



**Administrator**  
National Health  
Funding Pool

# THREE YEAR DATA PLAN: 2022-23 TO 2024-25

June 2022

# TABLE OF CONTENTS

<b>Preface</b> .....	<b>1</b>
<b>Overview</b> .....	<b>3</b>
<b>Background</b> .....	<b>4</b>
<b>Legislative and Policy Framework</b> .....	<b>5</b>
<i>Legislative Framework</i> .....	5
<i>National Health Reform Act 2011</i> .....	5
<i>National Health Reform Agreement 2011</i> .....	5
<i>Addendum to the National Health Reform Agreement 2017-18 to 2019-20</i> .....	5
<i>Addendum to the National Health Reform Agreement 2020-21 to 2024-25</i> .....	6
<i>Administrator’s Policy Framework</i> .....	8
Three Year Data Plan.....	8
Data Compliance Policy.....	8
Data Governance Policy.....	8
Calculation of Commonwealth National Health Reform Funding.....	8
Business Rules for Data Matching.....	9
National Health Funding Pool Payments System Procedures Manual.....	9
<b>Roles</b> .....	<b>10</b>
<i>Role of the Commonwealth and the States</i> .....	12
<b>Funding and Payments</b> .....	<b>13</b>
<i>Components of National Health Reform Funding</i> .....	13
<i>National Health Funding Pool</i> .....	13
<i>Activity Based Funding</i> .....	15
<i>Block Funding</i> .....	16
<i>Public Health funding</i> .....	17
<b>Ensuring transparency, consistency and accountability</b> .....	<b>18</b>
<i>Service Agreements</i> .....	18
<i>Monthly Reporting</i> .....	19
<i>Annual Reporting</i> .....	19
<i>Consultation</i> .....	23
<i>Privacy and security</i> .....	23
<i>Data security</i> .....	23

<b>Compliance .....</b>	<b>24</b>
Adminstrator’s compliance .....	24
Jurisdictional compliance.....	25
<b>Data requirements.....</b>	<b>26</b>
<i>Ad hoc data request</i> .....	28
<i>Service Estimates</i> .....	28
Data processes/timelines .....	29
Data components.....	30
Data specifications .....	31
Service estimates data submission .....	32
<i>Reconciliation requirements</i> .....	32
Data processes/timelines .....	33
Data Components .....	34
Data Specifications.....	36
Hospital activity data submission .....	37
Cross-border data sharing .....	38
<i>Monthly reporting requirements</i> .....	39
Data processes/timelines .....	40
Reporting .....	40
Data requirements.....	41
<b>Appendix A: Data collections utilised by the Administrator and the IHPA .....</b>	<b>45</b>
<b>Appendix B: Timeline for data provision .....</b>	<b>50</b>
<b>Appendix C: Reconciliation data requirements .....</b>	<b>51</b>
<b>Appendix D: Other public hospital services.....</b>	<b>53</b>

# PREFACE

This document comprises the Administrator's rolling Three Year Data Plan (Data Plan), covering the years 2022-23 to 2024-25, as required by the National Health Reform Agreement 2011 (NHR Agreement). For this rolling update, the National Health Funding Body (NHFB) continues to collaborate with the Independent Hospital Pricing Authority (IHPA) to standardise the plans and data requirements of each agency.

The objectives of the Data Plan are to:

- communicate data requirements over the three years, 2022-23 to 2024-25, in accordance with clause B66 of *the Addendum to the National Health Reform Agreement 2020-21 to 2024-25* (the Addendum)
- describe the mechanisms and timelines for the submission of data from the Commonwealth, States and Territories (jurisdictions)
- advise how data will be used by the Administrator in undertaking the duties required by the *National Health Reform Act 2011* (NHR Act), the NHR Agreement, and the Addendum.

The Data Plan is the determination of the minimum level of data required from jurisdictions to calculate the Commonwealth's National Health Reform (NHR) funding to public hospital services, conduct reconciliation activities and report publicly on the NHR funding and payments.

Data requirements in regard to funding the National Partnership on COVID-19 Response (NPCR) are not addressed in this plan but are instead set out in the Administrator's National Partnership on COVID-19 Response: Guidance on Financial Arrangements.

The privacy, confidentiality and security of all data provided by jurisdictions continue to be of prime importance. All data requested are either not identified or are de-identified. If the data remains unidentified, it is not classified as 'personal information' within the meaning of the *Privacy Act 1988*. To cover the possibility that data may become identifiable, additional measures have been adopted by the NHFB to ensure that their collection and use are in accordance with the Australian Privacy Principles and with the secrecy and patient confidentiality provisions in other statutory protections. Systems and processes used for collection, storage and reporting have been designed to ensure security of information in line with the Commonwealth's Protective Security Policy Framework.

The combined Administrator and NHFB Data Governance Policy is available from the website at [www.publichospitalfunding.gov.au](http://www.publichospitalfunding.gov.au)

I will continue to liaise with jurisdictions to ensure that the processes surrounding the collection and use of data for the purposes of administering the National Health Funding Pool (the Pool) are as rigorous and transparent as possible. I would like to again extend my thanks to all jurisdictions for their involvement in the development of this plan and associated materials.

Mr Michael Lambert  
Administrator  
National Health Funding Pool

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# OVERVIEW

This Data Plan sets out the Administrator’s rolling Three Year Data Plan, covering the period 2022-23 to 2024-25. The Data Plan has been harmonised with the Independent Hospital Pricing Authority’s (IHPA) Data Plan to provide a standard document structure and appendix listing.

The supply of the data outlined in this Data Plan is required under clauses A8 and B72 of the Addendum, with details of the Commonwealth and State and Territory compliance to be reported on a quarterly basis (B81 and A152 of the Addendum) in line with the Administrator’s Data Compliance Policy 2022-23.

The Administrator will make all non-identifiable aggregated and patient level data collected under the Data Plan available to jurisdictions based on patients’ place of residence, where such release is legally permitted.

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# BACKGROUND

In August 2011, the Council of Australian Governments (COAG) agreed to major changes in how public hospitals were to be funded by Commonwealth, State and Territory governments, including the move from block grants to a system that is predominantly funded on an 'activity-based' approach, supplemented by Block funding in certain cases and areas.

These changes included establishing the:

- Administrator of the National Health Funding Pool (the Administrator) and the National Health Funding Body (NHFB) to improve transparency of public hospital funding arrangements.
- Independent Hospital Pricing Authority (IHPA) to set the National Efficient Price (NEP) for Activity Based Funding (ABF) activity and the National Efficient Cost (NEC) for Block funded services.

The NHR Agreement outlined the shared responsibility of the Commonwealth, State and Territory governments to work in partnership to improve health outcomes for all Australians and ensure the sustainability of the Australian health system. The NHR Agreement has been supplemented with Addendums that apply for specific periods and introduce additional provisions. To date there have been two Addendums, the 2017-18 to 2019-20 Addendum and the 2020-21 to 2024-25 Addendum.

This document sets out the Administrator's determination of the minimum level of data required from the Commonwealth, States and Territories, to calculate the Commonwealth's NHR funding for public hospital services, conduct reconciliation activities and report publicly on NHR funding and payments.

# LEGISLATIVE AND POLICY FRAMEWORK

## Legislative Framework

The legislative framework for the operation of the Pool and the basis of Commonwealth and State funding of public hospital services is set out in the NHR Act and associated State based Acts as well as the NHR Agreement and the subsequent Addendums.

## National Health Reform Act 2011

Section 238(1) of the NHR Act and associated State NHR legislation requires the Administrator to calculate and advise the Commonwealth Treasurer of the amounts to be paid by the Commonwealth into the Pool under the NHR Agreement for each State and Territory. This includes advising on any reconciliation of those amounts based on subsequent actual service delivery.

## National Health Reform Agreement 2011

The *National Health Reform Agreement 2011* (NHR Agreement) established the basis of Commonwealth and State NHR funding for public hospitals, including:

- the move to ‘activity-based’ funding wherever practicable (A2 of the NHR Agreement)
- setting Commonwealth funding at 45 per cent of efficient growth of activity based services.

These changes included establishing the Administrator and the NHFB, as well as IHPA to improve transparency of public hospital funding arrangements.

## Addendum to the National Health Reform Agreement 2017-18 to 2019-20

The Addendum to the National Health Reform Agreement 2017-18 to 2019-20 introduced the National Funding Cap from 1 July 2017, stipulating that growth in annual Commonwealth funding for national public hospital services will not exceed 6.5 per cent a year (I10), as well as setting the Commonwealth funding contribution as base year funding plus 45 per cent of efficient growth.

This also saw the development of pricing and funding adjustments for Sentinel Events (preventable adverse health events that result in death or serious harm of a patient), Hospital Acquired Complications (HACs) and avoidable hospital readmissions.



## Addendum to the National Health Reform Agreement 2020-21 to 2024-25

On 29 May 2020, the Commonwealth, States and Territories entered into a new agreement, the *Addendum to the National Health Reform Agreement 2020-21 to 2024-25* (the Addendum). The Addendum maintains a commitment to ensuring equitable access to public hospitals for all Australians and the basis for the Commonwealth and State funding of public hospital services.

The Addendum also includes a commitment by all Australian governments to a shared long-term vision for health reform, with reforms aimed to make it easier to provide flexible, high-quality care that meets the needs and preferences of Australians and reduces pressure on hospitals. The agreed critical reform priorities are:

1. Improving efficiency and ensuring financial sustainability.
2. Delivering safe, high-quality care in the right place at the right time, including long-term reforms in:
  - i. Nationally cohesive health technology assessment
  - ii. Paying for value and outcomes
  - iii. Joint planning at the local level
3. Prioritising prevention and helping people manage their health across their lifetime through:
  - i. Empowering people through health literacy
  - ii. Prevention and well being
4. Driving best practice and performance using data and research, including long-term reforms in enhanced health data.

The Addendum also introduced elements related to the calculation of NHR Commonwealth funding, these being:

- The Administrator will continue consulting with all jurisdictions on a process of data matching to compare MBS data with NHR ABF data at the patient level to identify instances where the Commonwealth has funded the same health service twice. The Administrator will refer these matters for Commonwealth compliance checking and action in the first instance (A9, A10, A11), with some circumstances resulting in adjustments to Commonwealth NHR funding (A12).
- The introduction of a single Commonwealth Contribution Rate (CCR) in each State across all ABF service categories, that commenced 1 July 2020 (A35).

