Department of Health

Tasmanian Government

Tasmanian Health Service
2022-23 Service Plan

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Approval

The Tasmanian Health Service (THS) 2022-23 Service Plan (the Service Plan) has been developed in accordance with the *Tasmanian Health Service Act 2018* (the Act) and is administered by the Minister for Health (the Minister).

In accordance with the Act, the THS and Secretary carry out their functions consistent with the Ministerial Charter issued under the Act. The THS provides the health services and health support services required under the Service Plan, to the standards and within the budget set out in the Service Plan.

The Secretary and THS are given distinct but complementary roles and functions in the Act, each aimed at ensuring the Tasmanian community's public health system is well managed, providing the right care to the Tasmanian community, in the right place, at the right time.

Signed by:

Kathrine Morgan-Wicks

Secretary, Department of Health

Date signed: 30 May 2022

Approved by:

The Honourable Jeremy Rockliff MP

Premier

Tasmanian Minister for Health

Date signed: 24 JUN 2022

Tasmanian Health Service 2022-23 Service Plan

The Service Plan applies from 1 July 2022 to 30 June 2023. It does not override existing laws, agreements, public sector codes, statutes, government policies or contracts.

The evaluation of THS performance against the requirements of the Service Plan will be undertaken as outlined in the Performance Framework (refer to Part E of the Service Plan).

The THS Executive will ensure that structures and processes are in place to:

- comply with the requirements of the Service Plan
- fulfil its statutory obligations
- ensure good corporate governance (as outlined in the Act) and
- follow operational directives, policy and procedural manuals and technical bulletins as issued by the Department in its role as system manager.

The Service Plan consists of the following sections:

- **Part A**: Tasmanian Public Health System – Responsibilities
- **Part B:** Health Planning
- **Part C:** Election & State Budget Commitments
- **Part D:** Funding Allocation and Activity Schedule
- **Part E:** Performance
- **Part F:** Key Performance Indicators (KPIs)

The Service Plan operates within the Performance Framework and in the context of the Department's Purchasing and Funding Guidelines and financial requirements. This Service Plan does not specify every responsibility of the THS; however, this does not diminish other applicable duties, obligations or accountabilities, or the effects of the Department's policies, plans and Ministerial Directions.

Objectives of the Service Plan

- To articulate responsibilities and accountabilities across all applicable Department entities for the delivery of priorities.
- To enact the 2022-23 Performance Framework by incorporating a performance management and accountability system for the delivery of high quality, effective health care services that promote, protect, and maintain the health of the community.
- To provide care and treatment to the people who need it, taking into account the specific needs of their diverse communities.
- To promote accountability to Government and the community for service delivery and funding.
- To ensure that the Tasmanian Health Service Values of being caring, respectful, compassionate and person and family centered are supported.
- To facilitate Local Hospital Networks working together with clinical staff about key decisions, such as resource allocation and service planning.

Amendments to the Service Plan

As outlined in Section 11 of the Act, the Secretary may provide to the Minister, a proposed amendment to the Service Plan.

If the Minister approves a proposed amendment of the Service Plan under subsection 11(2)(a), the Service Plan is amended in accordance with the amendment, on and from the date on which notice of the amendment is given to the Secretary and the THS Executive under subsection 11(6).

The Service Plan may be amended at any time before or during the financial year.

Standards, Requirements and Agreements

Financial Management Standards

In accordance with Section 17(e) of the Act, the THS must manage its budget, as determined by the Service Plan, to ensure the efficient and economic operation and delivery of health services and use of its resources. Accordingly, it is critical that the THS has strong financial management and accountability.

The THS and relevant staff must comply with the following financial instruments:

- *Tasmanian Health Service Act 2018*
- *Financial Management Act 2016*
- *Audit Act 2008*
- *Financial Agreement Act 1994*
- Treasurer's Instructions
- Australian Accounting Standards

As an Accountable Authority under the *Financial Management Act 2016*, the Secretary is responsible to the Minister for the financial management of the THS, including:

- ensuring that expenditure by the THS is in accordance with the law
- ensuring the effective and efficient use of resources in achieving the Government's objectives
- ensuring that appropriate stewardship is maintained over the assets of the THS and the incurring of liabilities of the THS
- ensuring that the THS's financial management processes, records, procedures, controls and internal management structures are appropriate
- ensuring the custody, control and management of, and accounting for, all public property, public money, other property and other money in the possession of, or under the control of, the THS
- ensuring the proper collection of all money payable to, or collectable under, any law administered by the THS
- conducting reviews of fees and charges collected by or payable to the THS; and
- meeting the audit requirements of the Auditor-General.

Safety, Quality, and Accreditation

Broad-based system assurance regarding hospital safety and quality is provided by performance monitoring and management conducted by the Safety, Quality, and Accreditation sub-committee (SQA). Operating at the direction of the Clinical Executive acting as system manager, SQA is the peak safety and quality committee within the Department and reviews all areas of service delivery to ensure that quality services are provided to the right person, at the right time, and in the right place.

The SQA maintains oversight of a broad range of indicators and data sets relating to hospital safety and quality that are used to inform performance management decisions, and to ensure that the THS retains ongoing accreditation to the required national schemes and standards as determined by an approved accrediting agency.

This body of work is integrated into the Service Plan and associated performance management processes through the timely provision of information and concerns relating to hospital safety and quality to the Systems Performance and Forecasting Committee. The Service Plan also contains select safety and quality KPIs that represent areas of organisational focus with regards to hospital safety and quality.

The *Quality Governance Framework for Tasmania's Publicly Funded Health Services*

The SQA acts to address concerns regarding hospital and safety in accordance with the *Quality Governance Framework for Tasmania's Publicly Funded Health Services* 2020. The *Quality Governance Framework* outlines the roles and responsibilities of the Department and the THS in ensuring that the THS provides safe and quality services. It includes requirements for:

- organisations to identify all mandatory accreditation standards relevant to their organisations, and that compliance against these can be formally demonstrated
- organisations to inform the System Manager of risks that the services they provide may not be assessed as meeting the accreditation standards
- the monitoring, reporting, mitigation, and escalation of safety events and concerns

The Australian Commission on Safety and Quality in Health Care

The Australian Health Service Safety and Quality Accreditation (AHSSQA) Scheme and associated standards were developed by the Australian Commission on Safety and Quality in Health Care (ACSQHC), community, technical expert and stakeholder consultation to drive the continuous improvement of the quality and safety of health care in Australia. The THS and any private provider contracted to provide publicly funded services are required to be accredited to the relevant standards required under the AHSSQA scheme.

The THS is expected to notify the Secretary of upcoming accreditation assessments (of all types) and inform the Secretary if there is a risk that the services they provide may be assessed as not meeting the accreditation standards to which they ascribe.

Public reporting of outcomes against the accreditation process can be found at:

https://www.safetyandquality.gov.au/consumers/public-reporting-hospital-performance-nsqhs-standards

The *National Safety and Quality Health Service Standards*

The National Safety and Quality Health Service (NSQHS) Standards (2012) became mandatory for all hospitals, day procedure centres and public dentists from 1 January 2013. The NSQHS Standards (2nd Edition (2017) (updated 2022)) includes:

- acute, sub-acute services, acute and community services that provide care for children, mental health services, and statewide services such as forensic health, alcohol and drug related services and oral health services
- community sector organisations funded by the THS to provide sub-acute public hospital beds such as palliative care beds, in-patient care type facilities, or any day procedure type services
- services operated by the THS are required under the safety, quality and strategic performance expectations of the Ministerial Charter to achieve accreditation to safeguard high standards of care and continuous quality improvement.

Aged Care Accreditation

The Australian Government's *Aged Care Quality and Safety Commission Act 2018* established the Aged Care Quality and Safety Commission (ACQSC). The ACQSC's Aged Care Quality Standards (Quality Standards) (2019) came into effect for organisations providing Commonwealth subsidised aged care services from 1 July 2019, following the Aged Care Royal Commission and in response to the Aged Care Legislation Amendment (Single Quality Framework) Principles 2018.

The ACQSC is the appointed independent accreditation body for aged care services and assess approved providers' compliance to the Quality Standards to provide assurance to recipients of aged care services. The Quality Standards strengthen the focus upon client centred care requiring providers to work with their consumers to ensure they receive safe, high quality care shaped to the client's needs, goals and preferences. The Quality Standards apply to residential care; home care; and flexible care in the form of short-term restorative care. In addition, the ACSQHC developed the Multi-Purpose Services Aged Care Module (the MPS Aged Care Module) in collaboration with the Australian Government, state and territory departments of health, and the Commission's Multi-Purpose Services Project Advisory Committee. The MPS Aged Care Module describes, in six actions, the requirements of the Aged Care Quality Standards not covered by the NSQHS Standards. It is only applicable to eligible MPS and was endorsed by the Australian Health Minister's Advisory Council on 7 February 2020.

The Quality Standards also apply to care provided in a person's own home or the community, including short-term restorative care delivered in a home setting, and care delivered under the Commonwealth Home Support Program (CHSP) as set out in the ACQSC Guide to Assessment of CHSP Services depending upon the types of care and services being delivered.

Professional Training Accreditation

Accredited training requires an onsite review by the appropriate professional body's college and other accrediting agencies to assess a hospital's ability to provide training and supervision of the required standard, and its degree of compliance with the college's professional documents.

Clinical Care Standards

The ACSQHC has established the Clinical Care Standards program to support clinical experts and consumers to develop Clinical Care Standards for a range of health conditions where treatment programs

will benefit from a nationally coordinated approach. Each standard includes quality statements that describe the care a patient should be offered in the treatment of the condition, a set of indicators to monitor the care, and information about what each quality statement means for patients, clinicians, and health services.

Further information about which care types are currently included in the Clinical Care Standards can be found at:

Clinical Care Standards – Australian Commission of Safety and Quality in Health Care
(https://www.safetyandquality.gov.au/standards/clinical-care-standards)

Sentinel Events, Hospital Acquired Complications and Avoidable Hospital Readmissions

The addendum to the National Health Reform Agreement (NHRA) includes a commitment for the Australian Government and state and territory governments to implement a number of reforms designed to improve patient safety and support greater efficiency in the health system, by reducing sentinel events, hospital acquired complications (HACs), and avoidable hospital readmissions. This will deliver better health outcomes, improve patient safety, and support greater efficiency in the health system.

The 2022-23 Tasmanian Activity Based Funding (ABF) Model applies the National Safety and Quality pricing adjustments for HACs and zero funding of sentinel events.

More details are provided in Appendix 2.

Data Compliance and Provision

Since implementation of the NHRA and ABF, the importance of complete, accurate, timely and transparent health and hospital casemix data has become more important than ever in terms of the level of hospital funding, decision making for planning and resource allocation.

