Intellectual Disability Network

Xiao Cai - Manager, Non-admitted Patient and Emergency Department Workstreams

Sharon Smith- Manager**,** Sub Acute and Mental Health Workstreams

ABF Taskforce

June 2014

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Presentation Outline

- What is ABF?
- State Funding Models
- Non-admitted patient funding data inputs

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WHAT HAS CHANGED?

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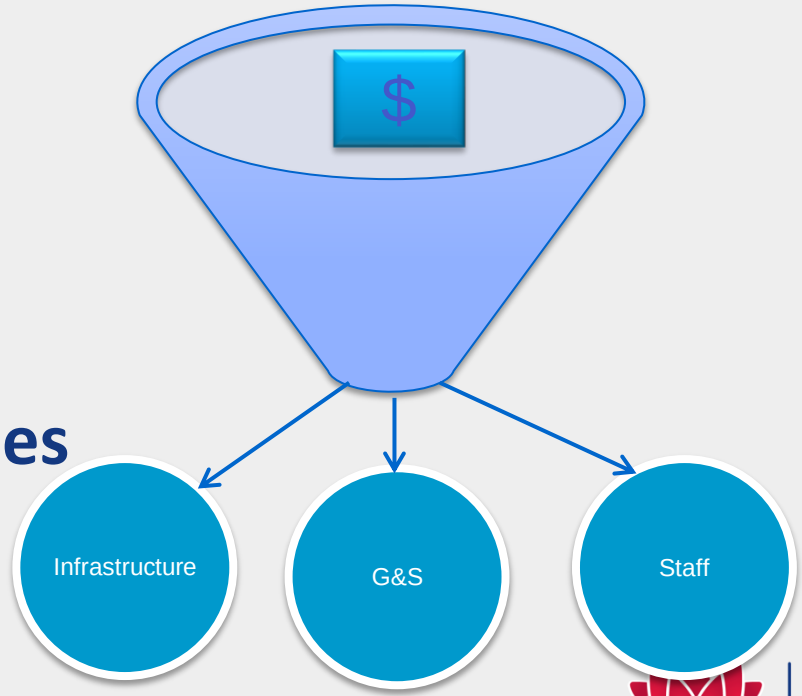
Purchasing Principles

- **Traditional approaches to funding health care involve providing $ for *inputs* for example:**
  - **positions**
  - **infrastructure**
  - **goods and services**



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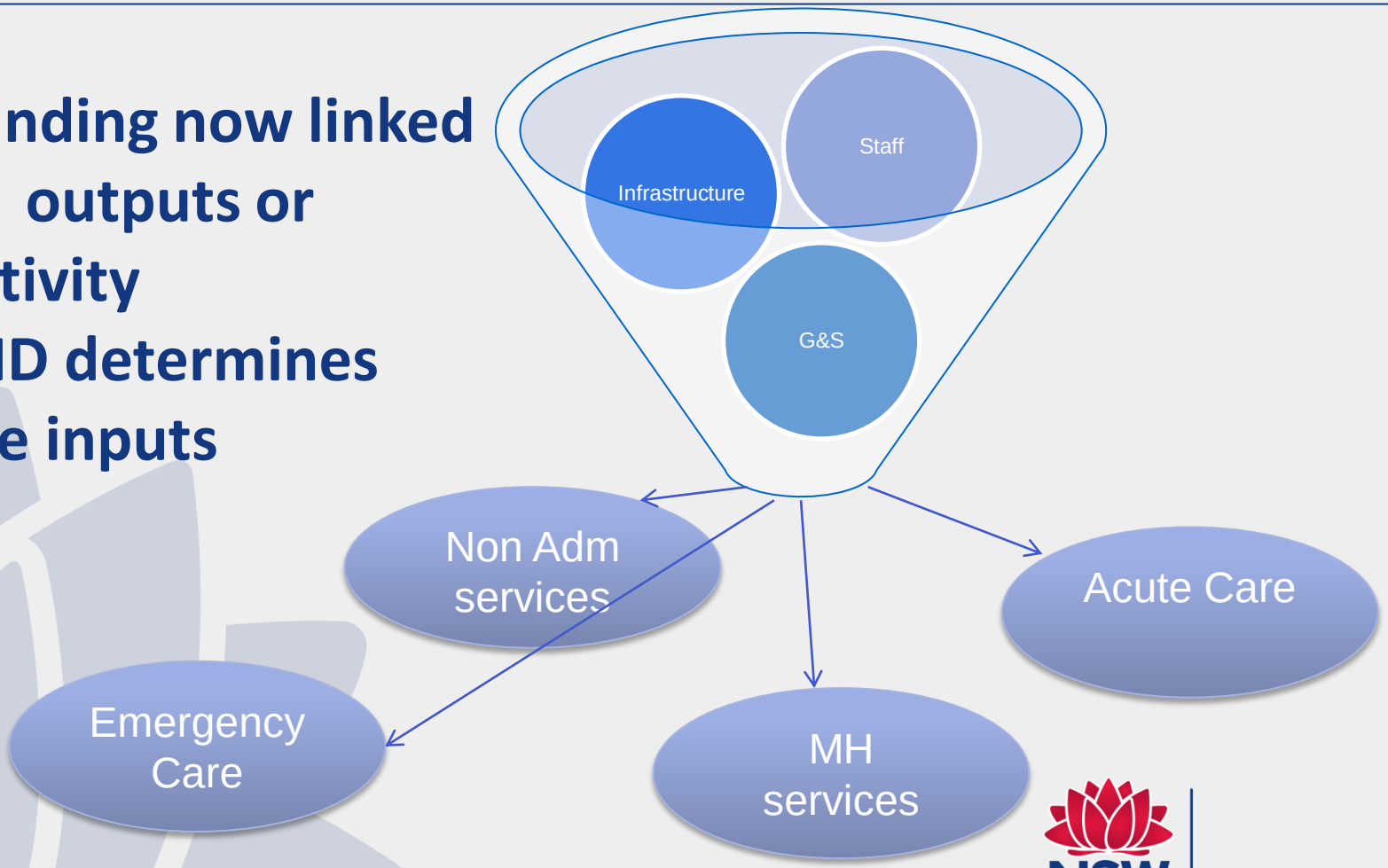
ABF Purchasing Principles

