# Victoria's implementation of the National Funding Model

## Workshop 1 – Key considerations



VICTORIA State Government | Department of Health

# Workshop and forward agenda

## Disclaimer

The workshops include current thinking by the department as not all decisions are final. Final decisions will be communicated through the Policy and Funding Guidelines.

We are keen to work with health services to address any key considerations, understand your concerns and make sure that we can ensure Victoria's implementation maintains funding certainty for your health service.

## Questions and Answers

Questions and answers functionality will be enabled midway through the event. Voting on the questions can occur so that we are can consider those most important to you.

We will aim to answer then at the end of the session or provide answers to FAQs via our website.

# Victoria's implementation of the National Funding Model

# Workshop structure

Two workshop streams:

1. Operations, finance and administration (today)
2. System impact, information technology and data management (next week)

The purpose of the different streams is to tailor information to the relevant operators in health services and keep a constant dialogue pre and post national funding model implementation.

| Workshop touchpoints | |
|---|---|
| March | Pre implementation |
| April | |
| May | |
| June | |
| July | Post implementation |
| October | |
| December | |

# Victoria's implementation of the National Funding Model

Overview

Confirmed changes

Being considered

Key concepts

Feedback

- Context – NHRA
- Victoria's approach
- Recurrent budget certainty
- Minimisation of disruptions

# Context – National Health Reform Agreement

The National Funding Model is a commitment in the National Health Reform Agreement (NHRA). The objectives of the NHRA are to:

- **Share the future cost of growth in the efficient price and service provision equally between the State and Commonwealth** [2016 addendum adjusted it to 45% Commonwealth with a 6.5% p.a. funding cap]
- **Establish a national approach to activity-based funding (ABF) for public hospitals, with the provision of block funding where ABF is not possible** [2016 addendum requires a Statement of assurance from States and Territories on completeness and accuracy of data]
- **Ensure strong national standards to improve clinical safety and quality in hospitals and health care settings** [2016 addendum introduced pricing for safety and quality]
- **Enhance transparency on the performance of hospital and health care services** [2020 addendum confirms the current national bodies and data requirements]
- **Enable innovative models of care** [2020 addendum introduced long-term health reform principles regarding technology assessments, paying for values and outcomes, joint planning and funding, health literacy, prevention and wellbeing, enhancing data]

# Victoria’s approach and implementation

The rationale of the approach is:

1. To meet Victoria's commitment in the National Health Reform Agreement – increasing our ability to influence the ongoing development of the National Funding Model and position future funding reforms that reflect appropriate models of care.
2. Better align Victoria with the rest of the Commonwealth – ensuring consistency of funding decisions and implementation and earlier access to cost and price weights impacts as well as the ability for services and specialities to benchmark nationally.
3. Enable health services to be more flexible with resources across services types – a common funding measure can more easily enable future reforms across services, which will be needed in a post COVID-19 environment.

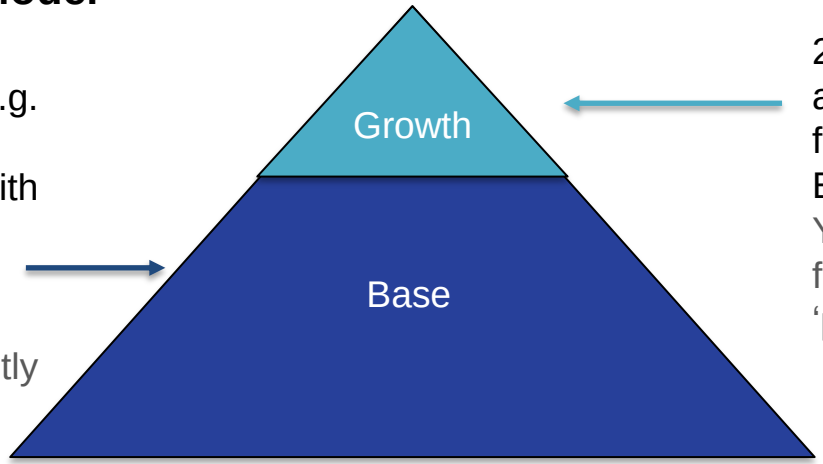
Victoria’s implementation seeks to providing budget certainty for recurrent services and minimise disruptions in the adoption.

# Providing recurrent budget certainty in the transition

Under Victoria's implementation, your existing 2020-21 recurrent budget will be guaranteed subject to recall and throughput policies. This means:

**(1) Your existing recurrent funding will not change due to the implementation of the National Funding Model**

2020-21 recurrent funding* (e.g. WIES/S-WIES/WASE) will become a base grant along with your existing specified/state-wide grants.
Your existing services will be funded at the level you currently deliver.




2021-22 and future growth activity funding will be funded at the Victorian Efficient Price.
Your future services will be funded at the level your 'peer' group delivers.

*one-off funding (e.g. COVID-19 support) will not count towards your base funding. Determinations on funding amounts will be provided at a later date.