For 2022-23 there are six ABF patient service categories which are being used nationally and have their own classification system. These are:

- Admitted acute care
- Sub-acute and non-acute care
- Non-admitted care
- Mental health care
- Emergency care
- Teaching, training and research.

The Department submits a range of data to national and state agencies or bodies, including the Independent Hospital Pricing Authority (IHPA), National Health Funding Body (NHFB), the Australian Institute of Health and Welfare (AIHW), the Department of Veterans Affairs (DVA), National Joint Replacement Register, and the Australian Bureau of Statistics.

Data reporting to national bodies and performance reporting against the KPIs in the Service Plan will require the Department to regularly import data from hospital systems. The THS is to ensure that such data is recorded in accordance with the requirements of each dataset, ensuring data quality and timeliness.

The references/standards for each element are as follows:

- National Coding and Classification Standards:
    - ICD-10-AM (International Statistical Classification of Diseases and Related Health Problems, Eleventh Edition, Australian Modification)
    - ACHI Australian Classification of Health Interventions
        - Clinical Coding Practice Framework
        - National Coding Advice
        - Australian Classification Exchange (ACE)
        - Data Compliance Policy
        - National Pricing Model Technical Specifications
        - Classification and business rules
        - Australian Coding Standards (ACS)
        - Australian Refined Diagnosis Related Groups (AR-DRG) AR-DRG Definitions
        - Australian National Subacute and Non-Acute Patient (AN-SNAP),
        - Australian Mental Health Care Classification (AMHCC),
        - Australian Emergency Care Classification (AECC),
        - Urgency Disposition Groups (UDG),
        - Non-admitted, Tier 2 classification business rules (Tier 2), and
        - Australian Teaching and Training Classification (ATTC)
- National Data and Costing, Instructions and Standards:
    - Health Data Dictionary (METeOR) Australian Institute of health and Welfare (AIHW)
    - Australian Hospital Patient Costing Standards (IHPA)
    - Australian Accounting Standards Board (AASB)
- Tasmanian Counting Instructions and Data Standards:
    - Tasmanian Admission and Transfer Discharge Policy Manual
    - Tasmanian Hospital Admitted Care Types Guidelines
    - Tasmanian Funding and Purchasing Model Guidelines
    - Tasmanian Casemix Technical Bulletins
    - Tasmanian ABF Policy Instruction

More detail can be found at:

What is activity based funding | IHACPA

(https://www.ihacpa.gov.au/aged-care/background/what-activity-based-funding)

Pricing Framework for Australian Public Hospital Services 2022–23 | Resources | IHACPA

(https://www.ihacpa.gov.au/resources/pricing-framework-australian-public-hospital-services-2022-23)

Data Compliance Policy - Independent Health and Aged Care Pricing Authority (IHACPA)

(https://www.ihpa.gov.au/publications/data-compliance-policy)

Australian Classification Exchange (ACE) - Independent Health and Aged Care Pricing Authority (IHACPA)

(https://ace.ihpa.gov.au)

National Coding Advice - Independent Health and Aged Care Pricing Authority (IHACPA)

(https://www.ihpa.gov.au/publications/national-coding-advice)

Rules for Coding and Reporting COVID-19 Episodes of Care - Independent Health and Aged Care Pricing

(https://www.ihpa.gov.au/publications/rules-coding-and-reporting-covid-19-episodes-care)

Australian Hospital Patient Costing Standards Version 4.1 - Independent Health and Aged Care Pricing Authority (IHACPA)

(https://www.ihacpa.gov.au/resources/australian-hospital-patient-costing-standards-version-41)

National Pricing Model Technical Specifications 2022-23 - Independent Health and Aged Care Pricing Authority (IHACPA)

(https://www.ihpa.gov.au/publications/national-pricing-model-technical-specifications-2022-23)

National Efficient Price Determination 2022-23 - Independent Health and Aged Care Pricing Authority (IHACPA)

(https://www.ihpa.gov.au/publications/national-efficient-price-determination-2022-23)

Provision of Health Services and Health Support Services under Contractual Arrangements

The THS is required to provide the health services and health support services set out in Column 2 of the table below to the corresponding party (Column 1), pursuant to contractual arrangements entered between that party and the THS from time to time.

Column 1 (Party)	**Column 2 (health services and/or health support services)**
Commonwealth of Australia	*Health Services* The provision of such medical services, paramedical services and any other services which fall within the meaning of paragraphs (b), (c) and (f) of the definition of "health service" in section 3 of the Act as may be required to treat and/or stabilise and/or evacuate patients from Australia's Antarctic Territory and/or the Southern Ocean region to a public hospital in Tasmania. Such services are to include where appropriate the provision of medical services comprising professional advice or diagnostic services either remotely or in person. *Health support services* The provision of a health support service within the meaning of paragraph (b) of the definition of 'health support service' in the Act being the supply of a service in the form of training of Commonwealth personnel in Antarctic and remote medicine and/or the sterilisation of the entity's medical and scientific equipment for use in the Antarctic and Southern Ocean region to the Party in its capacity as a provider of health services.
Any party that is a provider of health services (within the meaning of the definition of 'health service' in s.3 of the Act)	The provision of a health support service within the meaning of paragraph (b) of the definition of 'health support service' in the Act being the supply of a good or substance, in the form of Ant venom extracts for use in venom immunotherapy and diagnosis of allergy, to the party in its capacity as a provider of health services.
Health Care Burnie Pty Ltd	The provision of such medical services, paramedical services and any other services which fall within the meaning of paragraphs (b), (c) and (f) of the definition of "health service" in section 3 of the Act as may be required in a medical emergency to stabilise patients of the North West Private Hospital and/or transfer those patients from the North West Private Hospital to a public hospital

Healthscope (Tasmania) Pty Ltd	*Health Services* The provision of services which fall within the meaning of paragraphs (b), (c) and (f) of the definition of "health service" in section 3 of the Act as may be required to provide Continence Nursing Services, Stomal Therapy Nursing Services and Endoscopic Retrograde Cholangic Pancreatography (ERCP) Endoscopy Services to patients of the Hobart Private Hospital Private. *Health support services* The provision of a health support service within the meaning of paragraph (b) of the definition of 'health support service' in the Act being the supply of a service, in the form of the collection, disposal and / or transfer of waste, human tissue and deceased bodies from the Hobart Private Hospital, to the Party in its capacity as a provider of health services.

National and Other Agreements

The 2022-23 THS funding allocation includes funding provided under a range of National Partnership Agreements (NPAs), Commonwealth Own Purpose Expenditure (COPEs) payments and other government sector agreements. These agreements may generate their own specific program, financial and performance reporting requirements that, while not encapsulated in the Service Plan, require THS compliance.

National Health Reform Agreement

The Service Plan complies with the requirements of the 2020-25 National Health Reform Agreement (NHRA):

2020–25 National Health Reform Agreement (NHRA) | Australian Government Department of Health and Aged Care

(https://www.health.gov.au/our-work/2020-25-national-health-reform-agreement-nhra)

The NHRA requires state governments, as the system managers of public hospitals, to establish service agreements (or a Service Plan in the Tasmanian context) with each Local Hospital Network. These are to include:

- the number and broad mix of services to be provided by the Local Hospital Network
- the quality and service standards that apply to services delivered by the Local Hospital Network, including the Performance and Accountability Framework and Australian Health Performance Framework
- the level of funding to be provided to the Local Hospital Networks
- the teaching, training and research functions to be undertaken at the Local Hospital Network level.

Funding Arrangements

The 2020-25 NHRA provides for a continuation of existing public hospital funding arrangements, through which the Australian Government's annual funding contribution is its prior year contribution plus

45 per cent of the efficient growth in the price and volume of activity. Annual growth in total Australian Government funding is capped at 6.5 per cent. The amount of National Health Reform (NHR) funding received by Tasmania during the five-year term of the NHRA is dependent on the annual level of public hospital activity.

Minimum Funding Guarantee

The Australian Government has agreed to extend Tasmania's existing bilateral guarantee of a minimum annual level of NHR funding growth for the term of the 2020-25 NHRA. The guarantee provides for Tasmania's NHR funding to be indexed by at least the rate of growth in the Consumer Price Index and the national population.

Health Reform

The 2020-25 NHRA includes a commitment for the Australian Government and the states to work in partnership to implement arrangements for a nationally unified and locally controlled health system to improve patient outcomes, patient experience and access to services. This commitment includes supporting innovative models of care and trialling new funding arrangements. This is consistent with existing Tasmanian initiatives and priorities, including the Community Rapid Response Service and the Hospital in the Home (HiTH) program.

The 2020-25 NHRA also includes principles for the six long-term reforms, being: enhanced health data, nationally cohesive health technology assessment, paying for value and outcomes, joint planning and funding at a local level, empowering people through health literacy, and prevention and wellbeing.

The Australian Government and the states will continue to work together to consider implementation of the six long-term reforms outlined in the 2020-25 NHRA and their interaction with broader health reforms, including the maintenance and expansion of reforms expedited as a result of the response to COVID-19.

High cost and highly specialised therapies

High cost and highly specialised therapies include new and emerging cellular therapies, gene therapies, stem cell therapies, 3D printing, and regenerative medicine approved for therapeutic use in public hospitals.

The 2020-25 NHRA contains specific arrangements for new high cost, highly specialised therapies recommended for delivery in public hospitals by the Medical Services Advisory Committee. Under the cross border or interstate charging arrangements in the 2020-25 NHRA, Tasmania is required to meet the cost of these services (exclusive of the Commonwealth contribution component).

Tasmanian residents, based on clinical criteria, will have access to main land facilities for the following cost and highly specialised therapies in 2022-23:

- Kymriah® – for the treatment of acute lymphoblastic leukaemia in children and young adults
- Kymriah® or Yescarta® – for the treatment of diffuse large B-cell lymphoma, primary mediastinal large B-cell lymphoma and transformed follicular lymphoma
- Qarziba® – for the treatment of high-risk neuroblastoma
- Luxturna™ – for the treatment of inherited retinal disease
- Zolgensma® - for the treatment of spinal muscular atrophy in children less than 2 years old

Private patients in public hospitals

The 2020-25 NHRA specifies that the Australian Government and states' funding models will be financially neutral with respect to all patients, regardless of whether they elect to be treated as private or public patients.

Project Agreement for the Community Health and Hospitals Program

Tasmania has received a total of $20 million funding over four years for additional elective surgery and endoscopy procedures, under the Australian Government's Community Health and Hospitals Program (CHHP).

Under the 2018-19 CHHP Agreement, $5 million was allocated and paid on execution in June 2019. The remaining $15 million was paid on execution of the 2019-20 and 2020-21 CHHP Agreement in June 2020.