- Implemented a pricing model for avoidable hospital readmissions that commenced 1 July 2021 (A171).
- New funding arrangements for new, high cost, highly specialised therapies (HSTs) that are recommended for delivery in a public hospital setting by the Medical Services Advisory Committee. The CCR for HSTs will be 50 per cent of the growth in the efficient price (or cost) rather than the 45 per cent rate. HSTs will be exempt from the funding cap for a two-year period from the commencement of service delivery (C11).
- NHFB will continue working with the IHPA towards an approach to achieve financial neutrality between public and private patients in public hospitals (A44). This approach will be implemented for the 2021-22 and forward years' reconciliation.
- All parties to the NHR Agreement committing to maintain, at a minimum, funding for public hospital services at not less than the level provided in 2018-19 (A102), with the Administrator and AIHW working with all parties towards consistency and transparency of reporting to enable the Administrator to provide an annual report on maintenance of effort (A103).
- IHPA, the Australian Commission on Safety and Quality in Health Care (ACSQHC) and the Administrator to provide advice to the COAG Health Council (CHC) by April 2021 on options for further development of safety and quality reforms, including ways to reduce avoidable and preventable hospitalisation (A173).

In conjunction with the new Addendum, the Federal Government provided a funding guarantee (separate to the Addendum) for 2019-20 and 2020-21 for all States and Territories to ensure no jurisdiction is left financially worse off as a result of the COVID-19 pandemic.

## **Administrator's Policy Framework**

The Administrator's policies seek to make transparent the approach taken to performing the Administrator's functions. This includes the provision of data, data quality and management, calculation of within year payments to Local Hospital Networks (LHNs) based on estimates of activity; reconciliation of final entitlements; ensuring funding integrity; and guidance on the operation of the Pool.

### **THREE YEAR DATA PLAN**

The Administrator's Three Year Data Plan describes the Administrator's determination of the minimum level of data required from the Commonwealth, States and Territories, to calculate the Commonwealth's NHR funding to public hospital services, conduct reconciliation activities and report publicly on NHR funding and payments.

### **DATA COMPLIANCE POLICY**

The Data Compliance Policy comprises the Administrator's policy on jurisdictional compliance with data provision as required in the Administrator's Three Year Data Plan. The NHFB, on behalf of the Administrator, publishes a quarterly Data Compliance Report on jurisdictional compliance with the Data Plan and Data Compliance Policy.

### **DATA GOVERNANCE POLICY**

The Data Governance Policy covers both the Administrator and the NHFB. It details the information collected, the purpose for the collection, its use, storage, disclosure and disposal, by the Administrator.

### **CALCULATION OF COMMONWEALTH NATIONAL HEALTH REFORM FUNDING**

This document sets out the approach and process used by the Administrator to calculate Commonwealth NHR funding paid to States and Territories. The calculation policy includes funding for ABF, Block and Public Health funding categories as well as the approach for undertaking reconciliation on a six monthly basis.

## **BUSINESS RULES FOR DATA MATCHING**

The business rules for data matching sets out the approach followed in accordance with clause A9 of the Addendum, where assessment is undertaken to ensure the Commonwealth does not fund activities twice, through NHR funding and through other Commonwealth programs such as MBS or PBS funding.

## **NATIONAL HEALTH FUNDING POOL PAYMENTS SYSTEM PROCEDURES MANUAL**

The Manual covers the procedures for authorised NHFB and State and Territory staff to process the Pool deposits and payments through the Payments System.

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# ROLES

The Administrator of the Pool is a statutory office holder, independent from Commonwealth and State and Territory Governments and is appointed to the position under Commonwealth, State and Territory legislation.

The position was established by the NHR Act and relevant legislation of each State and Territory. The Administrator is supported by the NHFB, which is also independent of all governments. The key functions of the Administrator (B42 of the Addendum), with the support of the NHFB are to:

- a) calculate and advise the Commonwealth Treasurer of the Commonwealth contribution to the National Health Funding Pool under the Addendum
- b) reconcile estimated and actual volume of service delivery, informed by the results of data checking activities conducted by other bodies on behalf of the Administrator, and incorporate the result of this reconciliation into the calculation of the Commonwealth contribution to the National Health Funding Pool
- c) maintain accounts (established by each State) with the Reserve Bank of Australia in the name of each State, collectively known as the National Health Funding Pool
- d) oversee payment of Commonwealth funding determined under the Addendum into State accounts established at the Reserve Bank of Australia under State legislation
- e) oversee payments into Pool accounts of State funding provided under the Addendum
- f) pay State funding from Pool accounts to Local Hospital Networks and other recipients in accordance with the direction of the relevant State Health Minister
- g) publicly report on:
  - i. funding received into the National Health Funding Pool from the Commonwealth
  - ii. funding received into the National Health Funding Pool from the States
  - iii. payments made from the National Health Funding Pool to Local Hospital Networks and State managed funds and the basis on which these payments are made
  - iv. payments made, and the basis on which these payments are made, from the State managed funds to Local Hospital Networks and other providers, based on information provided by States

- v. payments made by the Commonwealth through the National Health Funding Pool to the States for the provision of public health services
  - vi. top-up payments made by the Commonwealth through the National Health Funding Pool to the States
  - vii. the volume of public hospital services provided by Local Hospital Networks
  - viii. the delivery of other public hospital functions funded by the National Health Funding Pool and State managed funds.
- h) calculate Commonwealth Funding Entitlement of States with reported Sentinel Events
  - i) calculate Safety and Quality Adjustments to be made using the pricing and funding models nominated for this purpose by the Parties
  - j) advise the Commonwealth Treasurer of h) and i) during annual Reconciliation and during six monthly assessment reporting

The Administrator will also maintain productive and effective relationships with stakeholders and strategic partners, including all Australian Governments, the IHPA, the AIHW and the ACSQHC.

## Role of the Commonwealth and the States

Under clause 9 of the Addendum, the Commonwealth and States and Territories (States) are jointly responsible for:

- funding public hospital services in Australia, using ABF where practicable and Block funding in other cases
- establishing and maintaining nationally consistent standards for health care and reporting to the community on the performance of health services
- collecting and providing patient-level data to support comparability and transparency of financial reporting and data sharing arrangements to promote better health outcomes.

Clause 10 of the Addendum recognises the States as the system managers of the public hospital system. A core element of being the system manager of public hospitals is to ensure services are appropriately funded. Therefore, each State determines the amount they pay for public hospital services and functions and the mix of those services and functions and meets the balance of the cost of delivering public hospital services and functions over and above the Commonwealth NHR funding.

In determining the mix of services and functions provided, States work with LHNs to develop Service Agreements (E7 of the Addendum) and estimates of activity to be delivered. These Service Agreements must align to the estimates provided to the Administrator for funding purposes and can be updated throughout the year as needed.

The States are responsible for hospital data quality, integrity and timeliness. To enable the calculation of Commonwealth NHR funding, States collect and provide hospital activity data as specified in the Data Plan. The data submitted to the Administrator for reconciliation activities is required to be timely, complete and accurate, meeting appropriate assurance requirements.

The Commonwealth is responsible for system management, policy and funding for General Practitioner (GP), primary and aged care services. In addition to funding, the Commonwealth's role is to promote coordinated, equitable and timely access to GP and primary health care service delivery, work with States on system-wide policy and state-wide planning for GP and primary health care and the planning, funding, policy, management and delivery of the aged care system.

# FUNDING AND PAYMENTS

## Components of National Health Reform Funding

The Administrator's calculation of Commonwealth NHR funding includes the following major components:

- ABF, which is used to fund most public hospital services based on the number of services provided and the price to be paid for delivery
- Block funding, which is provided to support teaching, training and research undertaken in public hospitals and public health programs. It is also used for certain public hospital services where Block funding is more appropriate, particularly for smaller rural and regional hospitals
- Public Health, which is the Commonwealth's contribution to national public health, youth health services and essential vaccines (service delivery).

Adjustments are made to Commonwealth NHR funding (ABF and Block) for:

- Six-month and Annual Reconciliation
- Funding Cap, if exceeded
- Safety and Quality adjustments, Data Conditional Payment and for data matching adjustments in certain specified circumstances.

Further information on the components of NHR funding are available in the Administrator's *Calculation of Commonwealth NHR Funding Policy*.

## National Health Funding Pool

The Pool was established to receive all Commonwealth (ABF and Block) and State (ABF only) public hospital funding. The Pool comprises of a Reserve Bank of Australia (RBA) account for each State, with States also having established a State Managed Fund (SMF) to manage Block funding.

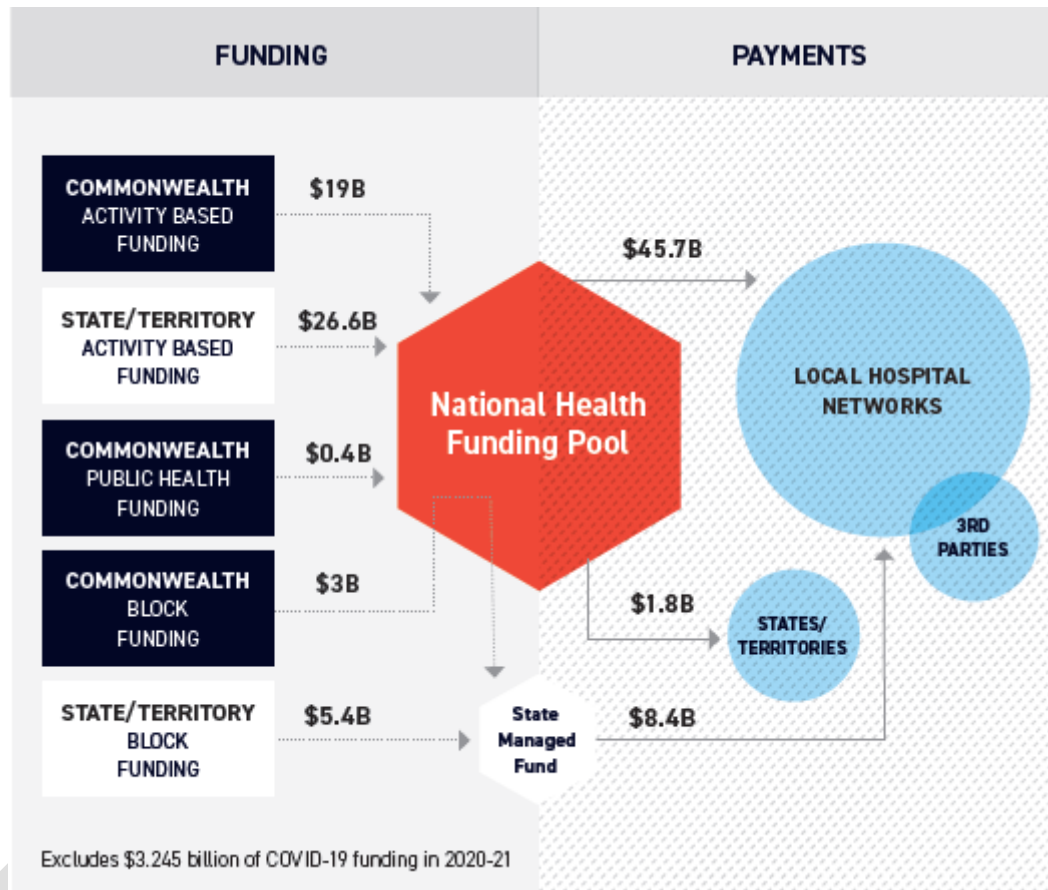
The Pool and SMF provide a line-of-sight mechanism to trace each jurisdiction's contribution to LHNs and third parties. The balance is paid to States (including public health, cross border, interest and over deposits).