- **Funding now linked to outputs or activity**
- **LHD determines the inputs**



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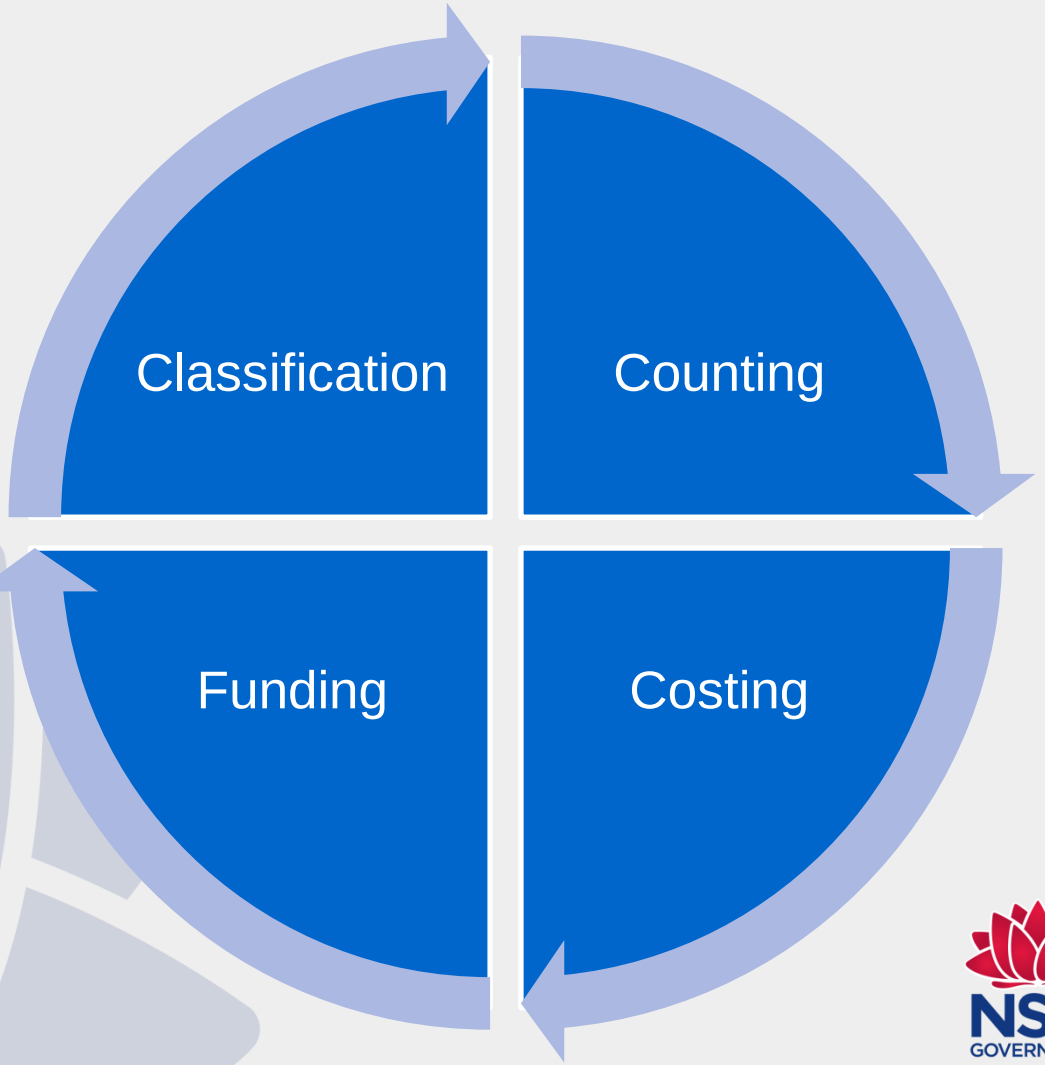
National Health Reform



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WHAT IS ABF?

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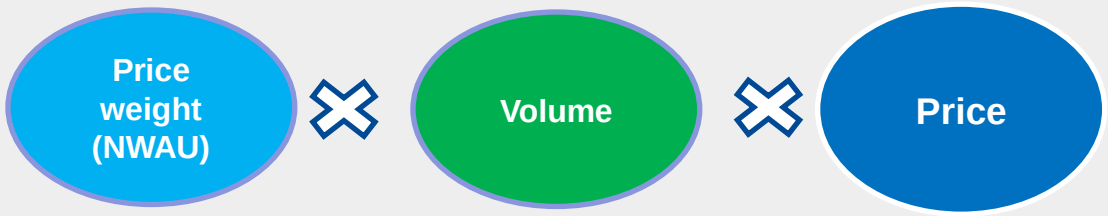
The ABF Formula



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The ABF Formula

Price weight (NWAU)

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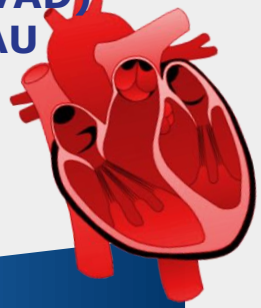
What is a NWAU (National Weighted Activity Unit)?

Tier 2:
20.22 Cardiology = 0.0610 NWAU

Ave=1 NWAU

DRG A01Z
Insertion of Ventricular Assist Device (VAD)
= 64.4645 NWAU



Cost of hospital services

The NWAU is the 'currency' used to express the price weights for all services funded on an activity basis.