# Providing recurrent budget certainty in the transition

**(2) We will be adjusting price to keep funding constant and inline with budget outcomes**

While you will need to continue to generate sufficient National Weighted Activity Units to cover your Statement of Priority targets, your 2021-22 revenue is not driven solely by activity. This has been determined as:

- it ensures the maintenance of your existing budget base
- it does not expose you to price volatility from the National Funding Model. Since Victoria only influences ~ 25% of all national activity and cost data, and price fluctuates annually, it could lead to varying budgets from year to year for the same level of activity.

This approach is consistent with the application of the National Funding Model more broadly, as it is a model that in practice determines the size and allocation of growth.

This may change in the future when we are confident that it does not lead to adverse effects on Victoria's health services.

# Minimising disruptions during the transition

## Same structure and weightings as the National Funding Model

Victoria's implementation seeks to be a reasonably 'pure' implementation of the model which aligns with national approaches as it:

- Removes Victorian modifications to the Diagnostic Related Groups. Activity will now be grouped to the unmodified Australian Refined Diagnosis Related Groups.
- Will not currently deviate from the weights that determine the National Weighted Activity Units for each unit of grouped activity.

This allows health services to use national calculators (i.e. Independent Hospital Pricing Authority) to determine the level of activity they produce and apply the determinations made at a national level when they are developed, rather than waiting for the Victorian translation and modification.

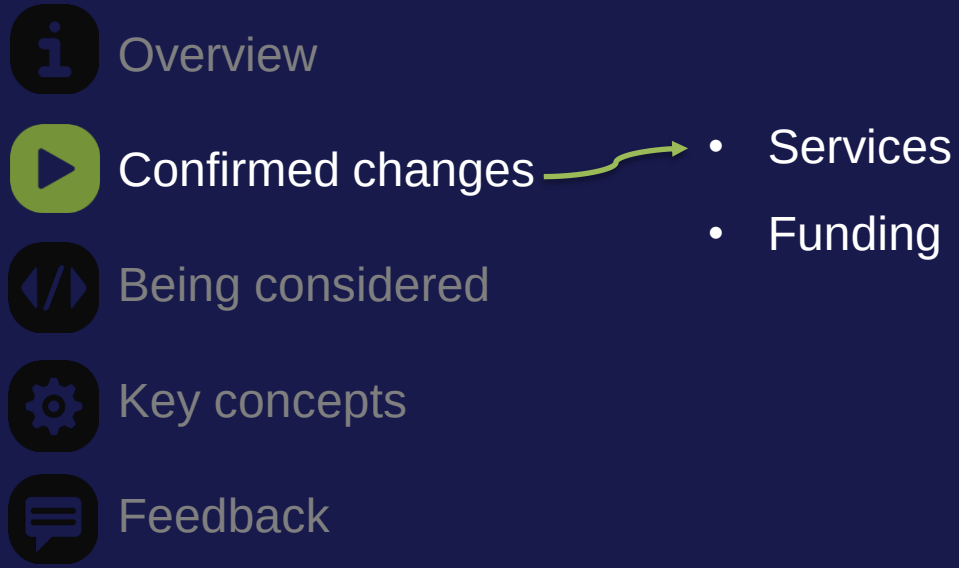
# Minimising disruptions during the transition

## Phased implementation to minimise disruptions

Services that could face significant funding disruptions are not currently changing.

| Setting | Service type | Current approach | 1 July 2021 approach | Future |
|---|---|---|---|---|
| Acute | Inpatient services | WIES | Yes – NWAU | |
| | Non-admitted specialist services | WASE | Yes – NWAU | |
| | Emergency department | NAESG | Yes – NWAU | |
| Sub-acute | Inpatient services | S-WIES | Yes – NWAU | |
| | Non-admitted services | Block funded | Yes – NWAU | |
| State-wide | Specified grants | Block funded | Partially – where applicable to the Victorian Efficient Price | TBC |
| | State-wide services | Block funded | | TBC |
| | Teaching and Training | Block funded | Remain as is | Remain as is |
| Services | Mental Health | Non-admitted unit prices and admitted bed days | Not moving to NWAU | TBC |
| | Small Rural Services | Block funded | Current block funding approach continues. | TBC |

# Victoria’s implementation of the National Funding Model



# Confirmed changes

## Services

- Admitted acute, sub-acute and non-acute care; non-admitted activity and emergency department funded services will transition to the national approach from 1 July 2021.
- The National Funding Model will not apply to Small Rural Health Services – although activity will be reported in NWAU.
- The National Funding Model will not apply to Mental Health activity – noting the Royal Commission report into Victoria's Mental Health System and IHPA's shadow approach to 2021-22 funding.