The Australian Government has provided Tasmania with flexibility for activity purchased with this funding. The CHHP funding will support Tasmania's objective under the THS State-wide Elective Surgery Plan 2021-25 to achieve a sustainable elective surgery waiting list by 2024-25 with nearly all patients having their procedure within the clinically recommended time.

National Partnership on COVID-19 Response

In response to the COVID-19 pandemic, the National Partnership on COVID-19 Response (NPCR) was implemented on 13 March 2020 to provide states and territories with financial assistance to effectively respond to the COVID-19 outbreak.

The 2022 Federal Budget provides the NPCR will remain in place until 30 September 2022. Arrangements beyond that time are subject to further negotiation and discussion between the Australian Government, states, and territories.

The NPCR will remain in place for the period of the activation of the *Australian Health Sector Emergency Response Plan for Novel Coronavirus 2019* as declared by the Australian Health Protection Principal Committee (AHPPC), and then for sufficient additional time to allow for the final reconciliation of any payments made under the agreement.

More details regarding the NPCR are provided in Appendix 1.

National Partnership Agreement: Mersey Community Hospital

This NPA on Transfer of the Mersey Community Hospital (the Mersey NPA) facilitated the transfer of the Mersey Community Hospital (MCH) to the Tasmanian Government. On 1 July 2017, the State Government resumed ownership of the MCH and became responsible for providing public hospital services at the MCH and for reporting on the delivery of those services to the Australian Government.

The Australian Government provided a financial contribution to Tasmania of $736.6 million to support the implementation of the Mersey NPA.

Activity at the MCH is now included in the Tasmanian total National Weighted Activity Unit (NWAU) values for the NHRA payments. To ensure Tasmania does not receive double funding for the MCH for the period 2017-18 to 2026-27 inclusive, Tasmania will not be entitled to receive an ABF payment under the NHRA, or any subsequent agreement, for the agreed funding profile described in the Mersey NPA. Any activity delivered at the MCH above the agreed funding profile will be eligible for ABF payments.

Public Dental Services for Adults – Schedule to the Federation Funding Agreement - Health

The Schedule provides additional funding to states and territories to alleviate pressure on adult public dental waiting lists. The current agreement expires on 30 June 2022. The 2022-23 Federal Budget indicates one year of further funding will be provided in 2022-23. Negotiations with the Australian Government are likely to commence in the near future to formalise an extension to the agreement.

Other Agreements

In addition to the above, Commonwealth Own Purpose Expenses (COPEs) and other government sector agreements, relevant to THS operations, include:

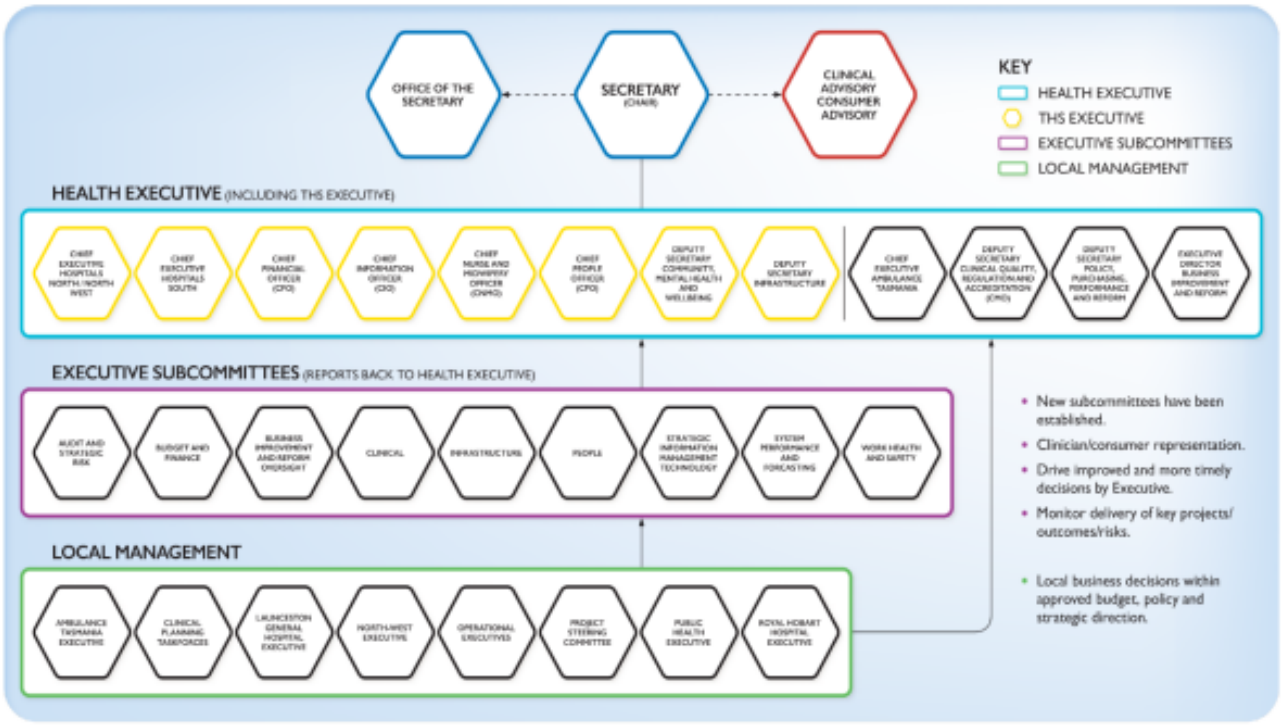
- Home and Community Care (HACC)
- Community Aged Care Packages
- Medicare
- Multi-Purpose Service - MPS
- Midlands Multi-Purpose Commonwealth Funds
- Aged Care Assessment Program
- WP Holman Clinic Radiation Oncology
- Radiation Oncology Capital Equipment
- Transition Care Program
- Commonwealth Initiative for Organ Donation

Part A: Tasmanian Public Health System - Responsibilities

Tasmania's health system is comprised of a wide network of public, private and not-for-profit services that collectively seek to deliver positive health outcomes for all Tasmanians. The health system provides a full range of services, from population and primary health services, community services, and tertiary and community hospitals.

A significant part of Tasmania's health system (including services provided under the Service Plan) is delivered under the Act. For the purposes of the Service Plan, the high-level responsibilities of the Minister, the Department, the THS Executive and the THS are summarised below.

Figure 1 Department of Health Governance Committee Structure



Minister for Health

The Minister is responsible for the administration of the Act. Ministerial guidance and direction are provided through:

- the Ministerial Charter - which sets out the broad policy expectations for the THS and is issued by the Minister. The THS and Secretary must comply with the Ministerial Charter.
- the Service Plan - the Minister approves the Service Plan that is to apply to the THS each financial year.

The Secretary, Department of Health

The Secretary is responsible to the Minister for the performance of the THS and THS Executive, including ensuring that the THS Executive is performing and exercising the functions and powers of the THS.

In line with this responsibility, the Secretary is assigned several functions and powers to guide, monitor and manage the THS in undertaking its functions and powers, including;

- the ability to give direction to the THS in relation to the performance of its functions, and the exercise of its powers. This includes issuing policy or directing the THS to undertake actions to improve performance, including actions under the Performance Framework and;
- responsibility for developing the Service Plan, including KPIs, service volumes and performance standards. The Service Plan is the key accountability document and is intrinsically linked to the performance of the THS in undertaking its functions and powers.

Tasmanian Health Service Executive

The role of the THS Executive is to administer and manage the THS. This includes:

- performing and exercising the functions and powers of the THS and;
- ensuring that the THS delivers the services set out in the Service Plan including the agreed volume and performance standards in accordance with the budget set out in the Service Plan.

The Tasmanian Health Service

The THS, through its Executive, is accountable to the Minister via the Secretary for performing its functions and exercising its powers in a satisfactory manner. Through its Executive, the output of the THS must be in accordance with the requirements of the Service Plan.

The functions of the THS are to:

- ensure that the broad policy expectations of the Minister, as specified in the Ministerial Charter, are achieved
- provide the health services and health support services required under the Service Plan, and to provide those services to the specified quality standards and within the specified funding allocation
- conduct and manage public hospitals, health institutions, health services, and health support services, that are under the THS's control
- ensure quality and effective provision of health services and health support services that are purchased by the THS
- manage the funding allocation, as determined by the Service Plan, and its other funds, to ensure:
    - the efficient and economic operation of public hospitals, health facilities, health services, and health support services, that are under the THS' control
    - the efficient and economic delivery of health services, and health support services, that are purchased by the THS and
    - the efficient and economic use of its resources
- consult and collaborate, as appropriate, with other providers in the planning and delivery of health services and health support services
- provide training and education relevant to the provision of health services and health support services
- undertake research and development relevant to the provision of health services and health support services
- assist patients, and their carers, to travel to and from, and be accommodated close to where the patient is to receive health services
- collect and provide health data to be used for:

- research purposes
- quality improvement
- accreditation
- reporting
- quality governance and
- statewide planning and coordination of the provision of relevant services.

Health Executive Governance Structure

In March 2020, a new executive structure for the state's health system came into effect. The new structure saw the abolishment of the two separate Executive committees across the Department and the THS, and the establishment of one streamlined Health Executive.

The new governance structure provides a clear and consistent strategic direction across the Department and THS and strengthens systems coordination and local accountability and authority; whilst still ensuring the focus remains on delivering high quality, safe and sustainable health services for all Tasmanians.

The Health Executive is chaired by the Secretary, Department of Health, and includes 12 other members representing various functions of the Department and the THS. The new governance structure is consistent with the Act, with seven of the Health Executive membership roles deemed to comprise the THS Executive for the purposes of the Act.

As part of the new structure, executive sub-committees have been established to support the Secretary and provide focus and consistency within decision making, as well as drive improved and more timely decisions by the Health Executive, and monitoring of the delivery of key projects, outcomes and risks. Of relevance to the Service Plan is the Budget and Finance Sub-Committee and the System Performance and Forecasting Committee (SPFC). The purpose of the Budget and Finance Sub-Committee is to provide strategic oversight of the Department's budget and financial management responsibilities and as appropriate and to provide advice and recommendations to the Department's Executive Committee. The SPFC is responsible for providing strategic oversight and direction of the Departments performance management responsibilities. The SPFC utilises input from experts and clinical leaders to identify, assess and prioritise emerging performance concerns and oversee the appropriate interventions to address underperformance.

Part B: Health Planning

The Department is committed to ensuring that Tasmanians receive the best possible health services, and that a balanced and sustainable health system is supported to provide the right care, in the right place, at the right time. Two initiatives which support this aim are the Department of Health *Strategic Priorities 2021–2023* and *Our Healthcare Future*.

As the *Strategic Priorities* are implemented and the reforms to be undertaken through *Our Healthcare Future* are progressed and embedded in the Tasmanian health system, they will guide the planning, funding and purchasing of health care services, and inform future iterations of the Service Plan.