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The ABF Formula

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Volume - Activity

Activity is grouped using classifications

- Clinically meaningful
- Resource use homogenous

- Acute admitted – Separations (AR-DRG)
- Emergency department – Presentations (URG/UDG)
- Non-admitted – Service Events (Tier 2)
- Sub and non-acute – Episodes / Phases (AN-SNAP)

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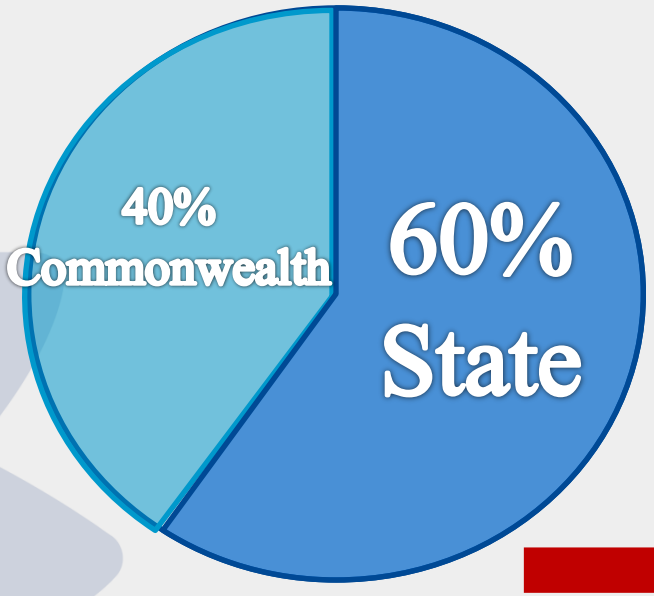
National Efficient Price, State Price

Comm
'wlth

State



YOUR LHD'S PRICE

STATE FUNDING MODEL

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State Funding Model

- State government remains the system manager and majority funder of public hospitals in NSW

  - Negotiates with LHDs/SHNs about service volumes and locations to be delivered

  - Determines state funding contribution and total funding to each LHD/SHN

  - Bears residual risk for costs of service delivery

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State Funding Model - Principles and Challenges

- Funds LHDs/SHNs, who in turn fund facilities and services
- Keep system safe and operating
- Transparency -Creating an explicit relationship between funds / activity / deliverables
- Identification of activity to which model applies
- Data quality

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TARGET SETTING

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Target Setting

- Negotiation between MoH and LHD's regarding the level of activity to be "purchased" in the upcoming year
- Targets set at LHD level
- Activity purchased in "NWAU" targets (National Weighted Activity Unit)

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Target Setting

- **Targets based on historical activity (trends) and any agreed variations-**
  - growth,
  - capacity changes,
  - model of care changes
- **Service agreements –Schedule C outlines purchasing within streams**

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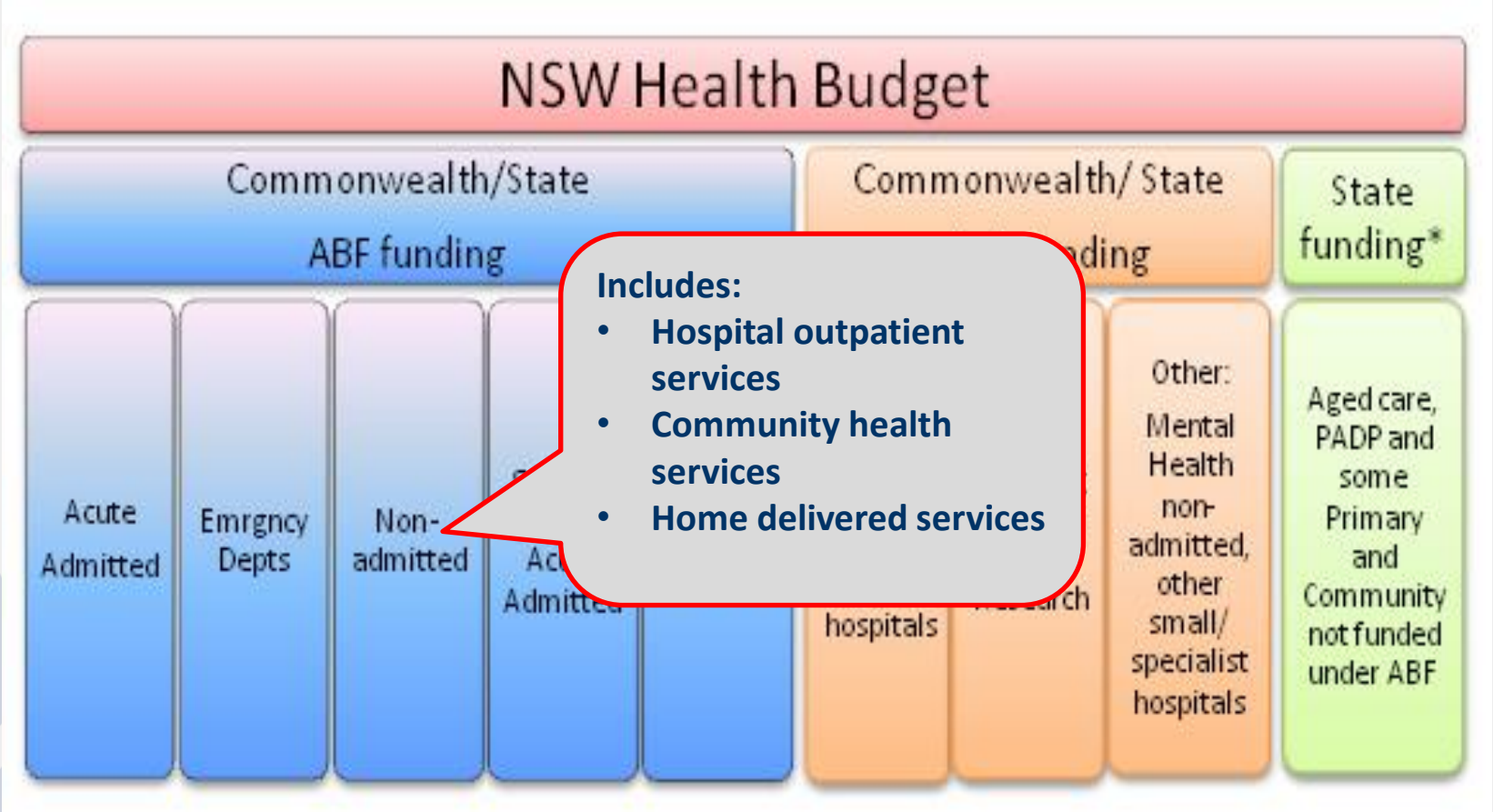
Schedule C Part 1

