Funding Models Forum

Department of Veterans’ Affairs
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In May 2014, the Commonwealth Minister for Veteran’s Affairs wrote to all Jurisdiction’s Ministers for Health on their intent to implement a new, nationally consistent funding arrangement for all public hospital services provided to veterans which will be based on the Independent Hospital Pricing Authority’s (IHPA) pricing framework.

On 16 February 2017, a new Agreement was signed between Victoria and the Department of Veteran’s Affairs.

Under the new agreement, all services provided to eligible Veterans will be paid to the department via the national model developed by the Independent Hospital Pricing Authority.

Funds are provided based on approved reported throughput and there is no block funding provided for availability.
The funding arrangements under the new agreement are as follows:

- Admitted acute (Based on DRGs, Source = VAED)
- ED component of patients admitted through emergency (Based on URGs, Source = VEMD)
- Patients admitted and discharged from ED (Based on URGs, Source = VEMD)
- Admitted subacute (Based on AN-SNAP, Source VAED)
- Nursing Home Type (Based on AN-SNAP, Source VAED)
- Non-admitted acute (Based on Tier2, Source S10)
- Non-admitted subacute (Based on Tier2, Source S11)
- Admitted mental health (Based on DRGs, Source = VAED)
- Non-admitted mental health (% of total contacts, Source = multiple)
Department of Veteran’s Affairs

*Implementation approach*

The department will continue to provide services a blend of activity and block funding to avoid having to implement a local version of the national model for Department of Veterans’ Affairs patients only.
The grant lines used by the department in 2017-18 is as follows:

- Admitted acute: WIES DVA
- ED component of patients admitted through ED: WIES DVA
- Non-admitted ED: Emergency - Non Admitted Grant DVA
- Admitted subacute including NHT: Subacute WIES
- Non-admitted acute: Acute Specialist Clinics - DVA
- Non-admitted subacute: Health Independence Program – DVA
- Admitted mental health: MH - Acute - Adult, Child & Aged
- Non-admitted mental health: MH - Aged Persons Assessment & Treatment Services (Price)
Funding for the following admitted acute services is based on:

- WIES24 parameters (consistent with the approach for public-private patients)
- Department of Veterans Affairs’ specific price (which includes a premium)
- Payment based on actual approved throughput
- Health services are able to bill the Department of Veteran’s Affairs separately for medical and diagnostic costs related to the provision of admitted treatment for Veterans.

2017-18 modelled budget targets have been set based on:

- 1 March 2016 to 28 February 2017 actual activity used as a reference
- Decline factor applied
- Health service receive a proportion of available targets
Funding for the following admitted subacute services is based on:

- SWIES2 parameters (consistent with the approach for public-private patients)
- Department Veterans Affairs’ specific price (which includes a premium)
- Payment based on actual approved throughput
- Health services are able to bill the Department of Veteran’s Affairs separately for medical and diagnostic costs related to the provision of admitted treatment for Veterans.

2017-18 modelled budget targets have been set based on:

- 1 March 2016 to 28 February 2017 actual activity used as a reference
- Decline factor applied
- Health service receive a proportion of available targets
Department of Veteran’s Affairs

*Admitted acute and subacute patient services*

From 2017-18, the department will only make payment for accepted claims.

Rejected claims or denied claims that are reported to the Victorian Admitted Episodes Dataset will need to be corrected to public in order to receive funding.

The department will work with services to review claims prior to VAED consolidation each year.
Funding for the following non-admitted emergency department presentations is based on:

- Activity reported to VEMD
- URG (triage and diagnosis) classification and IHPA weight applied to reported activity
- Health service proportion of total weighted activity calculated

2017-18 emergency specified grant has been set based on:

- 1 March 2016 to 28 February 2017 actual activity used as a reference
- Decline factor applied
- Rejection factor applied (this is currently 10% of cases)
- Health service receive a proportion adjusted total funding based on share to total weighted activity.
Funding for the following non-admitted acute presentations is based on:

- Activity reported to S10 (excluding out of scope activity or activity funded by another funding model e.g. WAU)
- Tier classification and IHPA weight applied to reported activity (not WASE model)
- Health service proportion of total weighted activity calculated

2017-18 acute specialist clinics non-admitted grant has been set based on:

- 1 March 2016 to 28 February 2017 actual activity used as a reference
- Decline factor applied
- Health service receive a proportion adjusted total funding based on share to total weighted activity.
Funding for the following non-admitted subacute presentations is based on:

- Activity reported to S11 (excluding out of scope activity or activity funded by another funding model)
- Tier classification and IHPA weight applied to reported activity (not WASE model)
- Health service proportion of total weighted activity calculated

2017-18 HIP DVA specified grant has been set based on:

- 1 March 2016 to 28 February 2017 actual activity used as a reference
- Decline factor applied
- Health service receive a proportion adjusted total funding based on share to total weighted activity.
Funding for non-admitted radiotherapy will continue under the WAU model, with the existing election arrangements applying.
Department of Veteran’s Affairs

Admitted and non-admitted mental health

There will be no specific specified grant for mental health patients. Funding for mental health patients will be embedded into existing grants, specifically:

• Admitted mental health: MH - Acute - Adult, Child & Aged
• Non-admitted mental health: MH - Aged Persons Assessment & Treatment Services (Price)
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