding	5,234,926		5,234,926			5,234,926
Commonwealth Other funding	679,010			679,010		679,010
Total C'wealth funding	35,163,577	29,249,641	5,234,926	679,010		35,163,577
TAS funding	29,823,800	29,823,800		0	0	29,823,800
Other state/territory funding	0		0	0		0
Total	64,987,377	59,073,441	5,234,926	679,010	0	64,987,377

See definitions and explanatory notes following table 1b.

Table 1b – State pool account transactions YTD – Tasmania, April 2018

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 Tasmanian Department of Health or the state pool accounts of other states/territories as at April 2018.

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	281,802,876	281,802,876				281,802,876
Commonwealth Block funding	52,349,257		52,349,257			52,349,257
Commonwealth Other funding	6,813,982			6,813,982		6,813,982
Total C'wealth funding	340,966,115	281,802,876	52,349,257	6,813,982		340,966,115
TAS funding	297,146,137	297,137,311		8,826	0	297,146,137
Other state/territory funding	0		0	0		0
Total	638,112,252	578,940,187	52,349,257	6,822,808	0	638,112,252

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.

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 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 – Tasmania, April 2018

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 April 2018.

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	5,234,926			5,234,926
State/territory Block funding	30,637,449			30,637,449
Total	35,872,375	35,872,375	0	35,872,375

See explanatory notes below table 2b.

Table 2b – State managed fund transactions YTD – Tasmania, April 2018

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 April 2018.

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	52,349,257			52,349,257
State/territory Block funding	377,884,751			377,884,751
Total	430,234,008	430,234,008	0	430,234,008

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, April 2018

This table shows NHR funding and payments by service category on both a monthly and year-to-date (YTD) basis for Tasmania for April 2018. 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	39,864,391	39,864,391	391,134,994	391,134,994
Admitted mental health	2,652,405	2,652,405	26,813,560	26,813,560
Sub-acute	2,177,269	2,177,269	24,048,483	24,048,483
Emergency department	6,641,455	6,641,455	64,702,589	64,702,589
Non-admitted	7,737,921	7,737,921	72,240,560	72,240,560
Total ABF (Pool)	59,073,441	59,073,441	578,940,187	578,940,187
Block				
Small rural hospitals	4,876,173	4,876,173	53,459,952	53,459,952
Teaching, training & research	5,313,249	5,313,249	62,550,393	62,550,393
Non-admitted mental health	3,388,081	3,388,081	39,236,930	39,236,930
Other non-admitted services	22,294,872	22,294,872	274,986,733	274,986,733
Total Block (SMF)	35,872,375	35,872,375	430,234,008	430,234,008
Other				
Public health funding	679,010	679,010	6,813,982	6,813,982
Overdeposit	0	0	0	0
Cross border	0	0	0	0
Interest	0	0	8,826	8,826
Total Other (Pool)	679,010	679,010	6,822,808	6,822,808
Grand Total	95,624,825	95,624,825	1,015,997,003	1,015,997,003

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 – Tasmania, April 2018

This table shows NHR contributions (from state, territory and Commonwealth sources) made to each LHN in Tasmania during April 2018.

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) (\$)
Tasmanian Health Organisation - North West	59,073,441	35,872,375	94,945,816
Total	59,073,441	35,872,375	94,945,816

See explanatory notes below table 4b.

Table 4b – NHR contributions by local hospital network YTD – Tasmania, April 2018

This table shows YTD NHR contributions (from state, territory and Commonwealth sources) made to each LHN in Tasmania as at April 2018.

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) (\$)
Tasmanian Health Organisation - North West	578,940,187	430,234,008	1,009,174,195
Total	578,940,187	430,234,008	1,009,174,195

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 – Tasmania, April 2018

This table shows estimated state or territory hospital activity for activity-based funding services expressed as NWAU for April 2018, 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 2017-18
Tasmanian Health Organisation - North West	11,314	117,040	146,000
Total	11,314	117,040	146,000

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](#).