Figure 2 highlights the source, types and amount of funding and payments that flowed through the Pool and SMFs in 2020-21.

The NHR Agreement also allows for additional streams of funding to be paid through the Pool if agreed by Governments, as was done in response to COVID-19.

FIGURE 2 2020-21 Public Hospital Funding Payment Flows



## Activity Based Funding

ABF is a funding method for public hospital services based on the number of weighted services provided to patients, weighted by the resources required to provide the service multiplied by the price to be paid for delivering those services.

The IHPA's NEP Determination and Pricing Framework, issued prior to the commencement of the relevant financial year, determines the hospital services in scope for Commonwealth NHR Agreement funding and the price to apply to the funding of those services by the Commonwealth (States can set a State price for Activity Based Funding). States provide data detailing these in scope hospital services for confirmation of eligibility by the Administrator.

The following service categories were funded through ABF in 2020-21:

- emergency department services
- acute admitted services
- admitted mental health services
- sub-acute and non-acute services
- non-admitted services

The Commonwealth funds the base level of funding provided for the previous year plus 45 per cent of efficient growth of ABF services delivered (A33 of the Addendum). Efficient growth is the growth in funding related to the change in the NEP (price adjustment) and the change in the volume of services delivered (volume adjustment) for a given financial year. States provide the balance of the required funding.

## Block Funding

Block funding is used when it is not practical or possible to apply ABF funding, it supports teaching, training and research in public hospitals, and public health programs. It is also used for certain public hospital services where Block funding is more appropriate, particularly for smaller rural and regional hospitals. Categories of Block funding in 2020-21 included:

- teaching, training and research
- small rural public hospitals
- non-admitted mental health services
- non-admitted Child and Adolescent Mental Health Services (CAMHS)
- non-admitted home ventilation
- other non-admitted services (e.g. chronic disease management)
- Highly Specialised Therapies (e.g. CAR-T)

Note that 'small rural hospitals' also includes major city and specialist psychiatric hospitals.

The Commonwealth funds the base level of funding it provided for the previous year plus 45 per cent of the growth in the efficient cost of providing Block funded services or performing the functions (A49 of the Addendum). The IHPA determines which hospital services and functions are eligible for Commonwealth funding on a block basis (A54 of the Addendum) and the Administrator then calculates the Commonwealth's funding (A55 of the Addendum).

## Public Health funding

Public health funding is the Commonwealth contribution for public health activities undertaken by the States. States have full discretion over the application of Public Health funding to the outcomes set in the National Healthcare Agreement 2012 (A15 of the Addendum).

The Commonwealth Treasury advises the Administrator of the Public Health funding amounts to be provided by the Commonwealth for each State. The Public Health amounts are calculated by applying the former National Healthcare Specific Purpose Payment (SPP) growth factor (A14 of the Addendum), which is made up of:

- five year rolling average of the health price index
- growth in population estimates weighted for hospital utilisation (nationally)
- a technology factor (Productivity Commission derived index of technology growth).

Changes in the SPP growth factor may occur for any financial year (for example arising from the Mid-Year Economic and Financial Outlook) and may lead to an adjustment to the Public Health funding.

If an adjustment occurs during the year, the Commonwealth Treasury advises the Administrator of the updated Public Health amounts, which may lead to a consequential change in the overall calculated Commonwealth NHR funding amount.

Any adjustment to Commonwealth Public Health funding is calculated as if the underlying growth factor change related to the entire financial year. The resultant funding adjustment is spread evenly over the remaining months of the financial year (with any remainder from rounding applied to the last month). All stakeholders are advised of the change and its subsequent impact.

# ENSURING TRANSPARENCY, CONSISTENCY AND ACCOUNTABILITY

As part of the NHR Agreement, all parties have agreed to increased transparency in the Australian health care system. The Administrator is required by Division 2 of the NHR Act and A147-153 of the Addendum to undertake a range of public reporting. These reporting requirements are summarised in **Table 1**.

In addition to the required reporting, the Administrator can, under s245 of the NHR Act, provide information generally to a jurisdictional Minister in relation to any information requested by that Minister.

## Service Agreements

To support transparency and accountability of funding and services, Service Agreements between the States and LHNs are provided to the Administrator (once agreed).

Service Agreements will include, at a minimum (E7 of the Addendum):

- a) the number and broad mix of services to be provided by the LHN, to inform the community of the expected outputs from the LHN and allow the Administrator to calculate the Commonwealth's funding contribution
- b) the quality and service standards that apply to services delivered by the LHN, including the Performance and Accountability Framework
- c) the level of funding to be provided to the LHN under the Service Agreement, through ABF, reported on the basis of the national efficient price, and Block funding
- d) the teaching, training and research functions to be undertaken at the LHN level.

Additionally, to support national comparability, States are also required to provide the Administrator and the IHPA with:

- a) The price per weighted service they use for determining public hospital funding
- b) The volume of weighted services as set out by the national ABF classification scheme
- c) Any variations to service loadings from the national ABF classifications schemes.

The Addendum permits States to enter into agreements or contracts with private or not-for-profit providers for the provision of public hospital services (A180 to A185 of the Addendum) and for these services to be eligible for a Commonwealth funding contribution.

For any notional, virtual or contracted services LHNs, the State will provide information on forecast and actual contracted activity to the Administrator, and this will include the same type, level and specificity of data on the contracted activity as required of other LHNs under the Addendum (A183).

To assist States to meet Service Agreement reporting requirements of the NHR Agreement and the Addendum, the Administrator has included a suggested NHR funding table template for inclusion in 2022-23 LHN Service Agreements (**Table 2**).

## Monthly Reporting

With support from the NHFB, the Administrator publishes publicly available monthly reports to [publichospitalfunding.gov.au](http://publichospitalfunding.gov.au). These reports detail the funding and payments made into and out of the Pool and SMF, and the volume of services funded. Additional detail on the funding, payments and services reported can be found in **Table 1**.

## Annual Reporting

With support from the NHFB, the Administrator publishes an Annual Report that includes a combined financial statement and an audited financial statement for each Pool account. This Annual Report is tabled in Commonwealth Parliament and each State Parliament.

The Administrator and AIHW have been working with all jurisdictions towards achieving consistency and transparency of reporting to enable the Administrator to provide a meaningful annual report on maintenance of effort (A103 of the Addendum) to Government. This will include reporting on States maintaining, at a minimum, 2018-19 levels of funding for public hospital services through the Pool for the period 2020-21 to 2024-25 (A102 of the Addendum).

**TABLE 1** Administrator’s reporting requirements

Information and reporting requirement	Frequency
<p><b>Calculation of Commonwealth contribution</b></p> <p>This will include the outcomes of the calculations that the Administrator has advised to the Commonwealth Treasurer based on Commonwealth and States submitted data and the IHPA’s advice. States are supplied with a copy of the advice provided to the Commonwealth Treasurer.</p>	As required
<p><b>Basis for Commonwealth and State contribution</b></p> <p>The Administrator reports the:</p> <ul style="list-style-type: none"> <li>▪ basis on which Commonwealth and States funding flows into the Pool and SMFs</li> <li>▪ basis on which Pool and SMF payments have been made.</li> </ul>	Monthly
<p><b>Funding and payments</b></p> <p>The Administrator reports the:</p> <ul style="list-style-type: none"> <li>▪ funding received into the Pool from the Commonwealth</li> <li>▪ funding received into the Pool and SMF from the relevant States</li> <li>▪ payments made from the Pool to LHNs, a SMF or other organisations</li> <li>▪ payments made from each State Managed Fund to LHNs and other organisations</li> <li>▪ payments made by the Commonwealth through the Pool to States for the provision of public health services.</li> </ul>	Monthly
<p><b>Volume of Public Hospital Services</b></p> <p>The Administrator reports the:</p> <ul style="list-style-type: none"> <li>▪ volume of public hospital services funded to and provided by LHNs in accordance with the national system of ABF, including a running yearly total</li> <li>▪ delivery of other public hospital functions funded by the Pool and State Managed Fund, including a running yearly total.</li> </ul> <p>This includes reporting the number of NWAU by service category and LHN and other public hospital services provided by States.</p>	Monthly

Information and reporting requirement	Frequency
<p><b>Annual Report</b></p> <p>The Administrator publishes an Annual Report that includes legislated NHR disclosures, comprising a combined Financial Statement for the Pool and a Financial Statement for each States Pool Account. The Annual Report is provided to States Health Ministers for tabling in each respective Parliament. State Pool Accounts are audited by the Auditor-General of the respective States.</p> <p>The Administrator’s Annual Reports are available from:  <a href="http://www.publichospitalfunding.gov.au/publications">www.publichospitalfunding.gov.au/publications</a></p>	Annually
<p><b>Service Agreements</b></p> <p>States are required to provide to the Administrator a copy of the Service Agreement with each LHN for each relevant financial year, once agreed. Any revisions to funding or activity must be provided to the Administrator once agreed.</p> <p>These Service Agreements are to be publicly released by States within fourteen calendar days of finalisation or amendment.</p>	At least annually
<p><b>Data Compliance Report</b></p> <p>The Administrator publishes details of jurisdictional data compliance against the requirements set out in the Data Plan.</p>	Quarterly



**TABLE 2** National Health Reform Funding Table Template

To assist States in improving their performance in meeting the Service Agreement reporting requirements of the Addendum, a suggested NHR funding table template for inclusion to Service Agreements is provided below.