Schedule C Part 1

		xxx LHD - Budget 2013/14								
		2013/14 BUDGET					Comparative Data			
		A	B	C	D	E	F*	G	H	I
		Target Volume (NWAU13)	Volume (Admissions & Attendances) *Indicative only*	State Price per NWAU13	Projected Average Cost per NWAU13	Initial Budget 2013/14 ($ '000)	2012/13 Annualised Budget ($ '000) #	Variance Initial Budget and Annualised ($ '000)	Variance (%)	Volume Forecast 2012/13 (NWAU13)
	Acute	834,728	*861,372*			$3,883,936	$3,718,027	$165,909	4.5%	816,159
	Incl. Provision for additional Acute, PICU, NICU & ICU capacity									
	ED	152,374	*1,309,595*			$709,201	$652,728	$56,473	8.7%	148,996
	Non Admitted Patients (Outpatient Services)^	218,119	*4,521,254*			$770,583	$742,411	$28,172	3.8%	215,018
A	***Total***	**1,205,221**	***6,692,221***	$ 4,671	$ 4,836	**$5,363,720**	**$5,113,166**	**$250,554**	**4.9%**	**1,180,173**
	Sub-Acute Services - Admitted	67,807	*35,015*			$315,582	$265,792	$49,790	18.7%	64,335
	Incl. Provision for Palliative Care Services & additional Subacute capacity (Schedule D)									
	Sub-Acute Services - Non Admitted^	20,485	*503,852*			$77,932	$75,083	$2,849	3.8%	20,349
B	***Total***	**88,291**	***538,867***			**$393,514**	**$340,874**	**$52,640**	**15.4%**	**84,684**
	Mental Health - ABF Hospitals	89,600	*161,951*	$ 4,671	4,836	$417,244	$391,952	$25,292	6.5%	85,864
	Incl. Provision for additional MH Acute & Subacute capacity (Schedule D)									
	Mental Health - Block Funded Hospitals					$11,539	$11,322	$217	1.9%	
	Mental Health - Non Admitted (Block)					$254,415	$249,633	$4,782	1.9%	
	Mental Health - Transition Grant					$50,900	$49,944	$957	1.9%	
C	***Total***	**89,600**	***161,951***			**$734,097**	**$702,850**	**$31,247**	**4.4%**	**85,864**
	Block Funding Allocation									
	Block Funded Hospitals (Small Hospitals)					$572,872	$562,104	$10,768	1.9%	
	Block Funded Services In-Scope									
	- Teaching, Training and Research					$205,645	$201,780	$3,865	1.9%	
	- Other Non Admitted Patient Services					$104,715	$102,747	$1,968	1.9%	
D	***Total***					**$883,232**	**$866,631**	**$16,601**	**1.9%**	
	State Only Block Funded Services									
E	***Total***					**$948,001**	**$930,182**	**$17,819**	**1.9%**	
F	**Transition Grant (excluding Mental Health)**					**$203,576**	**$199,749**	**$3,826**	**1.9%**	
G	**Gross-Up (Private Patient Service Adjustments)**					**$219,769**	**$215,638**	**$4,131**	**1.9%**	
	Provision for Specific Initiatives (not included above)									
	Operating Costs of Radiotherapy					$6,362				
	Nurses - Additional CNS					$6,218				
H	***Total***					**$12,580**		**$12,580**		
I	**SP&T Expenses**					**$121,839**	**$121,839**	**$**		
J	**Depreciation (General Funds only)**					**$298,035**	**$298,035**	**$**		
K	**Total Expenses (K=A+B+C+D+E+F+G+H+I+J)**					**$9,178,362**	**$8,788,964**	**$389,397**	**4.4%**	
L	**Other - Gain/Loss on disposal of assets etc**					**$7,022**	**$7,022**	**$**		
M	**LHD Revenue**					**-$8,938,723**	**-$8,808,605**	**-$130,118**		
N	**Net Result (N=K+L+M)**					**$246,660**	**-$12,619**			

State Funding Models 2013/14



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NWAU Example- Brain Injury

ED

URG 3, Admitted Triage 1, Injury

NWAU 0.3978;

$1,858

Acute

DRG B78A Intracranial Injury + CSCC

NWAU 2.8203

$ 13,173

SNAP

AN-SNAP 3210

Brain Dysfunction

FIM Motor 56-91 FIM Cog 32-35, LOS 20

NWAU 3.5179

$ 16,432

Non Admitted

40.12 Rehabilitation Allied Health

10 visits

NWAU 0.376

$1,756

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NWAU Example- Brain Injury

Total NWAU 7.112

Total ABF funding $33,220

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Questions for the audience

- How is your data collected?
- How is your activity classified?
- How is your activity costed?