Department of Health Strategic Priorities 2021-2023

The Department launched its *Strategic Priorities for 2021–2023* in August 2021. The *Strategic Priorities* set out the Department's priorities, actions and enablers to ensure that Tasmanians receive the best possible health services.

The *Strategic Priorities* focus on improving the health and wellbeing of the Tasmanian community by:

1. Continuing to respond to the COVID-19 Pandemic
2. Improving Access and Patient Flow across our Health System
3. Delivering care in clinically recommended times
4. Reforming the delivery of care in our community
5. Prioritising Mental Health and Wellbeing; and
6. Building the Infrastructure for our Health Future.

These priorities are supported by the following three key internal foundation areas:

1. Build and develop a sustainable and positive workforce we need now and for the future
2. Strengthen our governance, risk and financial management, performance and accountability; and
3. Strengthen Clinical safety, quality, and regulatory oversight.

Our Healthcare Future

The Tasmanian Government is working to secure the future of our health system through its long-term reform agenda to consult, design and build a highly integrated and sustainable health service.

Stage One of the Government's long-term reform agenda was the *One State, One Health System, Better Outcomes* reforms, which established a single, statewide health service, with clearly defined roles for the four major hospitals.

Stage Two of the Government's long-term reform process is *Our Healthcare Future,* which will build a sustainable health system for the future by connecting and rebalancing care across the acute, subacute, rehabilitation, mental health and primary health sectors, through to care in the community. It will also address other long-term challenges the health system faces, including ensuring the health workforce and infrastructure are aligned to current and future needs of the Tasmanian community.

The strategic health planning environment and its relationship to the Service Plan are summarised in Figure 2.

Figure 2 Strategic Planning Environment (graphic version)

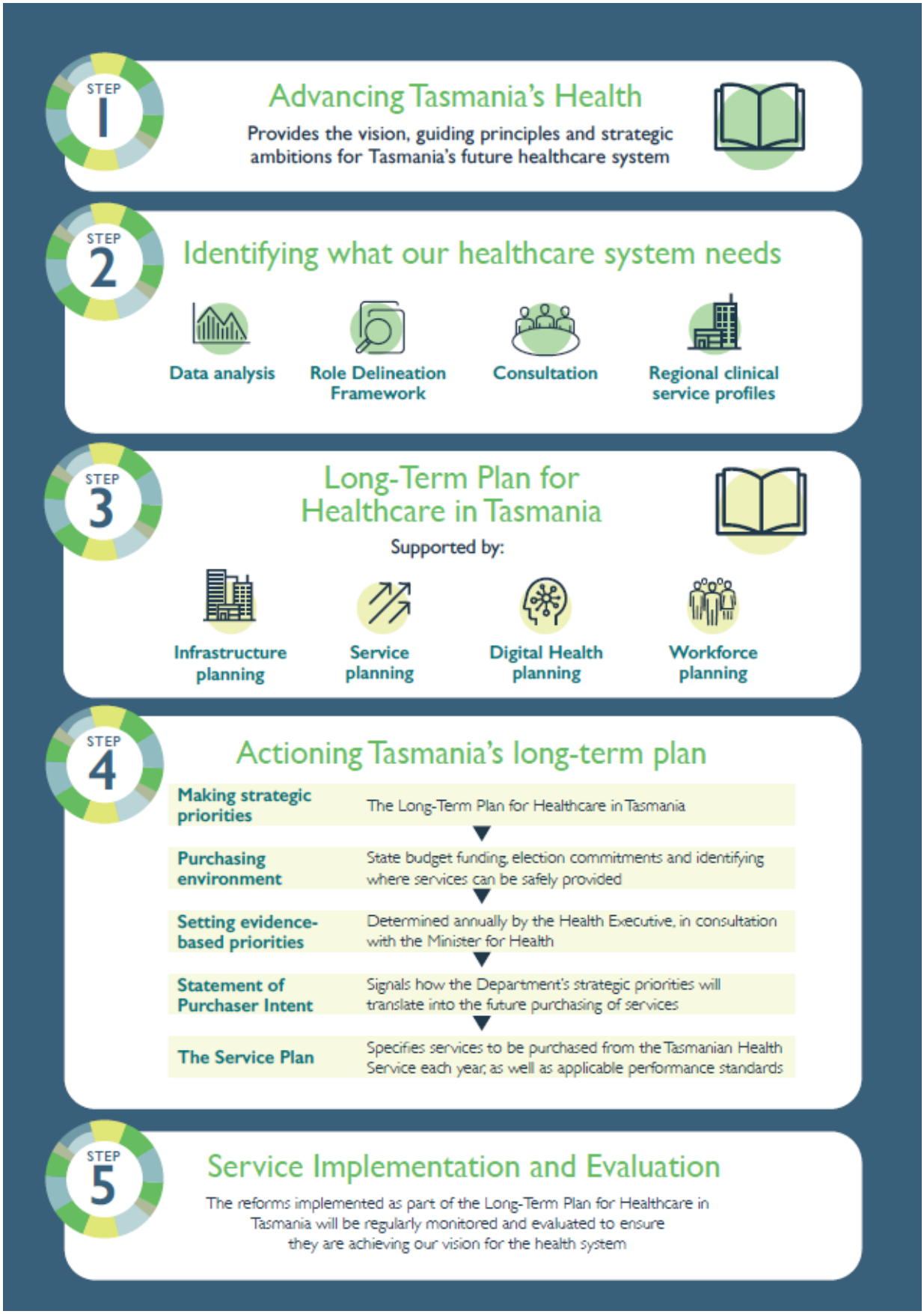


Figure 2: Strategic Planning Environment (text version)

STEP 1: Advancing Tasmania's Health:

- Provides the vision, guiding principles and strategic ambitions for Tasmania's future healthcare system

STEP 2: Identifying what our healthcare system needs:

- Data analysis
- Role Delineation Framework
- Consultation
- Regional clinical service profiles

STEP 3: Long-Term Plan for Healthcare in Tasmania supported by:

- Infrastructure planning
- Service planning
- Digital Health planning
- Workforce planning

STEP 4: Actioning Tasmania's long-term plan

- Making strategic priorities - The Long-Term Plan for Healthcare in Tasmania
- Purchasing environment - State budget funding, election commitments and identifying where services can be safely provided
- Setting evidence-based priorities - Determined annually by the Health Executive, in consultation with the Minister for Health
- Statement of Purchasing Intent - Signals how the Department's strategic priorities will translate into the future purchasing of services
- The Service Plan - Specifies services to be purchased from the Tasmanian Health Service each year, as well as applicable performance standards

STEP 5: Service Implementation and Evaluation

- The reforms implemented as part of the Long-Term Plan for Healthcare in Tasmania will be regularly monitored and evaluated to ensure they are achieving our vision for the health system

The Our Healthcare Future reforms will be underpinned by a comprehensive health system planning framework. This will include:

- **Advancing Tasmania's Health** (exposure draft released June 2022): provides a vision for the future of healthcare in Tasmania over the next 20 years – being that all Tasmanians are supported by a world-class, innovative and integrated health system – and outlines the principles and strategic ambitions which will guide the achievement of that vision. *Advancing Tasmania's Health* sits alongside the *Healthy Tasmania Five Year Strategic Plan*, which guides prevention activity across the whole of government and in partnership with communities.
- **A long-term plan for healthcare in Tasmania** (for release towards the end of 2022): will provide a comprehensive blueprint for the whole of the health system by considering the projected future demand for health services and how services should evolve to meet that demand.

The development of the long-term plan for healthcare in Tasmania will be guided by:

- **Data analysis:** analysis of the future health needs and service profiles projected for Tasmania.
- **The Tasmanian Role Delineation Framework**: the support services, workforce and other requirements for the safe and sustainable delivery of healthcare in Tasmania.
- **Consultation**: the community will be active partners in Tasmania's healthcare of tomorrow.
- **Regional clinical services profiles:** the health services to be delivered in each region to meet the expected healthcare needs.

Achievement of the long-term plan for healthcare in Tasmania will be supported by:

- **Infrastructure Planning**: a 20-year infrastructure strategy will enable the delivery of safe, high quality healthcare services to the Tasmanian community.
- **Service Planning:** new, reconfigured models of care to meet the needs of Tasmanians.
- **Digital Health Planning:** new ways of caring for the health and wellbeing of Tasmanians, enabled by digital health technologies.
- **Workforce Planning**: *Health Workforce 2040* shapes a health workforce that meets the needs of Tasmanians.

Long-term strategic objectives will be translated into the annual purchasing of services from the THS, which includes the following steps:

- **Long-term Strategic Planning**: the long-term strategic priorities for the Tasmanian health system will be outlined in the long-term plan for healthcare in Tasmania.
- **Purchasing environment:** purchasing priorities will be influenced by the level of funding available through the State Budget, current Government commitments and where services can be safely provided.
- **Evidence Based Priority Setting:** The Department's Health Executive will be responsible, in consultation with the Minister for Health, for determining how the long-term strategic priorities will be implemented.
- **Statement of Purchaser Intent**: the Department's Statement of Purchaser Intent will act as a bridge between the Department's strategic priorities and the annual purchasing of services from the THS by

articulating how the Department expects its strategic priorities will be reflected in the future purchase of services from the THS.

- **THS Service Plan**: provides a schedule of services to be provided by or on behalf of the THS and the estimated funding to be provided in relation to the provision of those services, in addition to the performance standards expected of the THS in the delivery of those services.

The reforms implemented as part of the Long-Term Plan for Healthcare in Tasmania will be regularly monitored and evaluated to ensure they are achieving the vision for the health system.

Part C: Election and State Budget Commitments

2022-23 State Budget

The following key deliverables were included in the 2022-23 State Budget released on 26 May 2022:

Adoption of Bedside Medication Management across the THS

The Department has committed funding over two years to implement an extended Bedside Medication Management trial across the THS. This contemporary approach will shift the technical and administrative process of ordering, administering, and monitoring of medication within wards to pharmacy technicians and therefore reduce workload for nurses. The anticipated improvements from this change include reduced incidence of delayed medication treatment, reduced waste, improved patient flow and an increase in nursing capacity for patient care.

Community, Mental Health and Wellbeing Safety and Quality Positions

Commencing in 2022-23, the Department will establish a dedicated Safety and Quality Team within Community, Mental Health and Wellbeing to strengthen regulatory oversight and to improve clinical safety and quality outcomes.

This initiative supports the Department of Health's Strategic Priorities 2021-2023 and links to the maintenance of National Standards Accreditation, BreastScreen National Accreditation, NDIS Quality and Safeguards Accreditation and compliance with the Department's Quality Governance Framework.