Funding Type	No. of In-scope services (NWAU)	No. of Out-of-scope services (NWAU)	ABF NEP (\$)	Cwlth Funding for In-scope services (\$)
<b>ABF Allocation</b>				
Emergency Department	xxx	xxx	xxx	xxx
Acute Admitted	xxx	xxx	xxx	xxx
Admitted Mental Health	xxx	xxx	xxx	xxx
Sub-Acute	xxx	xxx	xxx	xxx
Non-Admitted	xxx	xxx	xxx	xxx
<b>Total ABF Allocation</b>	<b>xxx</b>	<b>xxx</b>		<b>xxx</b>
<b>Block Allocation</b>				
Teaching, Training and Research				xxx
Small Rural Public Hospitals				xxx
Non-Admitted Mental Health				xxx
Non-Admitted CAMHS				xxx
Non-Admitted Home Ventilation				xxx
Other Non-Admitted Services				xxx
Highly Specialised Therapies				xxx
<b>Total Block Allocation</b>				<b>xxx</b>
<b>Grand Total Funding Allocation</b>				<b>xxx</b>

## Consultation

The Administrator has established a Jurisdictional Advisory Committee (JAC) to ensure that jurisdictions are consulted on a range of issues, including data collection requirements.

The Administrator's JAC is comprised of senior representatives from States and relevant Commonwealth departments and agencies. The JAC considers strategic issues associated with those components of NHR where the Administrator has responsibility. In addition, consultation takes place on the approach to and results from data matching; trends in quarterly activity data by service categories; the results of six monthly and annual reconciliation; and changes to the Administrator's/NHFB's policies.

The Administrator also establishes time limited working groups, such as the Payments System Project Working Group, to consider technical issues associated with the implementation of the NHR Agreement and Addendum arrangements. Working groups may be established on an as-needs basis with the assistance of members of the Administrator's JAC.

In addition to formal forums, the Administrator and NHFB undertake regular bilateral discussions with jurisdictions on current matters such as data timing and consistency, reconciliation queries, data matching, policy reviews and changes in funding arrangements.

## Privacy and security

Under the NHR Act, Agreement and Addendum, the Administrator is tasked with collecting, securing and using information in accordance with relevant legislation and the Australian Privacy Principles, ethical guidelines and practices. These are documented in the Administrator's Data Governance Policy available from [publichospitalfunding.gov.au/publications](https://publichospitalfunding.gov.au/publications)

## Data security

The Administrator is committed to the security of activity data submitted by jurisdictions. The Administrator and NHFB utilise the Enterprise Data Warehouse (EDW) managed by the Commonwealth Department of Health (DoH) which provides a secure facility for the submission, storage and dissemination of data. The EDW includes the following features:

- a secure online system for jurisdictions to submit data to the Administrator
- secure control management for the sharing of data between the Administrator and the organisations specified in B77 of the Addendum
- a physically secure location with disaster recovery capabilities
- compliance with relevant Australian Government security policies, including the Australian Government Protective Security Policy Framework and the Australian Government Information Security Manual.

# COMPLIANCE

## ADMINISTRATOR’S COMPLIANCE

B67 of the Addendum sets out the specific obligations of the national bodies in determining their data requirements. The table below demonstrates how this data plan complies with each requirement.

**TABLE 3** Addendum clause B67 compliance matrix.

Clause	Compliance Principles	Compliance mechanisms
B67a	Seek to meet data requirements through existing national data collections, where practical	National Minimum Data Set (NMDS) and Data Set Specifications have been used where possible, and additional data items have been included only where necessary.
B67b	Conform with national data development principles and wherever practical use existing data development governance processes and structures, except where to do so would compromise the performance of statutory functions	<ul style="list-style-type: none"> <li>▪ Use of existing national data specifications and collections wherever possible using the IHPA’s data validation rules.</li> <li>▪ Collaboration with States representatives to develop specifications and collections that are consistent with national standards.</li> </ul>
B67c	Allow for a reasonable, clearly defined timeframe to incorporate standardised data collection methods across all jurisdictions	The Administrator consults with jurisdictions to ensure that timeframes are reasonable, clear and aligned with the requirements of the NHR Agreement.
B67d	Support the concept of ‘single provision, multiple use’ of information to maximise efficiency of data provision and validation where practical, in accordance with privacy requirements	<p>Data requirements are coordinated between NHFB and IHPA to ensure consistency of data requirements and a single point of collection to the maximum possible extents.</p> <p>The EDW is used to maximise the efficiency of data provision and validation and to encourage appropriate data sharing between the national bodies, where possible, given the privacy and secrecy legislation in place.</p>
B67e	Balance the national benefits of access to the requested data against the impact on jurisdictions providing that data	Jurisdictions will continue to be consulted regarding the impact of proposed data collections.

Clause	Compliance Principles	Compliance mechanisms
B67f	Consult with the Commonwealth and States when determining its requirements.	<p>The Administrator has:</p> <ul style="list-style-type: none"> <li>▪ An established advisory committee that includes jurisdictional representation.</li> <li>▪ Conducted jurisdictional workshops/bilateral discussions to seek advice with regard to data requirements.</li> </ul>

## JURISDICTIONAL COMPLIANCE

The Administrator is required to publish details of jurisdictional compliance with data requirements on a quarterly basis (B81 and A152 of the Addendum) The Administrator’s Data Compliance Policy (available from: [www.publichospitalfunding.gov.au/publications](http://www.publichospitalfunding.gov.au/publications)) sets out the Administrator’s policy on jurisdictional compliance with data provision (as required in the Data Plan) and details the process for public quarterly reporting (B81 of the Addendum).

# DATA REQUIREMENTS

The Administrator requires several types of information in order to perform the functions set out in the NHR Act, the NHR Agreement and the Addendum:

- ABF service category activity annual estimates and Block service category annual estimates (NHR in-scope activity) for each State and at an LHN level in accordance with Service Agreements with LHNs. The data is required in order to calculate and provide a formal forecast of the Commonwealth funding contribution to the Commonwealth Treasurer, and as an input to monthly and annual reports.
- ABF service category activity annual estimates and Block service category annual estimates for out-of-scope activity funded by States through the Pool and/or State Managed Fund. This data is to be provided for each State and at an LHN level in accordance with Service Agreements with LHNs. This data is required as an input to monthly and annual reports, in accordance with the reporting obligations of the Administrator under the National Health Reform Act 2011 s240 (1)(f).
- Disaggregated unit level activity data from States. This data is required in order to perform reconciliation based on actual levels of activity and is required on a quarterly basis. Activity data provided biannually and annually is to be accompanied by a Statement of Assurance from a senior health department official on the completeness and accuracy of approved data submissions provided under clauses A66, B76, B77 and B82 of the Addendum.
- Private patient revenue data. The Addendum includes clauses which have the intent to neutralise revenue at the hospital level for public and private patients. To implement these clauses IHPA is developing a methodology which utilises Hospital Casemix Protocol (HCP) data. Until such time as the quality and timeliness of the HCP collection is improved, States will be required to submit private patient revenue actuals.
- Commonwealth data relating to MBS and PBS services accompanied by a Statement of Assurance biannually and annually from the DoH's Chief Data Steward on the completeness and accuracy of the data.
- Funding, payments and service volumes. This data is required to enable monthly reporting of relevant NHR funding transactions. Further information on the purpose of data collection, data elements, submission and timing is outlined below.
- Parameters for indexing the Commonwealth's contribution to public health funding which is provided by the Commonwealth Treasury.

Wherever possible, the Administrator uses existing classifications and data specifications, with additional data items included only where they are required to meet the obligations set out in the NHR Act, the NHR Agreement and the Addendum.

A timeline is provided at **Appendix B** identifying the timing for provision of data by jurisdictions as set out above (service estimates data, annual reconciliation data and monthly reporting data).

DRAFT

## Ad hoc data request

The Administrator may need to request the supply of additional ad hoc data if external policy decisions (e.g. hospitals moving from Block to ABF, changed treatment of long stay patients, introduction of adjustments for pricing for safety and quality) are implemented after this Data Plan is approved or during the period of this Data Plan.

## Service Estimates

States are required to provide the Administrator with estimates of expected annual activity expressed as NWAUs, a measure of health service activity expressed as a common unit, against which the National Efficient Price (NEP) is paid.

The NWAU estimates, along with the IHPA's NEP and the National Efficient Cost (NEC) Determinations and any back-casting multiplier/s, enable the Administrator to calculate and advise the Commonwealth Treasurer and States of the amounts to be paid by the Commonwealth each financial year to States and LHNs, and comply with section 238(1)(a) of the NHR Act.

Estimates provided by States to the Administrator for calculation of Commonwealth contributions must be provided on a service category basis (the service categories are as per the IHPA's Pricing Frameworks and NEP Determination) and reflect the format of the actual activity that will be captured and reported by LHNs.

In accordance with the reporting obligations of the Administrator under the National Health Reform Act 2011 s240 (1)(f), estimates must also be provided by States to the Administrator on a service category basis for out-of-scope services funded through the Pool and/or State Managed Fund.

Estimates can be provided both prior to and during the relevant financial year, in the form of formal estimates (A105 and A106 of the Addendum) and non-binding estimates (A104 of the Addendum).

Formal estimates will affect Commonwealth payments to LHNs. Formal estimates also require the submission of revised Service Agreements to the Administrator. During the relevant financial year, the Commonwealth payments to LHNs will only be updated following the receipt of revised Service Agreements.

Non-binding estimates do not require States to vary the Service Agreements with their LHNs and will not affect the Commonwealth payments to LHNs. The provision of non-binding estimates is to improve the accuracy of NWAU estimates and may assist in the construction of confidential budget planning advice for Commonwealth and State governments.

The timely provision of complete information is important to enable calculation of the Commonwealth NHR funding contribution to each State prior to the commencement of the relevant financial year.

## DATA PROCESSES/TIMELINES

The Addendum requires States to provide the Administrator with the following formal estimates for each financial year:

- estimated service volumes for the State by service category for the next financial year by 31 March (A105)
- confirmed service volumes for the State by service category for each LHN for the next financial year by 31 May (A106).

The formal estimated NWAU are to be provided to the Administrator as an annual NWAU submission. The provision of NWAU on this basis is necessary to enable the Administrator to carry out the reconciliation and adjustment process (A63 to A76).