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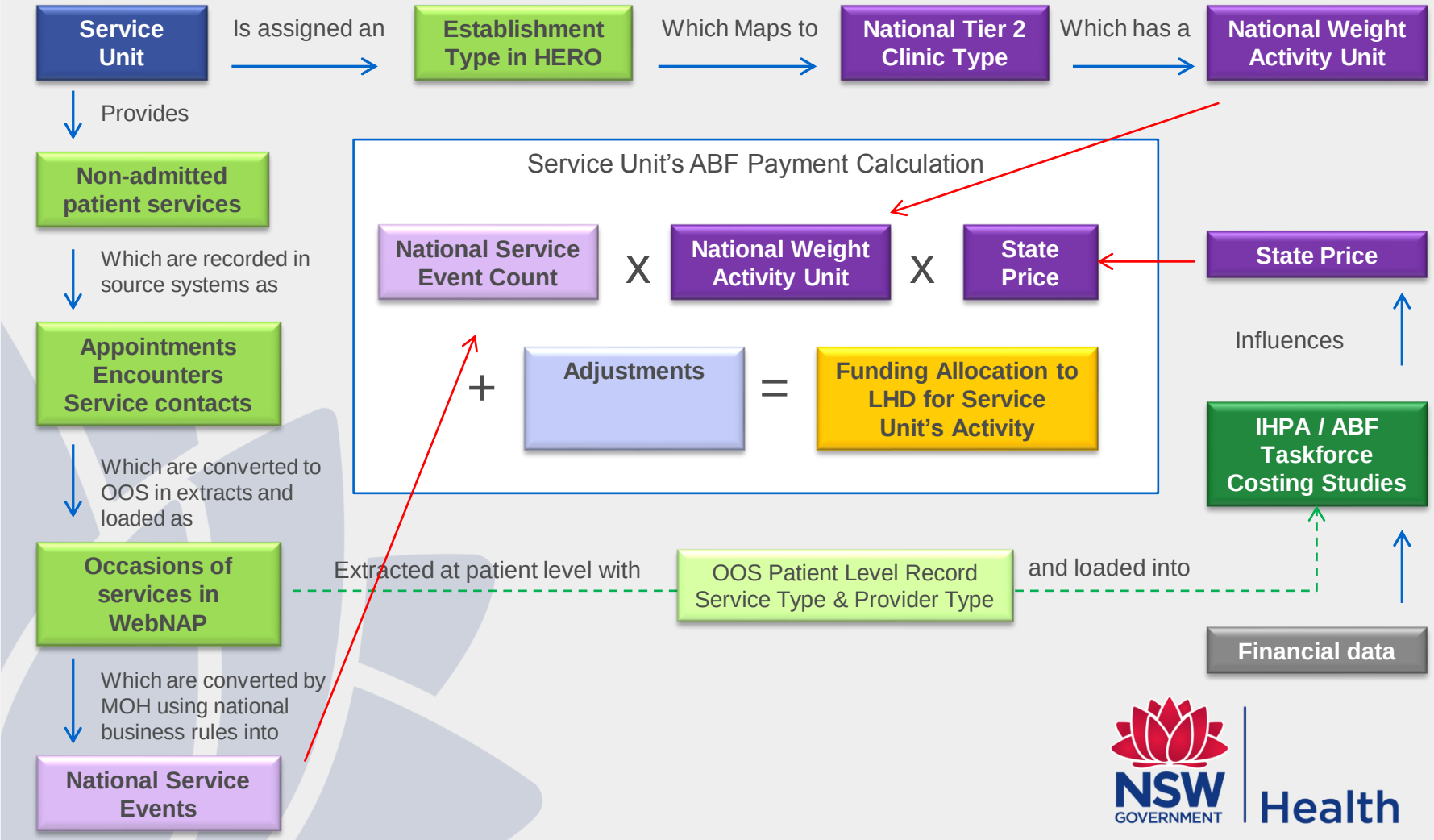
Non-admitted patient funding data inputs



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Non-admitted patient data collection

Service Unit

↓ Provides

Non-admitted patient services

↓ Which are recorded in source systems as

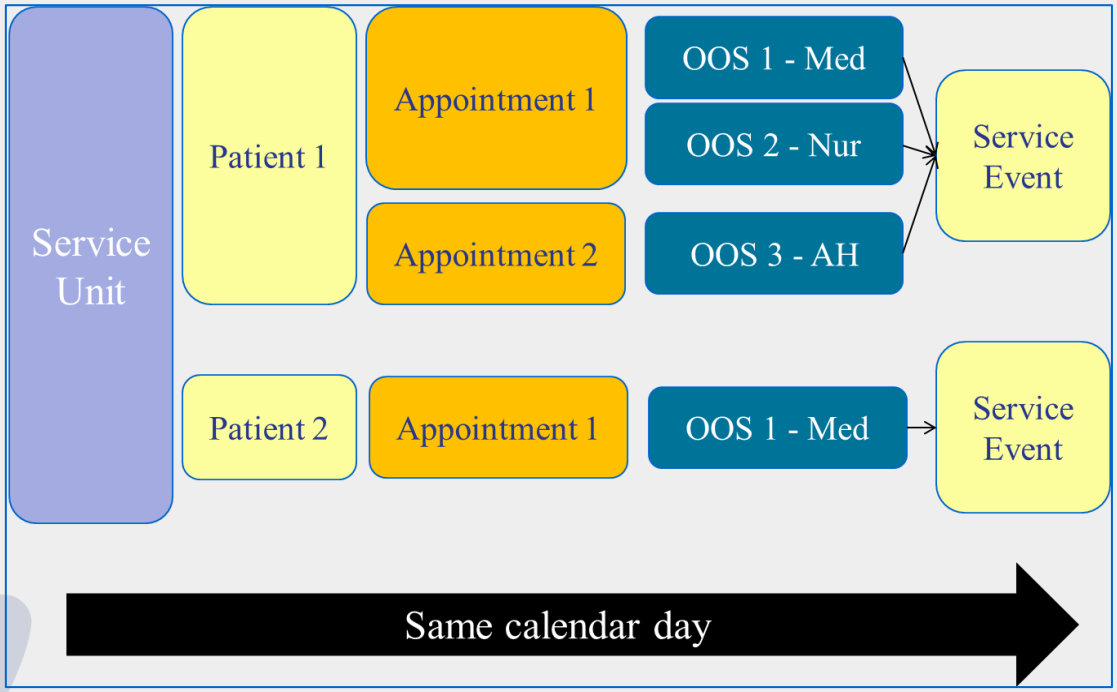
Appointments Encounters Service contacts