Correctional Primary Health Services

This initiative provides funding to increase clinical staffing resources within Correctional Primary Health Services to provide an improved service to meet the mental health needs of inmates.

This initiative will also assist in meeting recommendations from the Coroner, Custodial Inspectorate and Prisoner Mental Health Taskforce and is essential to the functioning of the Southern Remand Centre to ensure remanded persons receive required medical care in a timely manner.

Demand – Major Hospitals

Additional funding is provided in 2022-23 to meet the significant acute healthcare demand faced by major hospitals, particularly during the COVID-19 pandemic. This allocation ensures that beds which were opened early to prepare for the State Border opening on 15 December 2021, remain open. This commitment builds upon funding provided in the 2021-22 Budget for the Beds and Demand - Major Hospitals initiative.

Extend the Tasmanian Child Health and Parenting Service capability

The Department has allocated funding to extend the scope of the Tasmanian Child Health and Parenting Service. CHaPS provide free child health and development assessments for all children aged 0-5 years. This initiative will support vulnerable parents during their child's first 1 000 days, which has been identified as a focus area in Tasmania's Child and Youth Wellbeing Strategy.

Improve the Respiratory Unit Capacity LGH

The Department has allocated funding to increase the capacity of the Respiratory Unit at the Launceston General Hospital to deliver inpatient and outpatient services for the management of respiratory disease. Funding for three additional positions is provided, commencing in 2022-23.

Mersey Community Hospital - Rural Medical Workforce Centre

The 2021-22 Budget provided funding to establish a new Rural Medical Workforce Centre at the Mersey Community Hospital. The 2022-23 Budget provides ongoing funding of $1 million per annum from 2025-26 for operational costs.

North West Regional Hospital Domestic Services

Commencing in 2022-23, this initiative provides ongoing funding for 24 North West Regional Hospital Domestic Service Officer positions to fully implement recommendations from the *COVID-19 North West Regional Hospital Outbreak Interim Report April 2020*.

This initiative will implement new cleaning rosters designed to limit the spread of infection and to provide for an increase in the frequency and quality of environmental cleaning

North West Regional Hospital Second Linear Accelerator

Ongoing funding is provided from 2025-26 to permanently staff and operate a second Linear Accelerator at the North West Cancer Centre, which will double capacity to keep up with increasing demand.

The purchase of an additional Linear Accelerator was previously funded by the Australian Government through its Community Health and Hospitals Program.

Older Persons Mental Health Services (Roy Fagan Centre Review)

Funding is provided from 2022-23 to continue implementation of the recommendations of the *Review of Roy Fagan Centre: Older Persons Mental Health Services - June 2021*.

This funding will significantly improve the overall level of care and treatment provided to older Tasmanians, with a specific focus on mental illness, including increased community-based services statewide.

Oral Health - Reduce Waiting List

Additional funding is provided in 2022-23 to continue the Department's successful Oral Health graduate program, which will deliver a further estimated 5 350 dental appointments statewide, across emergency dental, general dental care and denture clinics.

Outpatient Transformation Program

Ongoing funding is provided to implement an Outpatient Transformation Program. This Program will establish a permanent clinical support team dedicated to statewide outpatient service enhancement and development to ensure Tasmanians receive best practice and contemporary outpatient services within clinically appropriate time frames, regardless of where they live.

The Program will also implement a Statewide Outpatient Administration Hub and digital portal to improve the outpatient experience and ensure a consistent, efficient, and effective service.

Public Private Partnerships to deliver care sooner

Additional funding is provided in 2022-23 to support the purchase of beds from private hospitals to improve patient flow and access to care, facilitate increased levels of elective surgery to reduce public waiting lists and help with demand in other areas, including community nursing and home care to avoid hospital presentations.

Reform Agenda for the Drug and Alcohol Sector in Tasmania

Additional funding is provided in 2022-23 and 2023-24 to support the Reform Agenda for the Alcohol and Other Drug Sector in Tasmania. This high priority funding builds on existing Government investment into alcohol and other drug services and continues to address the reform directions in the *Reform Agenda for the Alcohol and Drug Sector in Tasmania* launched in November 2020, which aims to reduce the harms associated with the use of alcohol, tobacco and other drugs.

The Department will also commit funding over two years from within existing resources for a grants program to allow organisations in the Alcohol and Other Drug sector to employ peer workers to enhance their service delivery through the sharing of lived experience.

Royal Flying Doctor Service - Regional Oral Health Support

Funding is provided in 2022-23 for the Royal Flying Doctor Service to extend the current oral health care program in regional Tasmania. This program is conducted alongside existing Oral Health Service programs.

Supporting Access to Cutting Edge Treatments for Children with Cancer

Funding is provided in 2022-23 to extend local access to clinical trials by Tasmanian children with aggressive forms of cancer.

Other Initiatives

Beds and Demand – Major Hospitals

Funding of $198 million over four years will be provided to the THS to implement measures to increase beds at the Royal Hobart Hospital, Launceston General Hospital and North West Regional Hospital, fulfilling the Government's commitment announced on 4 June 2021.

More than 50 additional permanent hospital beds will be opened across the State to meet an expected increase in seasonal demand and to support the Government's elective surgery commitments. These beds will be brought online in a staged approach to ensure that they can be appropriately staffed.

Building a Positive Health Culture

Funding is provided over four years to implement a cultural change program within Tasmania's hospitals. This program will transform the work culture into a positive, patient centric and solutions focused environment that meets contemporary and best practice standards. The aim is to strongly position the THS to attract and retain a highly performing workforce, to meet new health care challenges and improve the future of health care delivery to the Tasmanian community.

Building the Health Care Workforce - Health Workforce 2040

Funding is provided over four years to implement the Health Workforce 2040 strategy. Health Workforce 2040 is a long-term strategy to shape a health workforce that meets the needs of Tasmanians now and into the future. It includes a commitment to prepare a 20-year future health workforce plan, including current and future training and recruitment, re-training and post graduate training and recruitment processes.

Community Health Care

Community Healthcare Funding is provided over four years to continue community healthcare initiatives. THS initiatives receiving funding: Cancer Council Tasmania ($1.1 million over four years from 2021-22); and Palliative Care Clinical Nurse Educators ($1.2 million over three years from 2022-23).

Elective Surgery – additional commitment

Additional funding of $40 million over three years commencing 2022-23 has been provided to increase the Government's elective surgery commitment to a total of $160 million over the Budget and Forward Estimates period. This commitment, which is fully State funded, will further reduce the waiting times experienced by members of the Tasmanian community.

Housing and Accommodation Support Initiative (HASI)

Commencing in 2021-22, additional funding is provided over four years for the Housing and Accommodation Support Initiative. This builds on the $1 million provided for a trial period that commenced in 2018-19. HASI is a partnership between the THS, Housing Tasmania and Colony 47 to provide better clinical and psychosocial rehabilitation supports to Tasmanians with mental illness. This is linked with stable housing and supported accommodation.

Safe Staffing Model for Tasmanian District Hospitals

Commencing in 2021-22, funding of $18.3 million has been provided over four years to support health care professionals by implementing the safe staffing model for the Tasmanian District Hospitals, which will result in a net increase in staff statewide, as well as an increase in the mix of skills available to those seeking care in regional locations.

District hospitals play a key role in Tasmania's health system providing care in rural communities and supporting the major hospitals to meet the increasing demands on acute care services. Across Tasmania, the THS has 13 District Hospitals providing sub-acute beds, aged care and emergency beds.

End-of-Life Choices Act Implementation

The *End-of-Life Choices (Voluntary Assisted Dying) Act 2021* was passed in early 2021 legislating voluntary assisted dying in Tasmania and will come into force by 23 October 2022. Implementing this legislation, including meeting the statutory obligations of the Department to facilitate access to voluntary assisted dying, will require ongoing focus during 2022-23.

Elective Surgery

The Statewide Elective Surgery Four-Year Plan 2021-25, released in August 2021, provides a focused road map for a sustainable statewide elective surgery and endoscopies program over the next four years. Commencing in 2021-22, the State Government will invest an additional $160 million, on top of the

$36.4 million investment already budgeted for 2021- 22, for a total investment of $196.4 million to deliver a record program of elective surgery to slash waiting lists and deliver an additional 22 300 elective surgeries and endoscopies over four years.

While this investment is over four years, 2021-22 has been prioritised with an investment of $66.4 million, to provide an estimated additional 8 300 elective surgeries State-wide, bringing the expected total volume in 2021-22 to more than 22 800 surgeries.

Over the next four years, it is estimated that this level of investment will deliver:

- an additional 11 100 surgeries and endoscopies for the State's South, with a funding boost of $78.2 million;
- an additional 7 400 surgeries and endoscopies for the State's North, with a funding boost of $52.1 million, and
- an additional 3 700 additional surgeries and endoscopies for the State's North West, with a funding boost of $26.1 million.

In addition, to assist the public sector to cope with this massive investment into elective surgery, funding has been provided under the 'Public Private Partnerships to deliver care sooner' commitment. A range of initiatives have been approved by the hospital Chief Executives improve patient flow and access to care, facilitate increased levels of elective surgery to reduce public waiting lists and help with demand in other areas.

The four-year plan seeks to:

- Provide a clear, future-focused document that guides state-wide sustainable delivery of elective surgery
- Ensure equitable access for all patients, as determined by clinical decision-making and safety, regardless of where the patient lives or what procedure they are waiting for and enable patients to receive procedures within clinically recommended times
- Promote the implementation of best practice, evidence-based models of care that optimise patient outcomes
- Provide greater transparency to Tasmanians of the process that determines access to elective surgery
- Ensure the system is designed to adequately meet the elective surgery needs of the Tasmanian population

Part D: Funding Allocation and Activity Schedule – Purchased Volumes and Grants

2022-23 Activity and Funding Schedule

Admitted Patients

Tasmanian Health Service	Measure	No. of patients	Activity	State Funding ($'000)	Commonwealth Funding ($'000)	Funding ($'000)
Acute Patients	NWAU	154,561	131,778	462,767	301,151	763,918
Admitted Mental Health	NWAU	3,326	6,703	23,539	15,319	38,858
Sub-Acute and Non-Acute	NWAU	3,917	9,860	34,626	22,533	57,159

Non-admitted Patients

Tasmanian Health Service	Measure	No. of patients	Activity	State Funding ($'000)	Commonwealth Funding ($'000)	Funding ($'000)
Outpatients – Non-Admitted Patients	NWAU	583,623	21,001	73,750	47,993	121,743
Emergency Department	NWAU	184,841	24,295	85,318	55,521	140,839

Funding Adjustments

Adjustment Type	State Funding ($'000)	Commonwealth Funding ($'000)	Funding ($'000)
Admitted Acute Patients Supplementation	93,543	0	93,543
Admitted Mental Health Patients Supplementation	4,158	0	4,158
Emergency Department Supplementation	25,736	0	25,736