### Adjustments to formal estimates

States may amend service NWAU estimates. Clause A143 of the Addendum anticipates adjustments to Commonwealth NHR funding due to changes in LHN service estimates as documented in Service Agreements.

Any adjustment to Commonwealth NHR funding contributions resulting from a change will be calculated as if the factor giving rise to the change related to the entire financial year. The resultant funding adjustment will be spread evenly over the remaining months of the financial year (with any remainder from rounding applied to the last month). This ensures that the adjustment is fully applied by the final monthly payment of the year.

The framework and mechanism for making adjustments is detailed in the Administrator's *Calculation of Commonwealth NHR Funding Policy 2020-2025* policy. This document is available at: [www.publichospitalfunding.gov.au/publications](http://www.publichospitalfunding.gov.au/publications)



## DATA COMPONENTS

### Activity Based Funding

States are required to provide the Administrator with estimated NWAU at the State level and the estimated NWAU for each LHN, by the relevant ABF service category detail for each relevant year as advised on page 15.

### Block funding

As per clauses A51 and A52 of the Addendum, the IHPA will determine which hospital services are eligible for Block funding based on interactions with States. The Administrator calculates the Commonwealth funding contribution for Block funding using the IHPA's NEC determination (A55 of the Addendum) as advised on page 16.

### Public Health funding

Public Health funding is paid by the Commonwealth into the Pool, and from there to State health departments for the purposes of population health activities. States have full discretion over the application of Public Health funding to the outcomes set out in the *National Health Care Agreement 2012* (A15 of the Addendum).

Public Health funding is calculated by the Commonwealth Treasury, with payments equal to the previous year's payment indexed by the former National Healthcare SPP growth factor.

### Service Agreements

Clause A107 of the Addendum requires States to provide to the Administrator a copy of the Service Agreement with each LHN for each financial year, once agreed. These Service Agreements are to be publicly released by States within 14 calendar days of finalisation (E8 of the Addendum).

States may amend Service Agreements at any point, and the Administrator must be advised within 28 calendar days of any agreed variation and the new Service Agreement publicly released within fourteen calendar days of amendment (A136, A137, A143 and E8 of the Addendum).

The NHFB will reconcile the NWAU amounts outlined in Service Agreements for each LHN with the estimates advised by States for Commonwealth payment purposes under A106 of the Addendum.

## DATA SPECIFICATIONS

The service estimates requirements are set out below in **Table 4**.

**TABLE 4** Service estimates requirements

Requirement	Source	Data	Purpose	NHR Act section/ Addendum clause
Calculate and advise the Commonwealth Treasurer and States of the amounts to be paid by the Commonwealth each financial year to each State under the NHR Agreement.	IHPA	NEP / NEC Determinations	The NEP will be the price used to determine the Commonwealth contribution for ABF.  The NEC and the list of Block funded hospitals will be used to determine the amount of Commonwealth Block funding by service category.	s238(1)(a) A53-A55
		Back-casting multipliers	Used to ensure that changes between years are correctly accounted for and that Commonwealth growth funding is not adversely impacted by changes in the national pricing model over consecutive years.	S238(1)(a) A41
		Estimated weighted service volumes (by service category)	The estimated NWAU will be used to calculate the estimated aggregate funding (for ABF services) to be paid by the Commonwealth to each State.	s238(1)(a) A105
	State	Confirmed weighted service volumes (by service category by LHN)	The confirmed NWAU will be used to calculate the funding (for ABF services) required to be paid by the Commonwealth to each State. This will be used to calculate the starting point for the twelve equal monthly payments.	s238(1)(a) A106
		Service Agreement	The NHR Agreement requires a copy of each Service Agreement to be provided to the Administrator once agreed between the State and the LHN, as well as a copy of any adjusted Service Agreement that will result in the variation of Commonwealth payments.	s238(1)(a) A107

## SERVICE ESTIMATES DATA SUBMISSION

The submission of service estimates is via an email to [nhfa.administrator@nhfa.gov.au](mailto:nhfa.administrator@nhfa.gov.au) from a Minister, a delegate of the Minister, a Secretary, Director-General, Chief Executive or equivalent.

### Reconciliation requirements

Reconciliation relates to those public hospital functions funded by the Commonwealth on an activity basis (A74 of the Addendum). In addition to safety and quality adjustments made at Annual Reconciliation for Sentinel Events and Hospital Acquired complications (HACs), adjustments for avoidable hospital readmissions commence 1 July 2022.

Commonwealth funding to States in support of ABF services will be based, in the first instance, on estimates of activity levels for the funding period.

Clauses A63-A76 of the Addendum require actual activity data to be reconciled with estimated activity data on a six-monthly and annual basis, in arrears and by LHN for each State, in order for Commonwealth payments to be adjusted to reflect the actual level of services provided.

To assist with streamlining and completing the Six-month and Annual Reconciliations in a timely manner, submission of activity data on a quarterly basis is required. The quarterly activity data submissions will streamline the NWAU calculation processes, enable earlier identification of any issues and, importantly, early consultation with jurisdictions.

A Statement of Assurance is not required for the first quarter and third quarter period submission of activity data.

The data elements outlined in this section, together with the estimated activity data provided by States (used as the prospective basis for the Commonwealth contribution), will be used in the reconciliation process.

The data requirements align to the national data development principles (B67 of the Addendum) and wherever practical uses existing data sets and structures, except where doing so would compromise the performance of the Administrator's statutory functions.

The Administrator supports the concept of 'single provision, multiple use' of information and works collaboratively with the IHPA to advance the implementation of this principle. Activity data are sourced from the IHPA's data collections where practical. This assists in the development of nationally consistent data collection and validation processes.

The Commonwealth and States have primary responsibility for the integrity of the data provided (B76 of the Addendum).

## DATA PROCESSES/TIMELINES

States are required to provide the Administrator with the required activity data elements on a quarterly basis each financial year by the following dates to enable the Administrator to meet the requirements of the Addendum:

- First-quarter period ending 30 September each year by 31 December that year
- Six-month period ending 31 December each year, by 31 March the following year
- Third-quarter year-to-date period ending 31 March each year, by 30 June that year
- Annual period ending 30 June each year, by 30 September that year (pending any resubmissions requested by the Administrator). The acceptance of resubmissions initiated by jurisdictions is subject to the discretion of the Administrator. Every effort should be made to ensure the correctness of the data submitted by 30 September, to minimise the possibility of errors and data resubmissions, noting the requirement for the Administrator, under the Addendum, to provide preliminary annual reconciliation numbers to jurisdictions by 30 November (A80 of the Addendum).

The provision of the Submission B data component including the Medicare card numbers is only required to be submitted biannually for the six-month and annual periods. The data elements required are detailed in the *Administrator's File Specifications for Data Submission* document, available at [www.publichospitalfunding.gov.au/publications](http://www.publichospitalfunding.gov.au/publications)

## DATA COMPONENTS

### States

States are required to provide patient level activity data regarding actual services delivered for public hospital functions funded by the Commonwealth.

For privacy reasons, activity reconciliation will be undertaken by the NHFB using only de-identified data. This applies to the patient level activity data provided by States and the MBS claims data and PBS claims data received from the Commonwealth.

States must submit patient level activity data on hospital services provided in two separate submissions, Submission A and Submission B:

- **Submission A** includes patient level activity data. The patient level activity data is to include details (data flag) to enable identification of services that will be subject to the Safety and Quality Adjustments. As sentinel events are not currently reported in national data sets, States will be required to submit an additional data file identifying those episodes in which a sentinel event occurred (see **Appendix C, Table 2**). The implementation of the preventable hospital acquired complications and avoidable hospital readmissions, does not require States to submit separate data at this stage.
- **Submission B**, like Submission A, is at the individual record level and includes a Medicare card number. This submission goes to the EDW and the Medicare card number is converted to a unique pin number for the purpose of data de-identification. Each record in Submission B includes a common unique identifier (state record identifier), used to link to Submission A data sets.

States may provide separate submissions for each service category, depending on the IHPA's specification.

The Addendum includes clauses which have the intent to neutralise revenue at the hospital level for public and private patients. To implement these clauses, the IHPA is developing a methodology which utilises Hospital Casemix Protocol (HCP) data. Additional data on the actual state payments to each LHN for public and private patients will also be required. As the quality and timeliness of the HCP collection is improved, the requirement for actual payments to LHNs may not be required.

If there are significant changes to costing or classification methodologies in the next financial year (refer **Appendix A**), States may be required to provide additional data (shadow reporting) to ensure the Commonwealth NHR funding is calculated on an appropriate basis.

## Reference data

States must submit a list of hospitals including information about ABF funding status, *Health Insurance Act 1973* 19(2) exemption status, pharmaceutical reform agreement status, and Highly Specialised Therapies (HST) claiming status. This list is required annually with the Q1 submission.

## Statement of Assurance

Consistent with clause B82 of the Addendum, States will provide the IHPA and the Administrator with a Statement of Assurance from a senior health department official on the completeness and accuracy of approved data submissions provided under clauses A66, B76 and B77 of the Addendum. The Statement of Assurance is required biannually for the six-month and annual period.

The Statement of Assurance should include commentary on:

- i. Steps taken to promote completeness and accuracy of activity data (e.g. audit tools or programs, third-party reviews, stakeholder engagement strategies)
- ii. Efforts applied to ensure the classification of activity was in accordance with the current year's standards, data plans and determinations
- iii. Variations in activity volumes and movements between ABF and Block funding
- iv. Explanations on any significant changes in activity and NWAU from the prior financial year (as part of annual data submission)

Other information that may be relevant to users of the data, as determined by the signing officer.

## Commonwealth Department of Health

The Department of Health is required to provide de-identified patient level data on MBS claims, PBS items and data related to any other Commonwealth program considered relevant to clause A8 and A9 of the Addendum. The data is to be accompanied by:

- The relevant Public Interest Certificates
- reference data such as a provider number list, a prescriber number list, and a pharmacy list
- Statement of Assurance on completeness and accuracy of data submitted by the relevant data custodian(s) (B83 of the Addendum).

In utilising MBS and PBS claims data provided by Services Australia, the Administrator acknowledges and accepts the arrangements that the Department of Health has made regarding receipt of MBS and PBS data from Services Australia, including associated data validation.

## DATA SPECIFICATIONS

Set out below in **Table 5** are the reconciliation data requirements.