## Funding

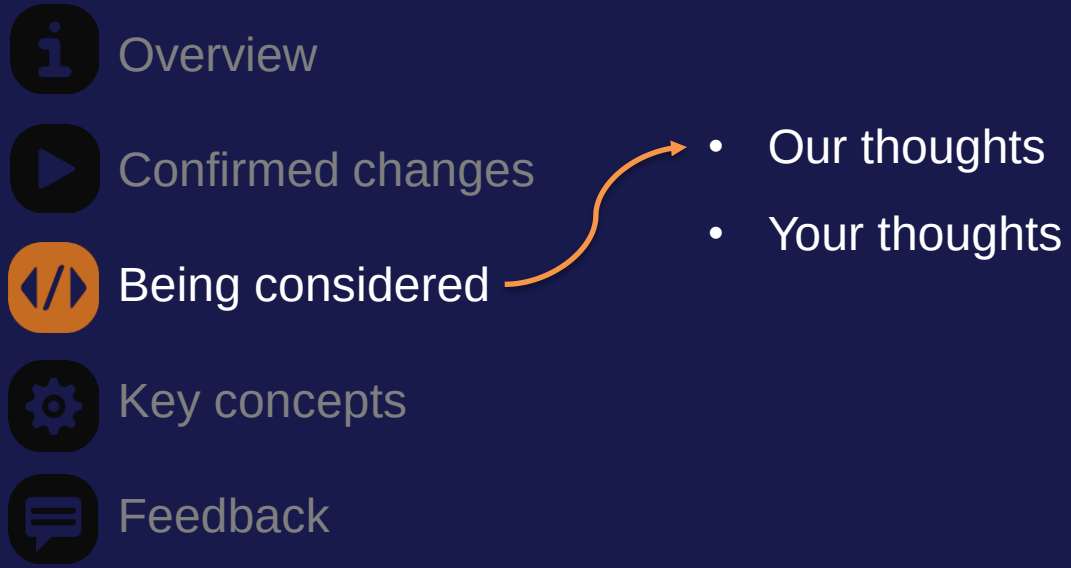
- Your recurrent funding in 2020-21(e.g. WIES/WASE/S-WIES) will become a base grant. Variable grants will be contingent on delivering base NWAU.
- Your existing specified grants will be preserved. Outcomes for those grants are expected to continue.

# Confirmed changes

## Funding (continued)

- The Victorian Efficient Price, not the National Efficient Price, will be applied in Victoria. This is consistent with other States and Territories and will be the method that ensures growth funding is in line with the Victorian Government's budget determinations.
- Victorian Efficient Price structure has been proposed to address remoteness implications on health services.
- Victorian DRG modifications cease and that the unmodified National AR-DRG classification version 10 apply from 1 July 2021.
- National Funding Model concepts will be applied including approaches outlined in the National Efficient Cost and National Efficient Price determinations and policies. These may be excluded on a by exception basis.
- Teaching, training and research activities will continue to be block funded based on the advice of states and territories.
- Adoption of a flat rate indigenous loading of 4 per cent (adopted in 2020-21).

# Victoria’s implementation of the National Funding Model



# Being considered

## Our thoughts

- Statement of Priority targets for services that are changing in the National Funding Model (e.g. non-admitted activity, emergency department presentations, intensive care units)
- Recall/throughput policy application
- Pricing for Quality and Safety related adjustments under the national model
- Monitoring for clinical code, practice changes, length of stay boundaries, to ensure services are not unduly influence by NFM changes
- Non-admitted service models and service event derivation rules
- Private and public service mix and the implications of recurrent funding for existing service

# Being considered

## Your thoughts

What are the biggest issue that you believe we should be thinking about or working with you on?

**NWAU conversions of your health service activity on the Secure Data Exchange**

[Health service]-NWAU.xlsx was uploaded to your account on the Secure Data Exchange portal that contains two years of patient-level activity converted into an NWAU as VAED (acute admitted, subacute), VEMD and non-admitted national dataset (NAPED) for health services.

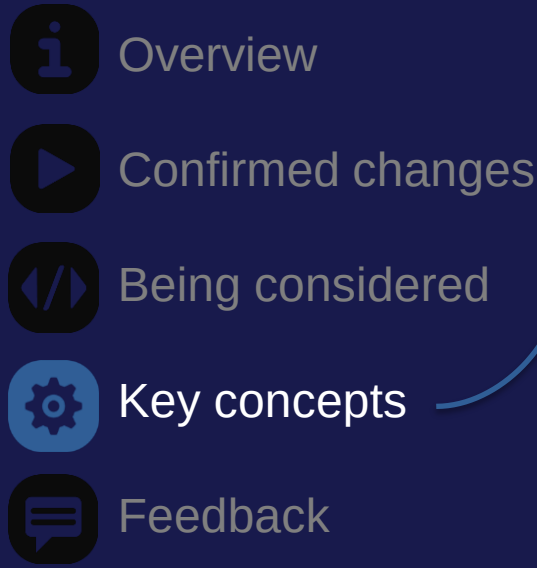
While we are undertaking this analysis at the system level, we understand you may want to use the data for your own inhouse purposes. We're keen to understand the impacts you identify for your own services because of the translations. As this will flow into ongoing growth funding in future years we can use this information to identify and lobby for changes that should be made with the national funding model.

# Victoria’s implementation of the National Funding Model

## Quick break

Questions and answers functionality will now be enabled. You can post and vote on the questions so that we know what is most important to you.

# Victoria's implementation of the National Funding Model




- National Funding Model (NFM)
- Funding approach
- Service approach

# NFM – Overview

## NFM approach

National Efficient Price (NEP) determination  published in March by IHPA. Consists of price, price weights and adjustments.

Funding based on activity based funding (ABF)

Funding = Base funding + growth funding (back-casting applies)

Growth is capped at 6.5% (inclusive of indexation). Negative growth means less funding.

## Victoria's NFM approach

Victoria uses IHPA NEP determination for price weights and adjustments. Victorian Efficient Price applies set at equivalent peer groups.