Combined Activity Funding Totals

Funding Type	State Funding ($'000)	Commonwealth Funding ($'000)	Funding ($'000)
Activity Funding at National Efficient Price (NEP) NEP is $5,797 per national weighted activity unit 2022-23	680,000	442,517	1,122,517
Total Funding Adjustments	123,438	0	123,428
Total Activity Funding	**803,438**	**442,517**	**1,245,955**

Block Grants for Activity Based Funded Hospitals

Grant Purpose	Funding ($'000)
RHH K-Block Commissioning	18,986
Neonatal and Paediatric Retrieval Service	1,266
RHH Supporting Access to Cutting Edge Treatments for Children with Cancer	600
Improve the Respiratory Unit Capacity LGH	612
North West Regional Hospital Domestic Services	1,979
Adoption of Bedside Medication Management across the THS	1,638
Sexual Assault Service	580
Blood	8,488
Boarders	102
Home and Community Care (HACC)	219
Home Ventilation - ABF Block payment model	2,862
Non-ABF Activity	103,506
Organ Procurement	294
Patient Travel Assistance Scheme (PTAS)	6,460
Second Linear Accelerator NWRH	2,300
MCH - State Government 2018 EC Funding	3,000
Rural Medical Workforce Centre MCH	800
Transition Care Program	6,260
Teaching, training and research	48,615
Total block grants for Activity Based Funded Hospitals	**208,567**

Tasmanian Health Service Operational Grants

Grant Purpose	Funding ($'000)
Health Demand Funding (including Budget Commitment for Demand and Beds)	50,000
Mersey Community Hospital Funding[1]	19,747
Primary Health	52,717
Primary Health - NEC Hospitals	75,566
Stand Alone Mental Health Facilities	39,341
Mental Health Hospital Avoidance Strategies	5,502
Emergency Mental Health Co-Response Model	3,000
Child and Adolescent Mental Health Service	20,886
Mental Health Services	55 761
Alcohol and Drug Services Detoxification Unit (SMHS)	5,133
Correctional Mental Health Services	3,035
Mental Health 2022-23 State Budget Initiatives	9,400
Mental Health Funding - Not in NEC Estimates	3,842
Housing and Accommodation Support (HASI)	200
Community Based Care	7,500
Outpatient Transformation Program	1,800
Public Private Partnerships for Sooner Care	12,155
Building a Positive Health Culture	1,200
Building the Health Care Workforce	329
Voluntary Assisted Dying Act Implementation - Pharmacy and Navigation	680
Peer Workforce Coordinator and establish Youth Peer Worker Model	770
Oral Health	25,988
CHAPS	14,323
Cancer Screening	6,598
Cancer Screening - Cancer Council Tasmania Grant	275
Forensic Medical Services	1,674
Sexual Health Services	2,090
Nurse Graduates Program	3,010
Palliative Care Clinical Nurse Educators	400
Interstate Charging	30,000
Total Operational Grants	**452,920**

Combined Funding and Grants

Total Tasmanian Health Service	Funding ($'000)
Activity Funding	1,245,955
Block grants for Activity Based Funded Hospitals	208,567
Operational Grants	452,920
Total of above	**1,907,442**

Notes:

1 A total of $92.8 million is provided to Mersey Community Hospital Funding from TasCorp. The remaining balance of $74.5 million is incorporated into the THS NWAU activity target.

2022-23 Funding Source

Funding Source	Funding ($'000)
State Funding[1]	1,371,591
Commonwealth Funding[2]	535 851
Sub Total	**1,907,442**
THS Retained Revenue[3]	190,970
Pharmaceutical Benefits Scheme	97,463
Sub Total	288,433
TOTAL	**2,195,875**

Notes:

1 State Funding includes State ABF, State Block and $92.8 million provided for the Mersey Community Hospital.

2 Commonwealth Funding includes Commonwealth ABF and Block.

3 THS Retained Revenue includes funding for NPAs, COPEs, private funding agreements and operationally driven revenue from patient fees etc (excluding PBS).

NWAU Estimates 2022-23

Tasmanian Health Serviced	Acute Admitted including Elective Surgery	Admitted Mental Health	Sub-acute and Non-acute (admitted)	Emergency	Non-admitted	Total
RHH, LGH, NWRH and MCH	131,778	6,703	9,860	24,295	21,001	193,637

The NEP is $5,797 per national weighted activity unit 2022-23 (NWAU (22)).

Part E: Performance

The Service Plan and Performance Framework are instruments that assist the Department in its role as system manager. There are several components of system management that together with these enabling instruments, inform and complement each other within an integrated management system.

This Service Plan is accompanied by a Performance Framework that supports a high level of transparency and accountability across the THS and the Department and will be used to drive better outcomes for Tasmanians.

Performance management and the *Tasmanian Health Service Act 2018*

The Act sets out the obligations of the Department and the THS. The Ministerial Charter provides further practical elaboration of those obligations, including the Minister's expectations of the Department and the THS.

Roles and responsibilities of the Secretary and the Executive

The Secretary

- The Act invests the Secretary with the functions of:
    - monitoring delivery of health services, and health support services, by the THS in accordance with the Service Plan
    - ensuring THS Executive performs the functions and powers of the Executive and the THS

The Executive

- The functions of the Executive are to:
    - administer and manage the THS
    - manage, monitor, and report to the Secretary on, the administration and financial performance of the THS, as required by the Secretary
    - establish appropriate management and administrative structures for the THS
    - any other functions specified by the Secretary

Ministerial Charter

- On 1 July 2018 the Ministerial Charter came into effect. It sets out the following:

Overall expectations

- the Minister expects the Secretary and THS to work in support of continued improvements in the quality of healthcare in Tasmania
- a robust and integrated culture of research, innovation, high performance and excellence will be fostered

Specific expectations of the Secretary

- implement the governance framework to support performance monitoring and management of the THS

- develop a consultation and engagement framework that ensures that the views, advice, input, feedback and involvement of consumers, carers, their families, the broader community, clinicians and other partners are sought and integrated into the design and evaluation of health services
- exercise the Secretary's statutory powers, including the power to give directions to the THS in relation to the performance of its functions or exercise of its powers, as necessary.

Specific expectations of the Tasmanian Health Service

- operate as a single statewide service to deliver high quality and safe health services to Tasmanians
- deliver services safely to the levels and standards specified in the Service Plan within the level of funding provided by government
- develop and maintain clear operational governance and accountability structures that ensure that there is appropriate delegated local decision-making
- develop positive organisational cultures that focus on improving the experience and outcomes of healthcare for Tasmanians and which promote high standard of conduct and ethical behaviour

The Performance Framework

Performance Objectives

The *Tasmanian Health Service Performance Framework 2022-2023* (the Framework) outlines the Department's approach to monitoring and managing the performance of public sector health services in Tasmania, including against the requirements stipulated in the Service Plan.

The aim of this document is to establish a transparent framework within which the Department assesses and responds to the performance of the THS, including setting out the:

- governance and accountability, including guiding principles
- components of performance monitoring and review
- process underpinning performance review, and
- performance interventions available.

Purpose

The Framework sets out how the Department, as the system manager of Tasmania's public health sector, takes a risk-based approach to overseeing health services in order to achieve the goals of good government and to drive and support continuous quality improvement. It aims to ensure that measurements are relevant, reflect contemporary best practices and aligned to national standards and requirements.

The goal of the Framework is to drive activity that delivers the best patient outcomes and to keep patients safe from harm, while promoting an open and positive staff culture. To achieve this, the Framework identifies issues, concerns, and opportunities for improvement that feed into a continuous cycle of performance improvement. Under the Framework, the Department works collaboratively with health services and other stakeholders to:

- identify performance concerns and factors that may impact on THS performance

- analyse performance issues and the opportunities for improvement
- determine appropriate interventions and
- ensure that action is taken to address performance concerns and support ongoing improvement.

Approach

The Framework supports the Department's strategic priorities of strengthened governance, risk and financial management, performance and accountability.

Furthermore, the Framework is underpinned by the following approach:

The Department and THS have a shared responsibility to address performance issues

This approach to health service performance management recognises a shared responsibility between THS and the Department for understanding and addressing the issues that affect performance of the THS.

The performance risk approach is not a technical risk management approach

While the Framework seeks to identify risks to performance, it is not taking a technical risk management approach. The Department, agencies and health services have their own internal risk management processes that operate separately from this Framework.

The approach is intended to support performance conversations

The approach provides a structured format for a joint conversation about performance; it is not an end in itself. The processes encompass recording and review of explanations, decisions, and actions, all of which are intended to move the conversation forward.

The approach is not intended to be punitive

Performance concerns identified in the review process are not intended to be punitive. They are intended to focus discussion and provide a pathway to recognising strong performance and strengthening or improving under-performance.

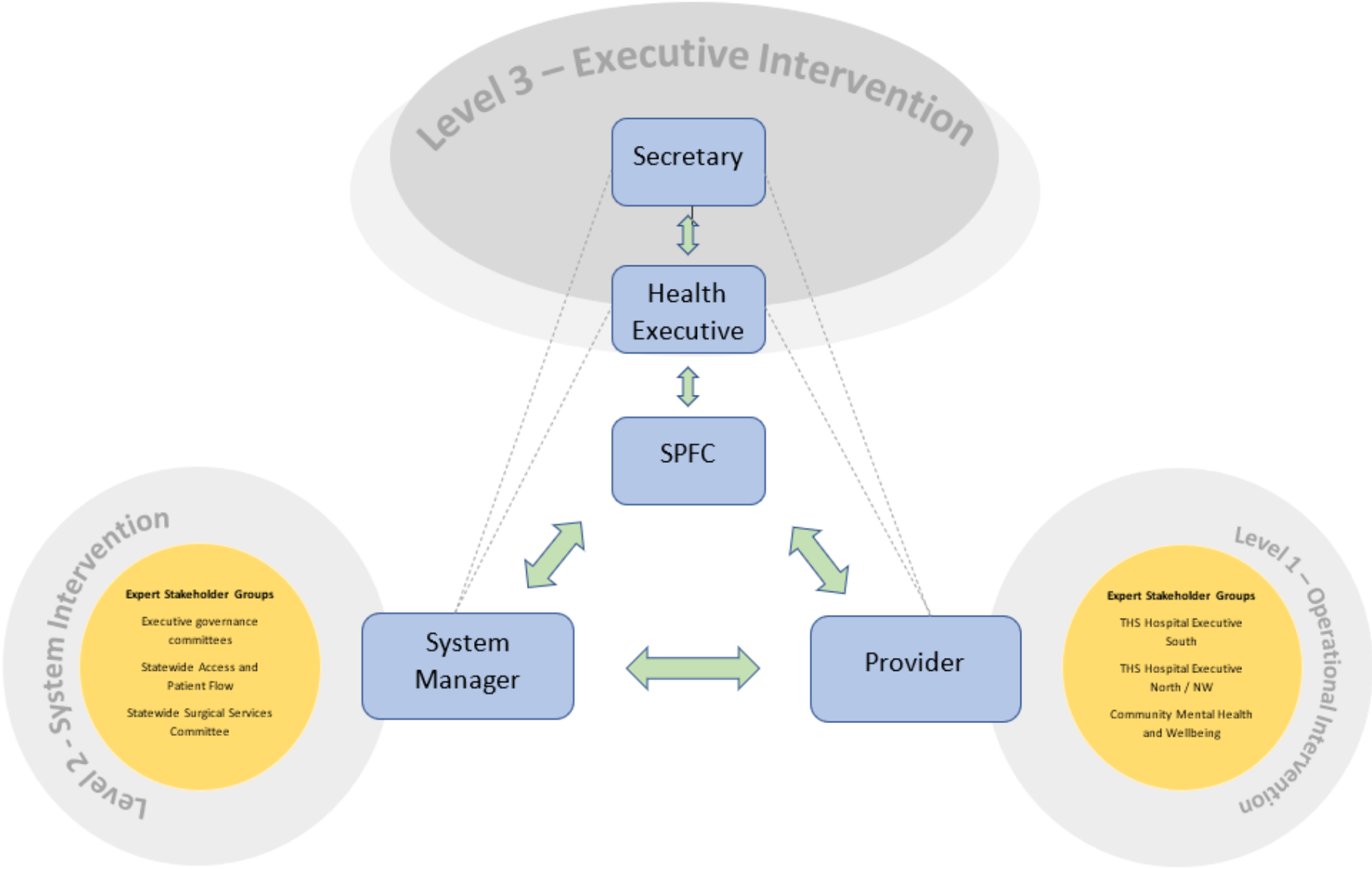
System Performance and Forecasting Committee