↓ Which are converted to OOS in extracts and loaded as

Occasions of services in WebNAP

↓ Which are converted by MOH using national business rules into

National Service Events



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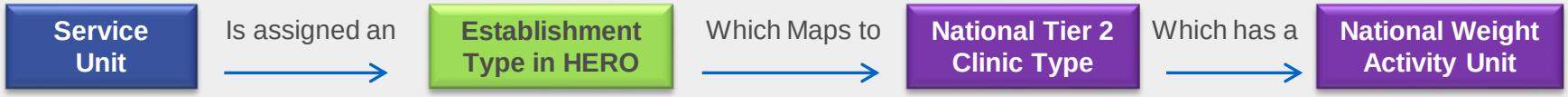
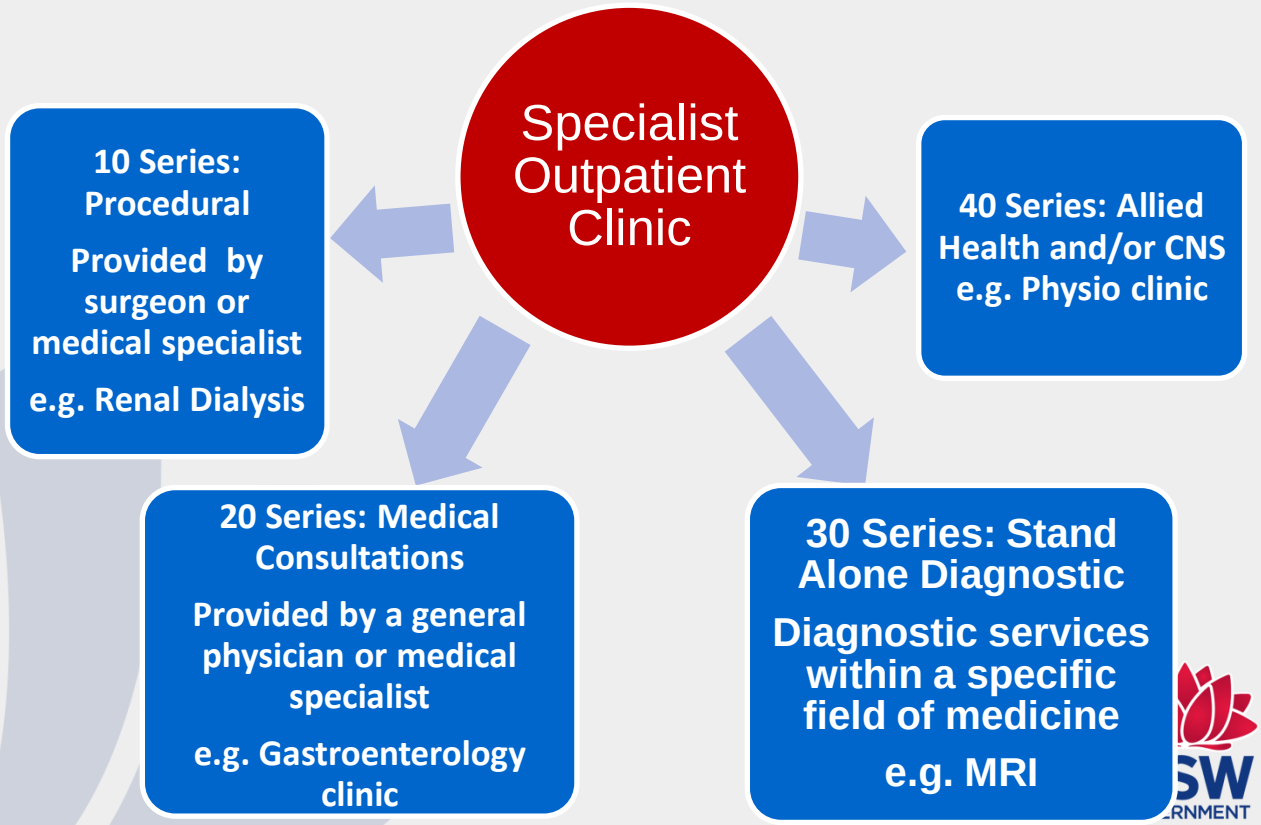
Non-admitted classification and mapping





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Non-admitted ABF
Commonwealth Tier 2 Classification

Example of Tier 2 Clinic Types

Tier 2	Description	Price Weights 14/15
20.04	Developmental Disability	0.0779
20.11	Paediatric Medicine	0.0540
20.47	Rehabilitation	0.0589
40.06	Occupational Therapy	0.0271
40.12	Rehabilitation	0.0468
40.34	Specialist Mental Health	BLOCK
40.55	Paediatrics	0.0438

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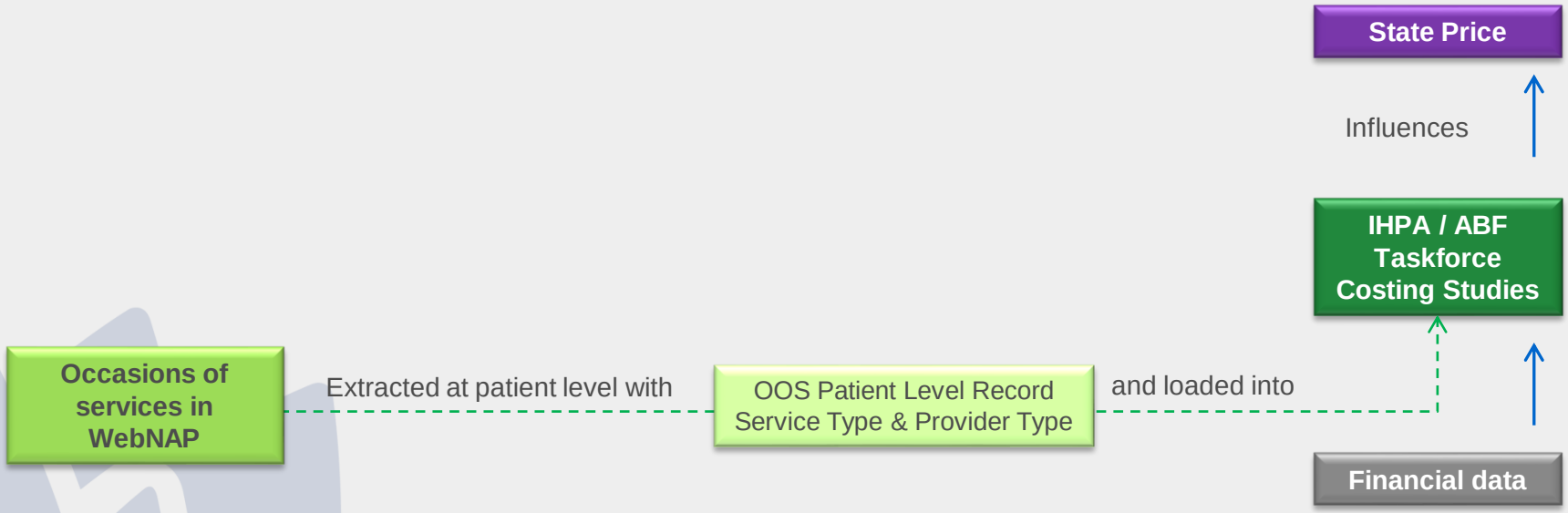
Non-admitted patient costing