Funding based on ABF plus specified grants.

Funding = Prior year 'in-scope' recurrent funding + growth funding (back-casting applies)

Growth is agreed in Statement of Priorities and subject to recall and throughput policy.

# NFM – Overview

## Current WIES approach

**Price**

Prices by peer group & public/private

Transition grants smooth health service variances due to updated WIES

**Weights**

WIES updated annually accounting for updated classification, Victorian mods and most recent Victorian cost data.

WIES pool is preserved:
$\Sigma WIES_{Year-1} = \Sigma WIES_{Year}$

## NFM approach

**Price**

Single National Efficient Price. Adjustments apply in funding model, not in price.

No transition or compensation grants apply

**Weights**

National Weighted Activity Units (NWAU) updated annually accounting for updated classification and national cost data.

Difference in NWAU pool accounted for in price and with back-cast (BC) factors :
$\Sigma NWAU_{Year-1} \times BC = \Sigma NWAU_{Year}$

# NFM – Pricing approach

## WIES/S-WIES/WASE

Different prices for different funding models and linked to historical price.

Some services able to be reported through ABF are funded outside of the funding model

Price is relative to service stream. Signals funded level for weighted unit of activity.

Non-price based specified grants apply to supplement funding model

## National Efficient Price

Common price across all service streams relative to the average cost of an admitted acute separation, linked to historical price.

Only services that can be reported through ABF are funded

Serves two purposes as Commonwealth funding contribution and national benchmark

Hospital services unable to be counted in ABF are not priced.

# NFM –Victorian's Efficient Price

Will likely mirror  WIES peer group price structure for ABF in-scope hospitals but collapses public and private price (for example,1. Metropolitan and Regional 2. Subregional, local and NGO)

The Victorian Efficient Price (VEP) applies to in-scope service streams and to growth in NWAU.

Specified grants roll over in transition year with expectation existing outcomes continue, however, specified grants will be reviewed and are likely to progressively roll into price over time.

The VEP peer group price will be priced below the NEP

- NEP does not fund specified grants
- NEP is based on National data – Victoria is around 25% of costs and since inception of NHRA Victoria has contributed the most efficient cost per NWAU than all other jurisdictions

The inaugural VEP will be set using 2018-19 relativity for the price level and taking into account changes in service during 2019-20 and 2020-21. This is due to 2019-20 and 2020-21 having historically low activity levels relative to funding due to external factors.

# NFM – National Weighted Activity Unit

## WIES/S-WIES/WASE

Cost weights typically calculated by dividing average cost of patients within a Vic-DRG/SNAP/Tier2 class by a service stream specific reference cost using the Victorian Cost Data Collection.

Cost weights published in Funding rules component of the Policy and Funding Guidelines

New WIES cost weights rebased annually to ensure zero impact on state-wide pool of weighted activity

The WIES model includes co-payments for a range of patients and are in addition to the WIES cost weight allocation.

WIES = base_WIES + mv_copay+ niv_copay + th_copay + AAA_copay + ASD_copay + Bilat_copay + ATSI _WIES

## NWAU

Price weights (PW) calculated as the average cost of a service within AR-DRG/SNAP/Tier2/AECC relative to the average cost of an acute admitted episode using the National Hospital Cost Data Collection.

Price weights set out in Appendix H – M of National Efficient Price determination

Changes to NWAU are back-cast (pool is not preserved) which may lead to flow of NWAU across jurisdictional boundaries.

The NWAU model includes adjustments for a range of patients which are incorporated in the NWAU calculation.

$$= (\{[PW \times A_{Paed} \times (1 + A_{SPA} + A_{Ind} + A_{Res} + A_{RT} + A_{Dia}) \times (1 + A_{Treat}) + (A_{ICU} \times \text{ICU hours})] - [(PW + A_{ICU} \times \text{ICU hours}) \times A_{PPS} + LOS \times A_{Acc}]\} - PW \times A_{HAC}) \times NEP$$

# NFM – Back-casting

The NFM is tailored to identify Commonwealth growth contributions.

To calculate growth, a common unit of NWAU must be used to account for annual changes, however, that value changes as cost, activity and model availability are subject to varying timelines.

Back-cast factors are prospective factors published in the National Efficient Price that estimate the funding impact on a jurisdiction due to changes in the model.

For example, in 2020-21, the Victorian acute admitted back-cast factor of 1.0087 allows jurisdictions to convert NWAU19 to NWAU20.

- The Administrator of the National Health Funding Pool runs 2019-20 and 2020-21 activity through the NWAU20 calculator for the purposes of reconciliation of payments, only after national datasets are finalised in October of each year. For 2020-21, this calculation occurred in January 2021.

# Funding Approach – Existing recurrent services

**RECURRENT** variable grant funding and specified grants will be preserved

An imputed level of NWAU will be calculated for your variable funding grant

Base NWAU activity will need to be maintained.

Service (case-mix) profile is expected to remain stable

- Conversion of NWAU delivered under different service model modalities will need to be endorsed, say for example through the ‘Better at Home’ initiative.
- Reporting changes leading to generation of base NWAU will be adjusted out.
- Activity converted to generate more profitable NWAU will be adjusted out.