**TABLE 5** Reconciliation data requirements

Requirement	Source	Data	Purpose	NHR Act section/ Addendum clause	
Conduct reconciliation to determine the actual volume for services provided by LHNs for Commonwealth payment purposes.	Cwlth DoH	MBS claims data	To determine the level of eligible services that will attract a Commonwealth contribution.	s238(1)(a) A10-A12	
		PBS claims data			
		Other Commonwealth programs			
		Provider number list: Provider number			S238(1)(a)
		Not in a GP role (Yes/No)			
Prescriber number list Prescriber number Provider number	S238(1)(a)				
		Pharmacy list Pharmacy number Hospital based (Yes/No)	S238(1)(a)		
		Cwlth Treasury	Public Health funding amount for each State	To calculate the Commonwealth funding contribution to public health activities.	A14-A15
State	State	Patient level activity data	To determine the actual level of eligible services that will attract Commonwealth contribution.	s238(1)(a) A66,79	
		List of ABF hospitals: Hospital ID Hospital name 19(2) status Pharmaceutical reform agreement (Yes/No) Approved for HSD drugs <i>LHN code, LHN Name, Activity data reporting flags.</i>	To allow calculation of NWAU for each State.	S238(1)(a)	
		IHPA	NWAU calculator	Used to determine the total estimated funding (for ABF services) to be provided to each State.	s238(1)(a)

## HOSPITAL ACTIVITY DATA SUBMISSION

### State data submissions

States are required to submit patient level activity data in two separate submissions. The two submissions must contain specified data relating to the same services delivered and are to be linked by a state record identifier.

#### Submission A

- The data is submitted via the IHPA Data Submission Portal, validated using the IHPA data validation rules and grouped by the IHPA before being provided to the NHFB. The validation rules applied to the data are detailed in the technical specifications which support this Data Plan and are available from the Administrator's website.

#### Submission B

- States are to provide Submission B data via encrypted file via the Services Australia Submission B Dropbox. The submission is to be provided by States to Services Australia as a fixed-width text file with the appropriate file naming conventions. The data specifications and file titling requirements are explained in the File Specification for Submission B document located at: [www.publichospitalfunding.gov.au/publications](http://www.publichospitalfunding.gov.au/publications).
- Services Australia performs two levels of validation: the file format (check if the filename is in the correct format and the file records are of the correct length) and the validity of the Medicare card number. The valid Medicare card numbers are replaced with unique Medicare Personal Identification Number (PIN) before being provided to the NHFB.

Note: Submission B data are not to be supplied directly to the NHFB.

#### Reference data and separate data submissions

Reference data and separate data submissions may be provided to the Administrator via an email to [nhfa.administrator@nhfa.gov.au](mailto:nhfa.administrator@nhfa.gov.au) or through the [NHFB Dropbox](#).

#### Commonwealth data submission

The Department of Health submission of de-identified patient level data for MBS, PBS and any other Commonwealth program is to be provided via the EDW.

The Commonwealth Treasury submission of public health amounts are to be provided directly to the Administrator via an email to [nhfa.administrator@nhfa.gov.au](mailto:nhfa.administrator@nhfa.gov.au) or through the [NHFB Dropbox](#).



## CROSS-BORDER DATA SHARING

Cross-border funding occurs when a resident of one State receives hospital treatment in another State. The 'resident' State compensates the treating or 'provider' State for its share of the cost of that service.

This is known as cross-border payment. The Commonwealth funding contribution to the cost of these services is made directly to the 'provider' State.

The Addendum (A110-A126) sets out the treatment of cross-border hospital activities which will be governed by the following principles:

- the State where a patient would normally reside should meet the cost of services where its resident receives hospital treatment in another jurisdiction
- payment flows (both Commonwealth and State) associated with cross-border services should be administratively simple, and where possible consistent with the broader arrangements
- the cross-border payment arrangements should not result in any adverse Goods and Services Tax (GST) distribution effects
- States recognise their commitment under the Medicare principles which require medical treatment to be prioritised on the basis of clinical need
- States should have the opportunity to engage in the setting of cross-border activity estimates and variations, in the context that this would not involve shifting of risk
- there should be transparency of cross-border flows.

Given the need for transparency of cross-border flows the Administrator, as part of the annual reconciliation process, will release actual cross-border patient level data to States, including the calculated NWAU. Each State will receive a cross-border dataset that will include information for all patients reported to be residents of that State and received public hospital service in another State. This will include the patient level data submitted by States for ABF and Block funded hospital services.

The cross-border reconciliation process has been incorporated into the Administrator's *Calculation of Commonwealth NHR Funding Policy*.

## Monthly reporting requirements

Sections 238(1)(d) and 240 of the NHR Act require the Administrator to publicly issue monthly reports on the NHR funding and payments. These reports include the payments made into and from the State Pool Accounts and SMFs, volume of public hospital services (including other public hospital services) and basis for contributions.

The provision of data outlined in this section will allow the Administrator to meet the monthly reporting requirements of the NHR Act and clauses A147 and A148 of the Addendum. Complete and timely provision of data is required so that the Administrator's monthly reports are timely and relevant.

The Administrator's monthly reports also assist in delivering the transparency objectives of clause A130 of the Addendum:

*There will be complete transparency and line-of-sight of respective contributions into and out of Pool accounts to Local Hospital Networks, discrete State Managed Funds, or to State health departments in relation to public health funding and any top-up funding, and of the basis on which the contributions are calculated. There will also be complete transparency and line-of-sight of respective contributions out of State Managed Funds to Local Hospital Networks.*

NHR transactions are recorded via the National Health Funding Pool Payments System (the Payments System). This system is managed and administered by the NHFB (on behalf of the Administrator) and is used by the NHFB and States to process relevant deposits, payments, and transactions through the Pool in accordance with the requirements in the NHR Act, the NHR Agreement and the Addendum.

## DATA PROCESSES/TIMELINES

To support the requirements of the Administrator's monthly reporting data collection, analysis and report generation cycle, the following timelines apply for each month:

- no later than the 15th day of the following month – States are required to have completed transaction processing in the Payments System to reflect all movements of funds in accordance with the NHR Agreement.
- no later than the 15th day of the following month – States are required to provide formal review and approval of ledger balances within the Payments System.
- no later than the last day of the following month, assuming that all States have complied with the information requirements and timelines above, the Administrator will make the monthly reports publicly available.

The timelines identified above are contingent on State responses to queries on figures and data elements each month (if any) and the timely resolution of any issues.

Where the days identified above occur on a weekend, national public holiday or public holiday in the Australian Capital Territory in any given month, transactional information, data collection or report generation is required by the next business day.

## REPORTING

The payment arrangements for both the Commonwealth and States are set out in clauses A138 and A139 of the Addendum and the provisions of the NHR jurisdictional legislation. Monthly reporting reflects these arrangements. In addition, clause A142 of the Addendum details:

*States will direct the timing of Commonwealth payments from Pool accounts and State Managed Funds to Local Hospital Networks. However, States will not redirect Commonwealth payments:*

- a) between Local Hospital Networks*
- b) between funding streams (for example from ABF to Block funding)*
- c) to adjust the payment calculations underpinning the Commonwealth's funding.*

Monthly reporting data will be sourced from the Payments System. Funding and payments made through the Pool are reconciled by the NHFB to the RBA State Pool Accounts.

States are also required to enter transactional data in the Payments System to represent the relevant funding and payment transactions through the SMF.

States are responsible for ensuring the Payments System ledger faithfully represents funding and payments through the State Pool Accounts and SMFs to ensure the accuracy, completeness and validity of data for public reporting by the Administrator.

## DATA REQUIREMENTS

In order to produce accurate monthly reports, the Administrator requires the following data:

- funding received into the Pool from the Commonwealth and from States
- basis on which Commonwealth and State funding flows into the Pool and SMFs have been made
- payments made by the Commonwealth through the Pool to States for the provision of Public Health services and top-up payments
- payments made from the Pool to LHNs, SMFs or other organisations
- payments made from SMFs to LHNs and other organisation
- basis on which the Pool and SMF payments have been made
- volume of public hospital services funded to and provided by LHNs in accordance with the national system of ABF, including out of scope services funded through the Pool and/or State Managed Fund, including a running yearly total
- volume of out-of-scope services funded to and provided by LHNs through the Pool and/or State Managed Fund, including a running yearly total.

**TABLE 6** Summary of transactions and information required

Transaction Types – Receipts		
Transaction Type	Who is responsible	Information required
Commonwealth Contribution – ABF	NHFB	Funds Source (C), Funded Entity (LHNs), funding type (ABF funding type (e.g. Acute Admitted)), Funding Year, Account Type = Pool (100XX) (Specify Agreement)
Commonwealth Contribution – Public health funding and Block	NHFB	Funds Source (C), Funded Entity (State Pool), breakdown by Funding Type (e.g. small rural hospitals), Funding Year; Account Type = Pool (100XX) (Specify Agreement)
State Contribution – ABF	States	Funds Source (J), Funded Entity (LHNs), breakdown of ABF receipts for each LHN by ABF funding type (e.g. Acute Admitted), Funding Year; Account Type = Pool (100XX) (Specify Agreement, NHR In-scope / out-of-scope)
Interest Receipts	States	Funds Source (O), Funded Entity (State), Funding Type (Interest receipt), Funding Year; Account Type = Pool (10000)
Cross-border receipts (for transfer to other State)	States	Funds Source (J), Funded Entity (Cross-border), Funding Type (Cross-border contribution), Funding Year; Account Type = Pool (100XX) (Specify Agreement)
Cross-border receipt from other State	NHFB	System generated

Transaction Type	Who is responsible	Information required
Block funding to SMF	States	Journal receipt of cash to bank, revenue recognition Revenue coded to Funds Source (C and J), Funded Entity (SMF), detailed funding type (e.g. small rural hospitals), Funding Year; Account Type = SMF (200XX) (Specify Agreement)
Commonwealth Contribution – ABF	States	Funds Source (C and J), Funded Entity (LHNs), breakdown by Funding Type (e.g. Acute Admitted), Funding Year, Account Type = Pool (100XX) (Specify Agreement)
Public health funding to Health Department	States	Funds Source (C), Funded Entity (State), breakdown by Funding Type (e.g. small rural hospitals), Funding Year; Account Type = Pool (100XX) (Specify Agreement)
Commonwealth Block to SMF	States	Funds Source (C), Funded Entity (State Managed Fund), breakdown by Funding Type (e.g. small rural hospitals), Funding Year; Account Type = Pool (100XX) (Specify Agreement)
Interest to Health Department	States	Funds Source (O), Funded Entity (State), Funding Type (Interest payment), Funding Year; Account Type = Pool (10000)
Over-deposit of State Contribution to State Health Department	States	Funds Source (J), Funded Entity (State), Funding Type (Over-deposit), Funding Year; Account Type = Pool (100XX)
Cross-border transfer to other State	States	Funds Source (J), Funded Entity (Cross-border), Funding Type (Cross-border transfer), Funding Year; Account Type = Pool (100XX) (Specify Agreement)
Cross-border from other State to Health Department	States	Funds Source (S), Funded Entity (State), Funding Type (Cross-border payment), Funding Year; Account Type = Pool (100XX) (Specify Agreement)
Block funding from SMF to LHNs / Other Third Party	States	Journal payment of cash from bank, expense recognition Expense coded to Funds Source (C and J), Funded Entity (SMF), detailed funding type (e.g. small rural hospitals), Funding Year; Account Type = SMF (200XX) (Specify Agreement, NHR in-scope / out-of-scope)

## Good and Services Tax

The majority of funding paid to LHNs is not subject to GST. However in some instances, hospital funding to non-government entities is subject to GST (e.g. denominational hospitals, privately and commercially owned health facilities or other non-government third party providers of health services and related suppliers). Where States fund GST to LHNs, the GST component must be separately identified.