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Costing principles

Accurate costing in the NAP area is about ensuring correct alignment of the NAP activity with the appropriate expenses

- Identifying all service units (clinics) and clinicians/providers
- Identifying all clinical activity delivered by the service unit
- Identifying the cost centre(s)
  - salaries and wages
  - high cost consumables
  - ancillary services

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Challenges in NAP costing

Activity Data

Significant variability in the type and quality of data available

- Patient level
- Aggregate level
- Mixture

General Ledger Data

Significant variability in the GL information available

- Many cost centres to many service units
- One cost centre to many service units
- Many cost centres to one service unit
- One cost centre to one service unit

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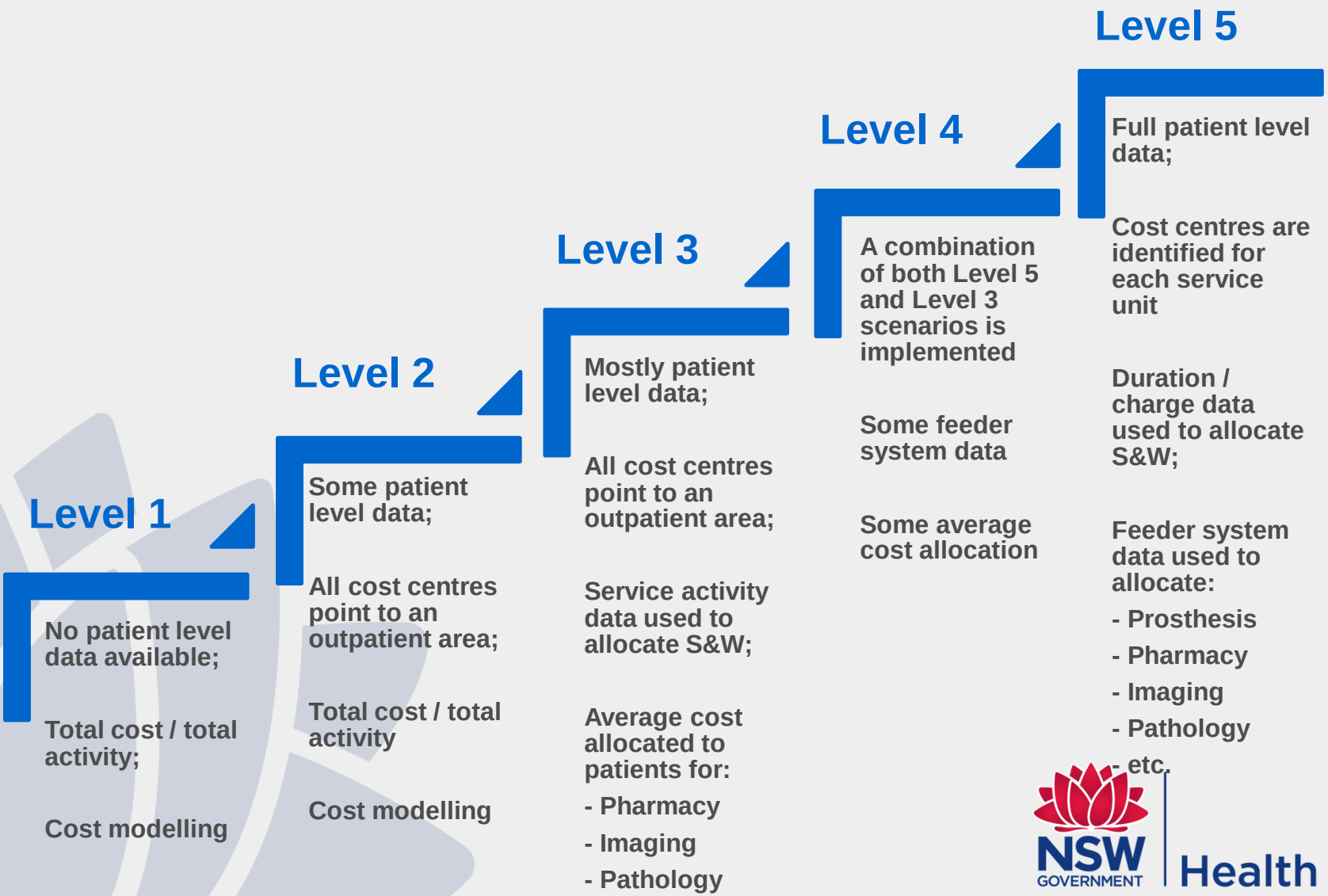
Maturity in costing practice



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Activity Based Management (ABM) Portal