## Note

One-off funding (e.g. COVID-19 support) will not count towards base funding. Determinations on funding and base NWAU will be provided later.

**Base funding structure**

# Funding Approach – Growth funding

The inaugural Victorian Efficient Price (VEP) will only apply to growth funding and funded at the level your peer group is expected to deliver.

Growth NWAU is in addition to your Base NWAU,

Statement of Priority negotiations will inform Base NWAU + Growth NWAU targets.

**Note**

Base NWAU as well as certain specified grants could to transition to NWAU and a common price over time.

**Growth funding structure**

Future 2021-22 NWAU growth funding based on the VEP

# Service Approach

| Acute | | | Sub-Acute | | State-wide | | | Services not transitioning | |
|---|---|---|---|---|---|---|---|---|---|
| Inpatient services | Non-admitted specialist services | Emergency department | Inpatient services | Non-admitted services | Specified grants | State-wide services | Teaching and Training | Mental Health | Small Rural Services |

## What are the main differences under the national approach for inpatient services?

| | |
|---|---|
| **Data sources** | **WIES** = Victorian Admitted Episodes Dataset and cost data.<br>**National** = Admitted Patient Care |
| **ICU adjustment** | **WIES** = Per WIES basis for mechanical or non-invasive ventilation, six hour continuous ventilation condition applies, as per list of approved hospitals.<br>**National** = Paid on hourly basis for mechanical ventilation hospitals, no NIV loading. Specified list of ICU hospitals in National Efficient Price determination. No loading for: Austin Repat, Hamilton, Goulburn Valley, Wangaratta, Werribee Mercy, Angliss, Central Gippsland, Warrnambool, Horsham, Mildura, Latrobe, Casey |
| **Radiotherapy and dialysis** | **WIES** = Vic modification (R64Z), conditional WIES based payments or special funding arrangements apply<br>**National** = Dialysis loading: ~28 % loading for specified ACHI codes when not L61Z or L68Z.<br>Radiotherapy loading: ~40 % loading for specified ACHI radiotherapy intervention codes. |
| **Paediatric Patient** | **WIES**= n/a<br>**National** = DRG specific adjustments capped and floored at 2.0 and 0.8 respectively. (Monash and RCH) |
| **Indigenous Loading** | **WIES27** = 4% (WIES26 and prior = 30%)<br>**National** = 4% |
| **Private Patient adjustment** | **WIES** = Public and private price<br>**National** = Private patient discounts for accommodation and service adjustment.<br>Private patient price neutrality factors apply from 2021 onwards. |

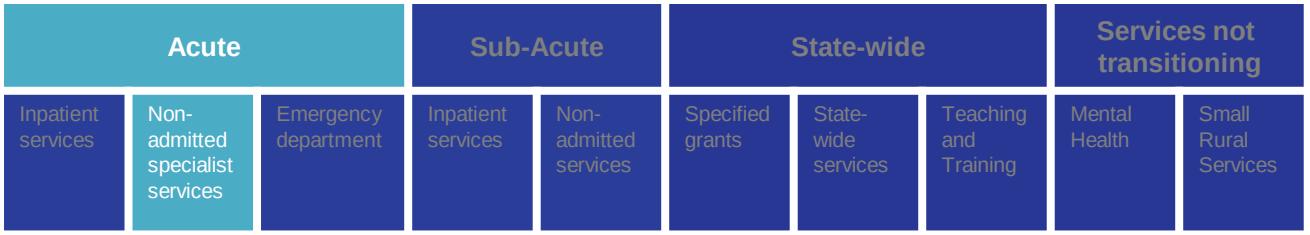
# Service Approach

| Acute | | | Sub-Acute | | State-wide | | | Services not transitioning | |
|---|---|---|---|---|---|---|---|---|---|
| Inpatient services | Non-admitted specialist services | Emergency department | Inpatient services | Non-admitted services | Specified grants | State-wide services | Teaching and Training | Mental Health | Small Rural Services |

## Main difference under the national approach for inpatient services (continued)

| | |
|---|---|
| **Emergency** | **WIES** = Funds admitted emergency component of acitivy<br>**National** = Funds only acute admitted. Admitted emergency funded through separate funding model |
| **Short stay observation** | **WIES** = Designated short stay observation unit weight<br>**National** = Funded through DRG price weight |
| **Loadings** | **WIES** = Applies loadings for Thalassaemia, Abdominal aortic aneurysm, stent, atrial septal defect closure devices and cochlear prosthetic devices<br>**National** = Funded through DRG price weight |
| **HITH** | **WIES**= high outlier per diem discounted by 20 per cent<br>**National** = Funded through DRG price weight, no specific discount |
| **Boundary policy, same-day /one day weights** | **WIES27** = Based on Victorian activity and costs<br>**National** = Based on National activity and costs |
| **Vic Modification** | **WIES** = R64Z- Radiotherapy, B02Y Endovascular Clot Retrieval, L42Z Lithotripsy<br>**National** = Unmodified AR-DRG classification |
| **Normative pricing for prostheses** | **WIES =** Normative pricing for Hips and knees<br>**National** = Funding through DRG price weight |