The Health Executive is the lead governance committee and has been established to provide oversight and direction to the public health system, strengthen systems coordination and to ensure implementation of directions set by Government.

As part of the new executive structure, executive sub-committees have been established to support the Secretary and provide focus and consistency within decision making, as well as drive improved and more timely decisions by the Health Executive, and monitoring of the delivery of key projects, outcomes and risks. Of relevance to the Framework is the establishment of the System Performance and Forecasting Committee (SPFC).

The purpose of the SPFC is to provide strategic oversight and direction of the Department's performance management responsibilities and provide advice and recommendations in relation to health service activity modelling and forecasting to Health Executive.

Figure 1: Tasmanian Health Service Performance Framework processes



Part F: Key Performance Indicators

The Department and THS will continue to focus on a range of KPIs to measure, monitor and assess performance and activity and to support patient safety and health service quality.

Further information about each KPI, including the rationale, definition, calculation method, and scope, is available in the *THS Service Plan KPI Supplemental 2022-23*.

2022-23 Key Performance Indicators

Effectiveness

KPI 1 – Breast Cancer detection

KPI No.	Key Performance Indicator	Target	Measured Statewide or Facility Level
1.1	Eligible women screened for breast cancer	36 700	Statewide
1.2	Clients assessed within 28 days of a screen-detected abnormality	Not less than 90 per cent	Statewide

Safety

KPI 2 – Hospital Safety – reduced risk of hospital acquired infections

KPI No.	Key Performance Indicator	Target	Measured Statewide or Facility Level
2.1	Hand hygiene compliance	Not less than 80 per cent	All specified facilities
2.2	Healthcare associated infections – staphylococcus aureus bacteraemia	Not more than 1.0 per 10,000 patient days	All specified facilities

KPI 3 –Hospital Safety – mental health seclusion

KPI No.	Key Performance Indicator	Target	Measured Statewide or Facility Level
3.1	Mental health inpatient seclusion	Less than 7.4 per 1,000 patient days	Statewide

Appropriateness

KPI 4 – Consumer experience

KPI No.	Key Performance Indicator	Target	Measured Statewide or Facility Level
4.1	Consumer satisfaction with the quality of treatment and care	Not less than 80 per cent	All specified facilities

Continuity of care

KPI 5 – Mental health transition from inpatient to community care

KPI No.	Key Performance Indicator	Target	Measured Statewide or Facility Level
5.1	Re-admissions within 28 days	Not more than 14 per cent	Statewide
5.2	Post discharge community care follow up within seven days	Not less than 75 per cent	Statewide

KPI 6 – Acute care transition from inpatient to community care

KPI No.	Key Performance Indicator	Target	Measured Statewide or Facility Level
6.1	Discharge summaries transmitted within 48 hours of separation	100 per cent	Statewide

KPI 7 – Ambulance – transfer of care

KPI No.	Key Performance Indicator	Target	Measured Statewide or Facility Level
7.1	Ambulance transfer of care – within 15 minutes	Not less than 85 per cent	All specified facilities
7.2	Ambulance transfer of care – within 30 minutes	100 per cent	All specified facilities

Accessibility

KPI 8 – Outpatient Transformation

KPI No.	Key Performance Indicator	Target	Measured Statewide or Facility Level
8.1	Waiting List at 30 June 2023	At or below 46,000	Statewide
8.2	Appointments resulting in removal from the waiting list	80,000	Statewide
8.3	'Did not attend' rate for all appointments, excluding COVID-19 clinics	Not more than 6 per cent	Statewide
8.4	Proportion of all appointments delivered by telehealth	Not less than 5 per cent	Statewide
8.5	Number of patients on the waiting list who were added before 30 June 2019	0	Statewide

KPI 9 – Elective Surgery waiting list reduction – surgery within recommended time

KPI No.	Key Performance Indicator	Target	Measured Statewide or Facility Level
9.1	Seen on time – all triage categories	81 per cent	Statewide

KPI 10 – Elective Surgery waiting list reduction

KPI No.	Key Performance Indicator	Target	Measured Statewide or Facility Level
10.1	Average overdue wait time for those waiting beyond recommended time	50 days	Statewide
10.2	Number of patients waiting over boundary	1,287	Statewide
10.3	Number of patients waiting prior to 2020	0 (at 30 June)	Statewide

KPI 11 – Access to inpatient beds – flow from Emergency Departments[1]

KPI No.	Key Performance Indicator	Target	Measured Statewide or Facility Level
11.1	Patients admitted through the ED with an ED length of stay of less than four hours	Not less than 60 per cent	All specified facilities
11.2	Patients admitted through the ED with an ED length of stay of less than six hours	Not less than 80 per cent	All specified facilities
11.3	Patients admitted through the ED with an ED length of stay less than 8 hours	Not less than 90 per cent	All specified facilities
11.4	Patients admitted through the ED with an ED length of stay less than 12 hours	100 per cent	All specified facilities

KPI 12 – Emergency Department access – non-admitted patients

KPI No.	Key Performance Indicator	Target	Measured Statewide or Facility Level
12.1	Patients discharged from the ED with an ED length of stay less than 4 hours	Not less than 80 per cent	All specified facilities
12.2	Patients discharged from the ED with an ED length of stay less than 8 hours	Not less than 95 per cent	All specified facilities
12.3	Patients discharged from the ED with an ED length of stay less than 12 hours	100 per cent	All specified facilities

KPI 13 – Emergency Department access – EMU-admitted patients

KPI No.	Key Performance Indicator	Target	Measured Statewide or Facility Level
13.1	Patients admitted to the EMU from the ED with an ED length of stay of less than 4 hours	Not less than 60 per cent	All specified facilities
13.2	Patients admitted to the EMU from the ED with an ED length of stay of less than 8 hours	Not less than 90 per cent	All specified facilities
13.3	Patients admitted to the EMU from the ED with an ED length of stay of less than 12 hours	100 per cent	All specified facilities

KPI 14 – Emergency Department service provision

KPI No.	Key Performance Indicator	Target	Measured Statewide or Facility Level
14.1	ED presentations seen within recommended time – triage 1	100 per cent	All specified facilities
14.2	ED presentations who do not wait to be seen	No more than 5 per cent	All specified facilities

Efficiency and sustainability

KPI 15 – service activity

KPI No.	Key Performance Indicator	Target	Measured Statewide or Facility Level
15.1	Elective surgery admissions	20,600	Statewide
15.2	Dental Weighted Activity Units (DWAUs)	35,000	Statewide
15.3	Dental – Additional Dental Funding	25,350[2]	Statewide

KPI 16 – NWAUs – major hospitals

KPI No.	Key Performance Indicator	Target	Measured Statewide or Facility Level
16.1	Acute Admitted	131,778	Statewide
16.2	Mental health admitted	6,703	Statewide
16.3	Emergency Department	24,295	Statewide
16.4	Sub and non-acute admitted	9,860	Statewide
16.5	Non-admitted	21,001	Statewide

KPI 17 – NWAUs – small rural hospitals

KPI No.	Key Performance Indicator	Target	Measured Statewide or Facility Level
17.1	National weighted activity units (NWAUs) - total	7,004	Statewide

KPI 18 – NWAUs – small rural hospitals

KPI No.	Key Performance Indicator	Target	Measured Statewide or Facility Level
18.1	Variation from funding – full year projected	Expenditure within funding allocation	Statewide

KPI 19 – Admitted patient episode coding

KPI No.	Key Performance Indicator	Target	Measured Statewide or Facility Level
19.1	Clinical coding of admitted patient episodes completed on time within 42 days of separation	100 per cent	Statewide
19.2	Clinical coding errors corrected within 30 days	100 per cent	Statewide

Notes:

[1] All Service Plan targets relating to Emergency Department access and flow are based on the time-based targets recommended by the Australasian College of Emergency Medicine (ACEM) and reflect the overall goals of the health system. Step-based, progressive plans towards achieving the targets have been developed for each facility required to meet these targets.

2 The target for KPI 15.3 Dental – Additional Dental Funding reflects the cumulative 2022-23 component of the 20,000 target for the full 2021-23 period, as per the *DoH Strategic Priorities 2021-2023*, plus an additional 5,350 relating to the Oral Health – Reduce Waiting List commitment announced in the 2022-23 State Budget and Forward Estimates.

Appendix 1. COVID-19 Response

In response to the COVID-19 pandemic, the NPCR was implemented on 13 March 2020 to provide states and territories with financial assistance to effectively respond to the COVID-19 outbreak. Under the NPCR, in addition to an up-front advance payment, there are two sets of payments provided by the Australian Government to the State: the Hospital Services Payment, and the State Public Health Payment.

Hospital Services Payment (HSP)

The HSP includes activities in-scope for payment through the NHRA that are related to the outbreak of COVID-19. Activities related to the outbreak of COVID-19 include:

- services to assess, diagnose and treat people with COVID-19 or suspected of having COVID-19, such as respiratory clinics and testing and diagnostics
- services related to factors associated with the outbreak of COVID-19, such as rescheduled elective surgery.