## Basis statements

To meet the reporting requirements of Section 240(1)(a) of the NHR Act, the Administrator's monthly reports are to include the basis of each State's NHR funding and payments to LHNs.

This information enables comparisons over time within and between LHNs, and between States, whether these are variations in:

- Price
- movements between Activity Based Funding service categories
- demographic adjustments applied
- amounts of Block funding paid for the relevant block components
- changes to State methodology
- any other reason.

## Service volumes

The monthly reports show both dollars and service volumes for ABF. ABF service volumes are expressed as NWAU.

## Other public hospital services

As required under A147 of the Addendum, the Administrator is required to report the number of other public hospital functions funded by the Pool and SMFs as a running yearly total.

Unlike the unit of measurement for the national ABF system (NWAU), there is currently no nationally standardised measurement system for other public hospital functions.

Consequently, States should provide detail to the Administrator on the application of NHR funding outside of ABF, based on the locally accepted unit measurement classification (e.g. hours, events, clients, episodes etc.) and the funding arrangements used in each State.

Further information on data reporting relating to 'other public hospital' functions is provided at **Appendix D**.

# APPENDIX A: DATA COLLECTIONS UTILISED BY THE ADMINISTRATOR AND THE IHPA

For this rolling update the NHFB, on behalf of the Administrator, has worked collaboratively with the IHPA in revising the Data Plan as part of a commitment to the principle of data rationalisation expressed in the NHR Agreement, particularly in progressing the principle of ‘single provision, multiple use’. The table below demonstrates a coordinated approach to data collection.

The IHPA and NHFB utilise cost and expenditure data through the same key collections: the National Hospital Cost Data Collection and the National Public Hospitals Establishments Database and the Public Hospitals Establishments Data Set Specification.

**TABLE 1** Comparative Activity data collections utilised by the Administrator and the IHPA

Service category	National Agencies			Year of data collection					
	IHPA		NHFP Administrator	2022-23		2023-24		2024-25	
	ABF	Block funded		Data spec	Classification	Data spec	Classification	Data spec	Classification
Admitted acute	✓	✓	✓	APC NMDS 2022-23	ICD-10-AM Eleventh ed. & AR-DRG v10.0	APC NMDS 2023-24	ICD-10-AM Twelfth ed. & AR-DRG v10.0	APC NMDS 2024-25	ICD-10-AM Twelfth ed. & AR-DRG v11.0
Emergency (levels 3B – 6)	✓	✓	✓	NAPEDC NMDS 2022-23	Australian Emergency Care Classification v1.0	NAPEDC NMDS 2023-24	Australian Emergency Care Classification v1.0	NAPEDC NMDS 2024-25	Australian Emergency Care Classification v1.0
Emergency (levels 1 – 3A)	✓	✓	✓	ESC NBEDS 2022-23	UDG v1.3	ESC NBEDS 2023-24	UDG v1.3	ESC NBEDS 2024-25	UDG v1.3



**TABLE 1** Comparative Activity data collections utilised by the Administrator and the IHPA (*continued*)

Service category	National Agencies			Year of data collection					
	IHPA		NHFP Admin.	2022-23		2023-24		2024-25	
	ABF	Block funded		Data spec	Classification	Data spec	Classification	Data spec	Classification
Non-admitted (Patient level data)	✓		✓	NAP NBEDS 2022-23	Tier 2 Non-Admitted Services v7.0	NAP NMDS 2023-24	Tier 2 Non-Admitted Services v7.0	NAP NMDS 2024-25	Tier 2 Non-Admitted Services v7.0
Mental health*	✓	✓	✓	ABF MHC NBEDS 2022-23	Australian Mental Health Care Classification v1.0	ABF MHC NBEDS 2023-24	Australian Mental Health Care Classification v1.0	ABF MHC NBEDS 2024-25	Australian Mental Health Care Classification v1.0
Admitted subacute & non-acute	✓	✓	✓	ASNHC NBEDS 2022-23	AN-SNAP v4.0	ASNHC NBEDS 2023-24	AN-SNAP v5.0	ASNHC NBEDS 2024-25	AN-SNAP v5.0
Teaching, training & research*	✓			HTTRA NBEDS 2022-23	Australian Teaching and Training Classification v1.0	HTTRA NBEDS 2023-24	Australian Teaching and Training Classification v1.0	HTTRA NBEDS 2024-25	Australia Teaching and Training Classification v1.0
Alternative funding source	✓	✓	✓	Supplementary file to identify activity in the ABF data sets eligible for alternative funding arrangement under the National Health Reform Agreement or National Partnership Agreement.	N/A	Supplementary file to identify activity in the ABF data sets eligible for alternative funding arrangement under the National Health Reform Agreement or National Partnership Agreement.	N/A	Supplementary file to identify activity in the ABF data sets eligible for alternative funding arrangement under the National Health Reform Agreement or National Partnership Agreement.	N/A

\* The Administrator's required data collections have been harmonised with the IHPA Three Year Data Plan 2021-22 to 2023-24 to standardise the data requirements. The submission of this dataset will not form part of the Administrator's Data Compliance Reports for the purpose of the Data Conditional Payment.

**TABLE 2** Other data collections utilised by the IHPA and the Administrator

Service category	National Agencies			Year of data collection		
	IHPA		NHFP Administrator	2022-23	2023-24	2024-25
	ABF	Block funded		Data collection	Data collection	Data collection
In-scope pharmaceutical program payments	✓	✓	✓	Commonwealth in-scope patient level pharmaceutical program payments data	Commonwealth in-scope patient level pharmaceutical program payments data	Commonwealth in-scope patient level pharmaceutical program payments data
De-identified Medicare number and funding source information	✓	✓	✓	'Submission B' data file provided by jurisdictions to Services Australia	'Submission B' data file provided by jurisdictions to Services Australia	'Submission B' data file provided by jurisdictions to Services Australia
Sentinel events	✓	✓	✓	Data file which identifies episodes with sentinel events to be provided by jurisdictions	Australian sentinel events list v2.0	Data file which identifies episodes with sentinel events to be provided by jurisdictions
Private Health Insurance payments for private patients in public hospitals	✓	✓	✓	Hospital Casemix Protocol (HCP) Collection	Hospital Casemix Protocol (HCP) Collection	Hospital Casemix Protocol (HCP) Collection
State payments to LHNs for public and private patients	✓	✓	✓	State payments to LHNs for public and private patients	State payments to LHNs for public and private patients	State payments to LHNs for public and private patients

**TABLE 3** Dataset and classification names

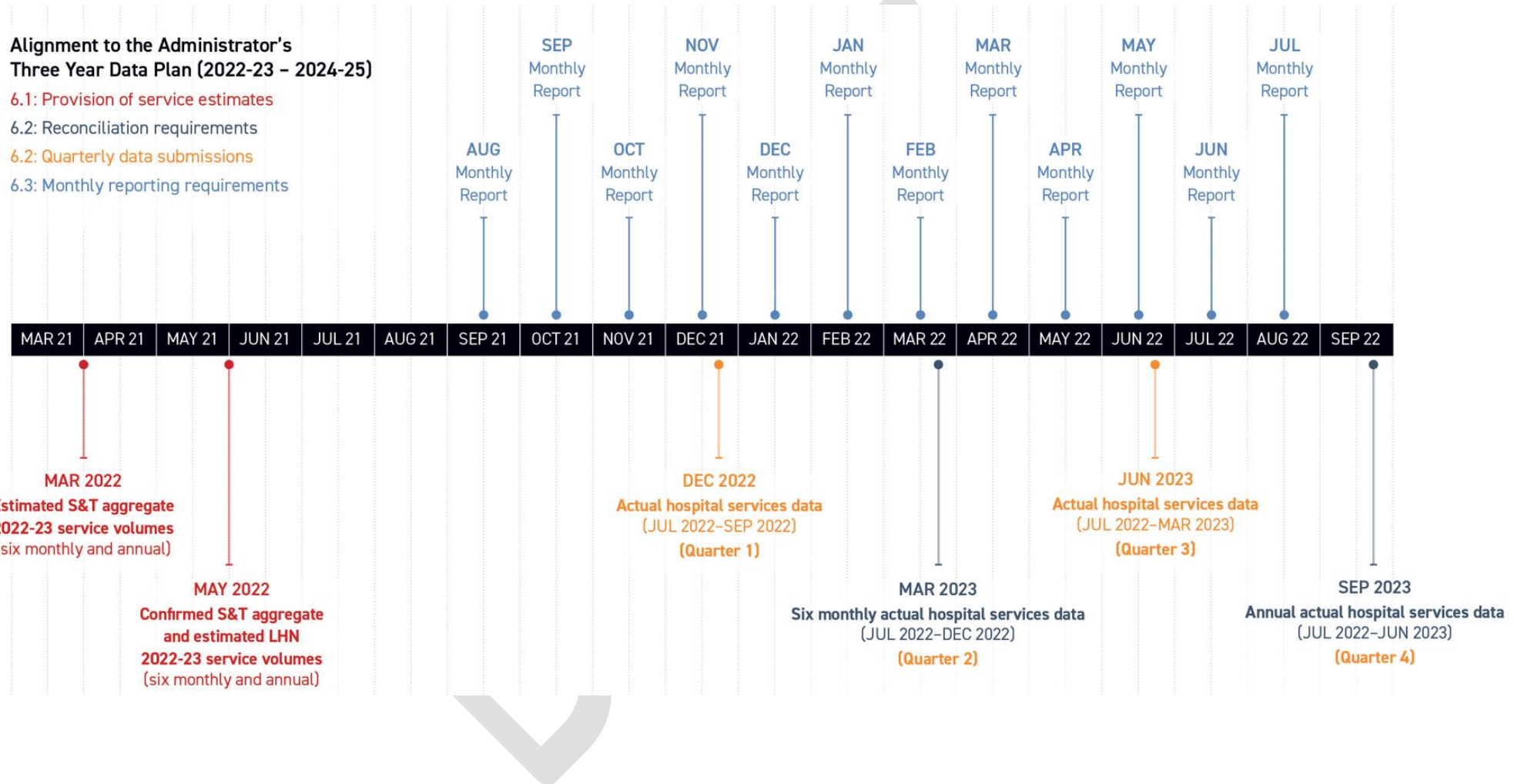
Dataset Acronym	Dataset Name
ABF ESC NBEDS	Activity Based Funding Emergency Service Care National Best Endeavours Data Set
ABF MHC NBEDS	Activity Based Funding Mental Health Care National Best Endeavours Data Set
AN-SNAP	Australian National Sub-Acute and Non-Acute Patient Classification
APC NMDS	Admitted Patient Care National Minimum Dataset
AR-DRG	Australian Refined Diagnosis Related Group (Admitted patient classification system)
ASNHC NBEDS	Admitted Sub-acute and Non-acute Hospital Care National Best Endeavours Data Set
ICD-10-AM	International Statistical Classification of Diseases and Related Health Problems (revision 10-Australian Modification)
HTTRA NBEDS	Hospital Teaching, Training & Research National Best Endeavours Data Set
NAPC Aggregate NMDS and NBEDS	Non-admitted Patient care Aggregate National Minimum Dataset and National Best Endeavours Data Set
NAP NBEDS	Non-admitted Patient National Best Endeavours Data Set
NAP NMDS	Non-admitted Patient National Minimum Dataset
NAPEDC NMDS	Non-admitted Patient Emergency Department Care National Minimum Dataset
UDG	Urgency Disposition Group. Classifies patients into groups based on disposition (admitted or discharged) and urgency.
URG	Urgency Related Group. Segments the UDG classification system using major diagnostic blocks.