# Service Approach



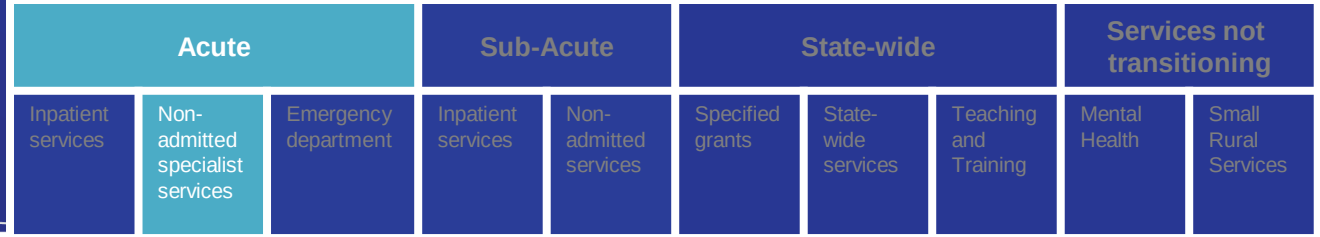

## Non-admitted Acute Services

- Current Victorian funding model = WASE3

## What is unchanged between WASE and national funding model?

- **Classification** = Tier 2 Non-Admitted Services Version 6.0 (2019-2021).
- **Counting unit** = Service event.

# Service Approach




## What is different under the national approach for non-admitted specialist services?

| | |
|---|---|
| **Data sources** | **WASE** = Victorian activity and cost data.<br>**National** = National activity and cost data. |
| **Review adjustment** | **WASE** = 20%<br>**National** = 0% |
| **Multiple healthcare provider** | **WASE** = 55%<br>**National** = 45% |
| **Paediatric Patient** | **WASE** = 0%<br>**National** = Varies per Tier 2 class (80% - 200%) |
| **Indigenous Loading** | **WASE** = 0%<br>**National** = 4% |
| **Private Patient adjustment** | **WASE** = Single price discount for private patients.<br>**National** = No private patient activity funded |
| **Other patient adjustments** | **WASE =** No other patient adjustments<br>**National** = Patient residential remoteness (outer regional, remote area, and very remote area). |

# Service Approach

| Acute | | | Sub-acute | | State-wide | | | Services not transitioning | |
|---|---|---|---|---|---|---|---|---|---|
| Inpatient services | Non-admitted specialist services | Emergency department | Inpatient services | Non-admitted services | Specified grants | State-wide services | Teaching and Training | Mental Health | Small Rural Services |

## Emergency department

Victorian funding model = WIES + Non Admitted Emergency Services Grant

National model = ABF Emergency price weights for both admitted and non-admitted activity

**Classification**: Australian Emergency Care Classification from 1 July 2021.

**Counting unit:** Presentation.

Patient must be physically present to attract NWAU.

- National model does not recognise telehealth or virtual non-admitted emergency activity.
- The IHPA ‘general list’ allows for funding where substitution of services can be proven.

# Service Approach

| Acute | | | Sub-acute | | State-wide | | | Services not transitioning | |
|---|---|---|---|---|---|---|---|---|---|
| Inpatient services | Non-admitted specialist services | Emergency department | Inpatient services | Non-admitted services | Specified grants | State-wide services | Teaching and Training | Mental Health | Small Rural Services |

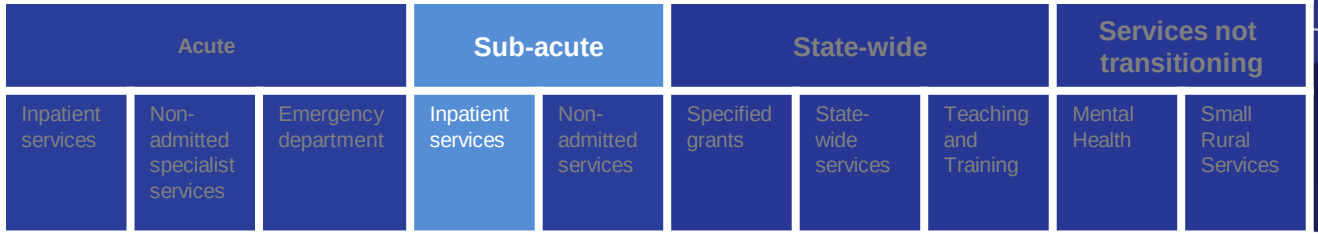
## Inpatient Sub-acute Services

- Current Victorian funding model = Sub-acute WIES (SWIES)

## What is unchanged between SWIES and national funding model?

- **Classification** = AN-SNAP Version 4.
- **Counting unit** = Episode or Phase of Care.
- Indigenous adjustment and rate (4%).