- http://abmportal.moh.health.nsw.gov.au/qlikview/FormLogin.htm

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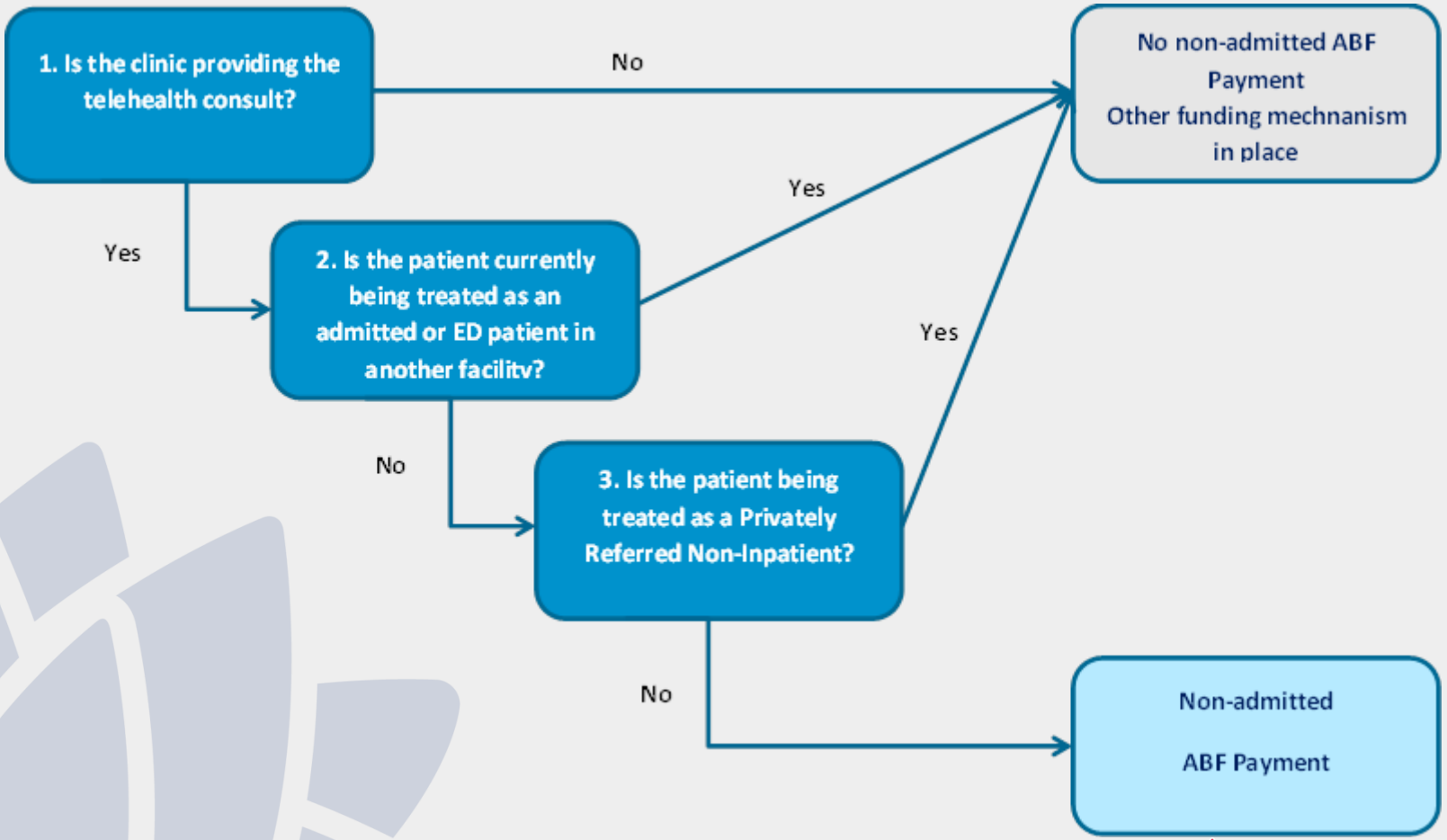
Telehealth



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ROLES IN ABF

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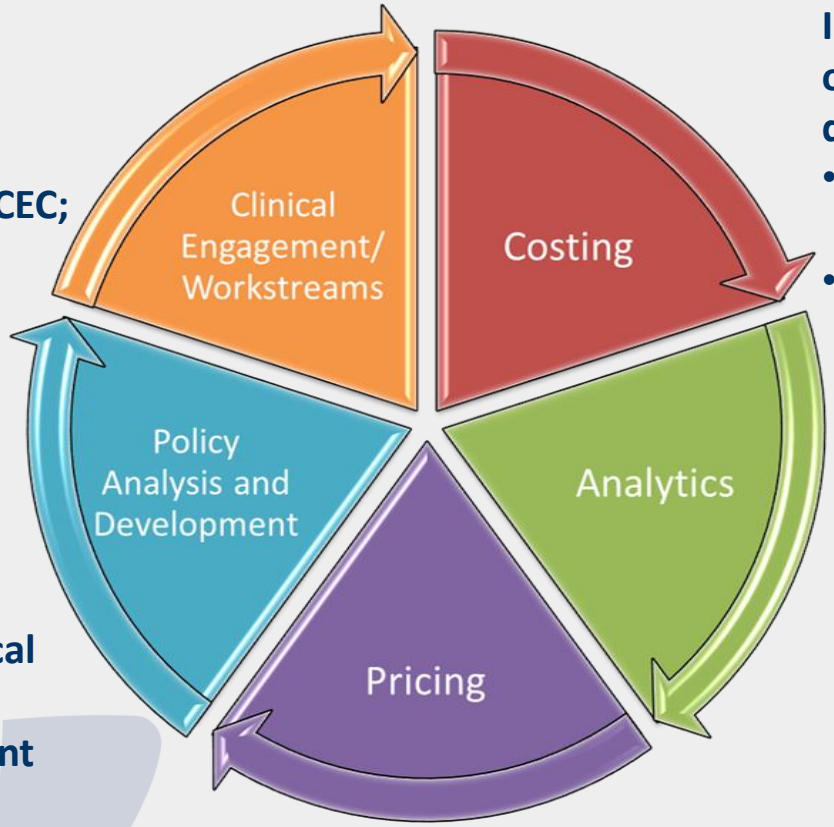
The ABF Taskforce

Represents NSW position nationally; Engages and works closely with clinical networks at ACI and CEC;

- 6 weekly clinician working groups



Identifies inputs, costs and outputs of health service delivery

- Key dataset used in NEP and State Price
- 6 monthly cycle

Undertakes communication, education and engagement with Local Health Districts, including development of policies and publication materials

- 6 weekly LHD/SHN meetings

Undertakes data management, quality assurance, statistical analysis and evidence collection

Develops and refines the annual pricing model for NSW

- Budget cycle timeframes

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Your role

- Data quality underpins the classification, costing process and ultimately funding
- Be actively involved in the costing and cost allocation, review and benchmark process
- Contribute to the development of the non admitted classification

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