The table below outlines how the Administrator will use each data collection as a component of the determination of the Commonwealth contribution to ABF funding. Each service in the collection is firstly confirmed as in scope for ABF funding as determined by the IHPA.

**TABLE 4** Data collection usage

Data collection service category	Calculation of NWAU	Determination of eligibility for Commonwealth ABF funding
<p><b>Patient Level data</b></p> <ul style="list-style-type: none"> <li>▪ Admitted acute</li> <li>▪ Admitted mental health</li> <li>▪ Admitted sub-acute and non-acute</li> <li>▪ Emergency Department (ED Levels 3B – 6)</li> <li>▪ Non-admitted</li> </ul>	<p>Details of each in scope service in this collection such as remoteness and Indigenous status are used to calculate NWAU, including appropriate NWAU adjustments</p> <p>Details of each in scope service in this collection for cross-border patients are used to calculate cross-border NWAU</p>	<p>Details of each in scope service in this collection such as sex, date of birth, admission and discharge dates inform the determination of eligibility for Commonwealth funding</p>
<p><b>Aggregate Data</b></p> <ul style="list-style-type: none"> <li>▪ Emergency Services (ED Levels 1 – 3A)</li> </ul>	<p>The aggregate data in this collection allows only base NWAU to be calculated. The absence of patient level data means that NWAU adjustments using factors such as remoteness and Indigenous status are not possible</p>	<p>The aggregate data in this collection does not permit matching of services at a patient level. All in scope services provided at aggregate level are determined as eligible for Commonwealth funding</p>

# APPENDIX B: TIMELINE FOR DATA PROVISION



# APPENDIX C: RECONCILIATION DATA REQUIREMENTS

The following tables identify the data required to be submitted to the Administrator by the States and Commonwealth as part of the reconciliation process.

## Submission A

Submission A includes patient and aggregate level hospital activity data provided by state (as per **Appendix A**) and MBS, PBS and associated reference files provided by the Commonwealth.

## Submission B

Submission B provides the Administrator the Medicare card number and funding source information that aligns with the State hospital activity file data (Submission A). Submission B is provided directly to Services Australia by States. Services Australia replace the Medicare number with a unique Medicare PIN, and then provide the Submission B data to the Administrator. This process is managed in accordance with the Administrator’s *Data Governance Policy*.

Submission B is unique to the Administrator’s Data Plan, and enables a deterministic link using the Medicare PIN between the hospital activity file and the MBS and PBS data respectively.

**TABLE 1** Submission B

Data Item	Purpose
State Record Identifier	Required for matching with Submission A.
Full Medicare Number including sub-numerate as the last digit	Required for matching with services data.
Other Commonwealth program status	To derive eligible services.
Program or exemption type	Required to derive eligible services.
File Category	Required for matching with services data.
Establishment Identifier	Required for matching with services data.
Pass through data	Spare space for future use.

## Sentinel Events

The Sentinel Events data file is an additional data file identifying those episodes in which a sentinel event occurred for the purpose of pricing for safety and quality. As sentinel events were not reported in national data sets until 1 July 2017, States are required to submit a separate data file with actual hospital services data. From 1 July 2017, episodes of care (across all care streams) where a sentinel event occurs will not be funded in its entirety. This funding approach will use the national core set of eight sentinel events agreed to by Australian Health Ministers in 2002, which identifies the following events:

- Procedures involving the wrong patient or body part resulting in death or major permanent loss of function
- Suicide of a patient in an inpatient unit
- Retained instruments or other material after surgery requiring re-operation or further surgical procedure
- Intravascular gas embolism resulting in death or neurological damage
- Haemolytic blood transfusion reaction resulting from ABO incompatibility
- Medication error leading to the death of a patient reasonably believed to be due to incorrect administration of drugs
- Maternal death associated with pregnancy, birth and the puerperium
- Infant discharged to the wrong family.

**TABLE 2** Sentinel Events

Data Item	Purpose
State	Required for matching with Submission A.
State Record Identifier	Required for matching with Submission A.
File Category	Required for matching with services data.
Establishment Identifier	Required for matching with services data.
Date of Birth	Required for matching with services data.
Sentinel Event Code	Required for matching with services data.

The Australian Commission on Safety and Quality in Health Care is developing a data set specification for nationally consistent reporting of sentinel events in future years.

## APPENDIX D: OTHER PUBLIC HOSPITAL SERVICES

Clause A147 of the Addendum requires the Administrator to report:

*The delivery of other public hospital functions funded by the National Health Funding Pool and State Managed Fund as a running yearly total*

Unlike the unit of measurement for the national ABF system (NWAU), there is currently no nationally standardised measurement system for ‘other public hospital services’.

States are requested to provide detail on the application of NHR funding outside the ABF arrangements, based on the locally accepted unit measurement classification and the funding arrangements used in that State.

The table below provides examples of units of measurement that may be used by States to satisfy the requirements of the legislation and the NHR Agreement. These are examples only and are by no means an exhaustive list of the units of measurement that may be reported. States should report the unit or units of measurement that are used locally.

**TABLE 1** Examples of possible types of units of measurement for ‘other public hospital services and functions funded’

Unit of measurement	Description
Cost weights e.g. Weighted Inlier Equivalent Separation (WIES)	A relative measure of resource use. e.g. WIES is a cost weight (W) that is adjusted for time spent in hospital (IES), and represents a relative measure of resource use for each episode of care in a Diagnostic Related Group (DRG).
Clinical service units or Non-clinical service units e.g. No. of transplants or No. of interpreter services	A measure of the number of service units (may be clinical or non-clinical) that are funded for the LHN. e.g. A LHN may be funded to undertake a number of transplants, elective surgeries or the like. Similarly, a LHN may be funded to provide interpreter services.
Contract related e.g. Signed service agreements	A measure of the number of contracts in place to deliver NHR services. e.g. The number of signed service agreements with LHNs.



<p>Capacity related e.g. Number of beds</p>	<p>A measure of the funding provided for NHR services based on the capacity of a LHN or hospital. e.g. A LHN may receive NHR funding based on the number and/or types of beds.</p>
<p>Input related e.g. Staffing profile</p>	<p>A measure of the funding provided based on inputs. e.g. A LHN may receive NHR funding based on the staffing profile or similar.</p>

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## Acronyms, abbreviations and terms

Term	Meaning
ABF	Activity Based Funding
ACSQHC	Australian Commission on Safety and Quality in Health Care
Administrator	Administrator of the National Health Funding Pool
AIHW	Australian Institute of Health and Welfare
CAMHS	Child and Adolescent Mental Health Services
CCR	Commonwealth Contribution Rate
CHC	COAG Health Council
COAG	Council of Australian Governments
Data Plan	Three Year Data Plan
DoH	Commonwealth Department of Health
DRG	Diagnostic Related Group
EDW	Enterprise Data Warehouse
GP	General Practitioner
GST	Goods and Services Tax
HSD	Highly Specialised Drugs (claiming program)
HST	Highly Specialised Therapies
ICU	Intensive Care Unit
IHPA	Independent Hospital Pricing Authority
JAC	Jurisdictional Advisory Committee
LHN	Local Hospital Network
MBS	Medical Benefits Schedule
NEC	National Efficient Cost
NEP	National Efficient Price
NHFB	National Health Funding Body
NHR	National Health Reform
NHR Act	National Health Reform Act 2011
NHR Agreement	National Health Reform Agreement
NMDS	National Minimum Data Sets
NPCR	National Partnership on COVID-19 Response
NWAU	National Weighted Activity Unit
PBS	Pharmaceutical Benefits Scheme
PIN	Personal Identification Number
RBA	Reserve Bank of Australia
SMF	State Managed Fund
States	Refers to both States and Territories

Term	Meaning
The Addendum	Addendum to the National Health Reform Agreement 2020-21 to 2024-25
The Payments System	National Health Funding Pool Payments System
The Pool	National Health Funding Pool
WIES	Weighted Inlier Equivalent Separation

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