# Service Approach




## What is different under the national approach for sub-acute inpatient services?

| | |
|---|---|
| **Data sources** | **SWIES** = Victorian activity and cost data.<br>**National** = National activity and cost data. |
| **Boundary Policy** | **SWIES** = Inlier period based on +/- 4 days from ALoS for **most** multiday AN-SNAP classes.<br>**National** = Inlier period based on L1.5 H1.5 from ALoS for **all** multiday AN-SNAP classes. |
| **Patients requiring dialysis or radio-therapy during their admitted episode.** | **SWIES** = Not accounted for in SWIES.<br>**National** = Adjustments apply. Dialysis Adjustment = 28% and Radiotherapy (RT) Adjustment = 40% in NEP 21. Dialysis or RT therefore needs to be coded within the admitted sub-acute episode in the VAED. Admitted sub-acute patents should **not** be separated to receive same-day dialysis or RT within their sub-acute episode. |
| **Use of per diem payments** | **SWIES** = Maintenance Care (MC)/Non-acute AN-SNAP classes based on per diems.<br>**National** = No per diem rates for multiday episodes or phases. All multiday MC and Palliative Care AN-SNAP classes use episode or phase based weights and boundary policy. |
| **Private Patient adjustment** | **SWIES** = Single price discount for private patients.<br>**National** = Private patient **service** adjustment differs by Care Type. Private patient **accommodation** adjustment differs for each state. |
| **Other patient adjustments** | **SWIES =** No adjustments other than indigenous adjustment.<br>**National** = Patient **residential** remoteness (outer regional, remote area, and very remote area). |

# Service Approach

| Acute | | | Sub-acute | | State-wide | | | Services not transitioning | |
|---|---|---|---|---|---|---|---|---|---|
| Inpatient services | Non-admitted specialist services | Emergency department | Inpatient services | Non-admitted services | Specified grants | State-wide services | Teaching and Training | Mental Health | Small Rural Services |

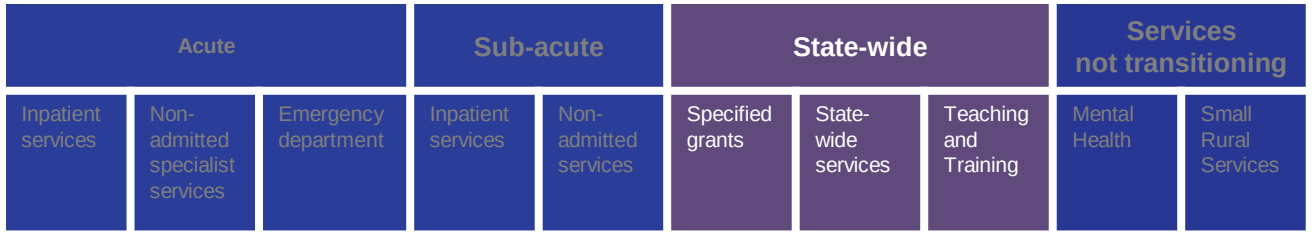
## Non-admitted Sub-acute Services

- Current Victorian funding model = Block funding

## What will change using the national approach?

- **Classification** = Tier 2 Non-Admitted Services Version 6.0 (2019-2021).
- **Counting unit** = Service event.
- **Pricing** = Uses national price weights based on the national cost data collection
- **Loadings** = Paediatric patient (varies), Multiple Healthcare: 45%, Indigenous: 4%

# Service Approach




## Specified grants

Moderates financial risk for services and activity not suited to a variable funding approach. These activities tend to have relatively high fixed costs and are not readily classifiable

## State-wide services

Funded through specified grants to mitigate financial risk associated with treating atypical, complex patients that fall in the extreme upper “tails” of diagnosis related groups; such patients are treated in state-wide referral services for specific conditions.

Normal averaging approach of case-mix (profits average out against losses) inadequately offsets financial risk to health service delivering a state-wide service.

These factors will inform future decisions around which specified grants can roll into the NFM in future.

## Teaching and training

Block grants apply. National classification under development. Not in-scope to transition to NFM.

# Service Approach

| Acute | | | Sub-acute | | State-wide | | | Services not transitioning | |
|---|---|---|---|---|---|---|---|---|---|
| Inpatient services | Non-admitted specialist services | Emergency department | Inpatient services | Non-admitted services | Specified grants | State-wide services | Teaching and Training | Mental Health | Small Rural Services |

## Mental Health

Not being implemented on 1 July 2021!

**Current approach = Admitted** is Bed Day funded as outlined in Policy & Funding Guidelines (P&FG). **Non-admitted** is Unit priced as outlined in P&FG.

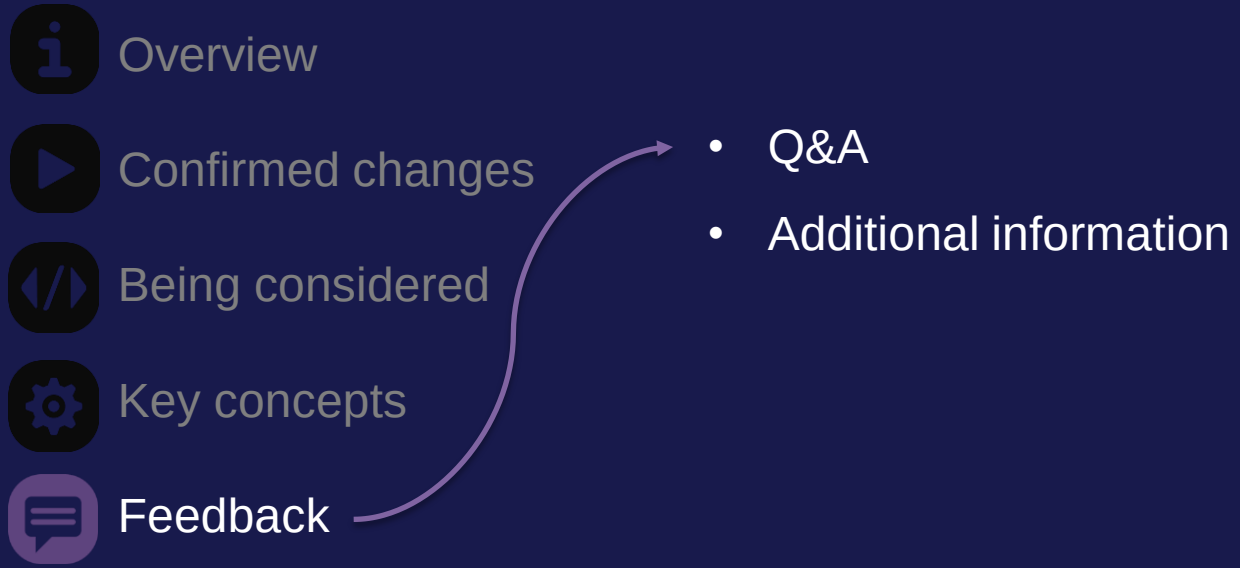
**National approach = Admitted** is ABF funded based on DRG's in 2021-22. Likely to be ABF funded using the Australian Mental Health Care Classification (AMHCC) in 2022-23. **Non-Admitted** is block funded.

## Small Rural Health Services (SRHS)

**Current approach =** Block funding *plus v*ariable WIES(2020 -21)/NWAU(2021-22) targets (e.g. renal, DVA) at identified SRHS.

**National Approach =** Determined at eligible hospital campus level via the annual IHPA NEC Determination. Eligible **campuses** must generate <3,500 NWAU pa. The NEC model is a fixed + variable model linked to annual NWAU generated by reported activity that is in-scope for the NHRA. The NEC model also includes a fixed annual payment for very small eligible campuses.

# Victoria’s implementation of the National Funding Model



# Feedback

## Questions and answers

While not all questions may be answered in time we will seek to provide responses back to the next Workshop and use them to consider where best to provide information for you in the future.

## Information will be available at the Department's website

Summary information, FAQs will be going live at the department’s website (this March): **https://www2.health.vic.gov.au/hospitals-and-health-services/funding-performance-accountability/activity-based-funding**

# Victoria’s implementation of the National Funding Model

## Thank you

We will:

- Use the questions to inform key areas of focus for you
- Issue a post-workshop survey to inform future sessions structure and content
- Consider and address queries to the National Funding Model inbox at <NationalFundingModel@dhhs.vic.gov.au>

# Links for additional information

| Subject/Topic | Link |
|---|---|
| **2021-22 determinations** | |
| Independent Hospital Pricing Authority – National Efficient Price Determination 2021-22 | https://www.ihpa.gov.au/publications/national-efficient-price-determination-2021-22 |
| Independent Hospital Pricing Authority – National Efficient Cost Determination 2021-22 | https://www.ihpa.gov.au/publications/national-efficient-cost-determination-2021-22 |
| **Framework and classification** | |
| Independent Hospital Pricing Authority – Pricing Framework for Australian Public Hospital Services 2021–22 | https://www.ihpa.gov.au/publications/pricing-framework-australian-public-hospital-services-2021-22 |
| IHPA NEC approach | https://www.ihpa.gov.au/what-we-do/national-efficient-cost-determination |
| Sub-acute and Non-acute Care in IHPA model | https://www.ihpa.gov.au/what-we-do/subacute-and-non-acute-care |
| Non-admitted care in IHPA model | https://www.ihpa.gov.au/what-we-do/non-admitted-care |

# Links for additional information

| Subject/Topic | Link |
|---|---|
| **Areas of interest** | |
| Admitted sub-acute price weights and inlier boundaries by AN-SNAP class are contained in Appendix I of the annual NEP Determination. Admitted sub-acute private patient service adjustment and accommodation adjustments are contained in Tables 7 and 8 of Appendix F of the annual NEP Determination. | https://www.ihpa.gov.au/publications/national-efficient-price-determination-2021-22 |
| Non-admitted price weights and paediatric adjustment are contained in Table 13 of Appendix K | https://www.ihpa.gov.au/publications/national-efficient-price-determination-2021-22 |
| Tier 2 Non-Admitted Services 2019-21 Definitions manual, Compendium and National Index | https://www.ihpa.gov.au/publications/tier-2-non-admitted-services-2019-21 |
| Back-casting policy | https://www.ihpa.gov.au/publications/back-casting-policy-version-50 |

# Glossary

## Key terms

ABF – Activity Based Funding

IHPA – Independent Hospital Pricing Authority

NEP – National Efficient Price

NFM – National Funding Model

NWAU – National Weighted Activity Unit

VEP – Victorian Efficient Price (imputed from the NEP)

WIES/WASE/S-WIES – Victorian funding models prior to NFM implementation

# Accessibility statement and publisher information

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Will be made available at insert web site <https://www2.health.vic.gov.au/hospitals-and-health-services/funding-performance-accountability/activity-based-funding>