These include activities that can be expressed in NWAU such as services reported in a state's ABF data submission or that would normally be reported in a state's block funding submission however can be expressed as NWAU.

The Australian Government will provide a 50 per cent contribution for costs incurred by the State under the HSP.

State Public Health Payment (SPHP)

The SPHP includes activities for public health system costs not in-scope for payment through the NHRA that are related to the NHRA. Activities related to the outbreak of COVID-19 include:

- services to assess, diagnose and treat people with COVID-19 or suspected of having COVID-19, such as but not limited to:
    - expenses associated with border force, airport screening and quarantine
    - health expenditure related to costs of care outside hospitals, for example, outreach to rural, remote and/or Indigenous patients, paramedic and ambulance services, patient transport, primary and/or community care, and staffing support for aged care facilities
    - public health communications, operations and telehealth
- services related to factors associated with the outbreak of COVID-19, such as but not limited to:
    - non-clinical costs for hospital services or costs associated with service disruption
    - capital expenditure to respond to increased service demand
    - personal protective equipment
    - treatment of Medicare ineligible patients where there is no other non-out-of-pocket means of funding the patients' service
    - investment in public health activities to respond to the outbreak of COVID-19 and protect the Australian community.

The SPHP includes a COVID-19 Vaccination Dose Delivery Payment, which provides an Australian Government contribution for each COVID-19 vaccination delivered by the states, based on an agreed fixed

price per dose. It also includes a Vaccination Roll-out Support Payment which will provide block funding in recognition of genuine net additional costs incurred by States to set up additional sites to deliver COVID-19 vaccinations.

The Australian Government will provide a 50 per cent contribution for costs incurred by the State under the SPHP, with the exception of the below:

- The SPHP also includes an estimated Financial Viability Payment for all private hospitals in the State, for which the Australian Government agrees to provide the State 100 per cent of the estimated monthly funding
- All activity associated with the NPCR is considered separate to that which underpins the activity volumes outlined in this Service Plan.
- Under the SPHP, the Australian Government will contribute 100 per cent of eligible costs incurred by the State from 1 July 2020 for additional infection prevention and control and COVID-19 prevention, preparedness and response activities to address outbreaks in residential aged care facilities.

Appendix 2. Safety and Quality: Sentinel Events and Hospital Acquired Complications

To improve patient safety and support greater efficiency in the health system, the 2017 NHRA Addendum incorporated a pricing signal for safety and quality. The pricing signal effects the National Efficient Price (NEP) and the National Efficient Cost (NEC) funding models and were progressively implemented from 1 July 2017 and lead to a range of objectives for delivery. These safety and quality pricing signals are continued in the 2020-25 NHRA.

Sentinel Events

In 2017, the ACSQHC undertook a review of the Australian sentinel events list on behalf of the states, territories and the Australian Government. The updated Australian sentinel events list (Version 2.0) was endorsed by Australian Health Ministers in December 2018. Further information on its development and specifications is available on the ACSQHC website.

The national sentinel events (v2.0) are:

- Surgery or other invasive procedure performed on the wrong site resulting in serious harm or death
- Surgery or other invasive procedure performed on the wrong patient resulting in serious harm or death
- Wrong surgical or other invasive procedure performed on a patient resulting in serious harm or death
- Unintended retention of a foreign object in a patient after surgery or other invasive procedure resulting in serious harm or death
- Haemolytic blood transfusion reaction resulting from ABO incompatibility resulting in serious harm or death
- Suspected suicide of a patient in an acute psychiatric unit or acute psychiatric ward
- Medication error resulting in serious harm or death

- Use of physical or mechanical restraint resulting in serious harm or death
- Discharge or release of an infant or child to an unauthorised person
- Use of an incorrectly positioned oro- or naso-gastric tube resulting in serious harm or death.

All admitted episodes of care in ABF Hospitals (all ABF streams) will see the NWAU set to zero for sentinel events. For ABF block funded hospitals, the funding deduction associated with a sentinel event will be calculated by multiplying the NEP by the NWAU for that episode and that amount deducted from the ABF block payment. The NHFB and the State will make the adjustments during the final reconciliation phase of the annual NHRA payment for ABF NWAU and ABF Block payments.

Hospital Acquired Complications

In accordance with the 2020-25 NHRA, the funding level for admitted acute episodes and Diagnosis-related group (DRG) funded sub-acute and non-acute episodes of care will be reduced where a HAC is present. Separate adjustments have been determined for each HAC. Where an episode contains multiple HACs, the HAC with the largest adjustment determines the funding adjustment.

A HAC refers to a complication which is acquired in hospital for which clinical risk mitigation strategies may reduce (but not necessarily eliminate) the risk of that complication occurring. The list of HACs was determined by a Joint Working party of the Commission and IHPA.

Version 3.0 of the HAC list will be used for pricing in 2022-23. Further information on the HAC list including diagnosis codes used to identify each HAC, is available on the ACSQHC website.

The funding adjustment for HACs has been risk adjusted to take account of the increased predisposition of some patients to experiencing a HAC during their hospital stay and adjusts the reduction in funding accordingly.

List of hospital acquired complications

Number	Complication
1	Pressure injury
2	Falls resulting in fracture or intracranial injury
3	Healthcare associated infection
4	Surgical complications requiring unplanned return to theatre
5	Unplanned intensive care unit admission [1]
6	Respiratory complications
7	Venous thromboembolism
8	Renal failure
9	Gastrointestinal bleeding
10	Medication complications
11	Delirium
12	Incontinence
13	Endocrine complications
14	Cardiac complications
15	Third and fourth degree perineal laceration during delivery [2]
16	Neonatal birth trauma [2]

[1] *No funding adjustment for 'Unplanned intensive care unit admission' will be applied in 2022-23 as it cannot be identified in current datasets.*

[2] *No funding adjustment for 'Third degree perineal laceration during delivery' and 'Neonatal birth trauma' will be applied in 2022-23 due to small patient cohorts or other issues that have prevented development of a robust risk adjustment approach at this time.*

Avoidable hospital readmissions

Under the Addendum, IHPA is required to develop a pricing model for avoidable hospital readmissions by 1 July 2022, following approval from the Council of Australian Governments Health Council.

Unplanned hospital readmissions are a measure of potential issues with the quality, continuity and integration of care provided to patients during or subsequent to their initial hospital admission (the index admission). Reducing the number of avoidable hospital readmissions improves patient health outcomes and decreases avoidable demand for public hospital services.

The list of clinical conditions considered to be avoidable hospital readmissions was approved by the Australian Health Ministers' Advisory Council in June 2017. The avoidable hospital readmission conditions are as follows:

- Pressure injury
- Infections
- Surgical complications
- Respiratory complications
- Venous thromboembolism
- Renal failure
- Gastrointestinal bleeding
- Medication complications
- Delirium
- Cardiac complications
- Other (constipation, nausea and vomiting)

Version 1.0 of the avoidable hospital readmissions list will be used for pricing in 2022–23. Further information on the list, including diagnosis codes used to identify each readmission condition, is available on the ACSQHC website.

The funding adjustment for avoidable hospital readmissions has been risk adjusted to account for the increased predisposition of some patients to experiencing an avoidable hospital readmission during their hospital stay and adjusts the reduction in funding accordingly with use of a risk adjustment factor.

Further information on the risk adjustment model for avoidable hospital readmissions, including the risk factors for each readmission condition, is contained in the National Pricing Model Technical Specifications 2022-23.

Appendix 3. Tasmanian Funding Framework

Principles of the Tasmanian ABF Model

To increase transparency and allocate funding to where resources are required, the Tasmanian ABF Model aims to:

- assists by assigning accountability for the high-level outcomes and targets to be met during the period to which the Service plan applies
- increase the level of public hospital activity for a given level of inputs through technical efficiency
- ensure public hospital resources are allocated to those activities which maximise health outcomes through allocative efficiency
- provide incentives for technological and clinical innovations that lead to better health outcomes
- ensure that public hospitals are funded on a comparable basis for the activity they provide, and that unavoidable differences in costs between hospitals are considered through equitable funds distribution and
- provide incentives to support continuous improvement in patient safety and quality.

Purchasing Health Services

The Service Plan determines the price at which the Department purchases health services from the THS, and the purchasing model determines the volume and complexity of services that are purchased. In terms of the ABF model:

- There are three public hospitals funded through the Tasmanian ABF model (RHH, LGH and NWRH). The Tasmanian ABF model is based largely on the national ABF model but includes some modifications to reflect the local Tasmanian environment.
- While funded through the Mersey NPA, the MCH public hospital services have been included in the NWAU estimates in the Tasmanian ABF model with any deficit between the ABF contribution and the NPA allocation being provided as a supplementation or block grant.
- The NHRA block funding models in the Service Plan broadly define the health services to be provided by the THS through 18 small regional and rural hospitals, six specialist public mental health hospitals (including the forensic mental health facility), eligible ambulatory community mental programs (including Child and Adolescent Mental Health Services (CAMHS), Clinical Teaching, Training and Research in the major hospitals and non-Admitted home Ventilation Services.
- The ABF model determines the volume of services that the Department agrees to purchase from the THS, as articulated through the Service Plan. The volume of activity purchased is informed by projected demographic modelled data, One State, One Health System, Better Outcomes – White Paper, State Government commitments and known/forecast service developments in negotiation with the THS.

Tasmanian Funding Model

The Tasmanian Funding Model is in place for 12 months and is effective on 1 July 2022. As the Tasmanian model is based on the national ABF model, which is developed by the IHPA, the Tasmanian model uses the annual National Efficient Price (NEP) and the National Efficient Cost (NEC) determinations produced by IHPA for the specific financial year.

The *Pricing Framework for Australian Public Hospital Services* outlines the principles, scope and methodology adopted by IHPA in the determinations.

Educational and training resources on the topic of ABF are available on IHPA's website .

National Efficient Price

The NEP is developed in close consultation with all Australian governments on an annual basis. The NEP is a single National price based on the average cost of public hospital activity from all states and territories. It underpins national efficient price for health care services provided by public hospitals.

This NEP is applied to admitted services, emergency and non-admitted services. ABF services are priced using a single unit of measure, the NWAU. The Tasmanian funding amount is derived using the formula.

NWAU x NEP = ABF Funding amount.

The NEP (22) is $5 797 per national weighted activity unit 2022-23 (NWAU (22)).

Educational and training resources on the topic of ABF are available on:

National Weighted Activity Units

The NWAU is the national unit for counting hospital service activity, based on the complexity of patients and legitimate variations in costs. The 'average' hospital service is equivalent to one NWAU. More intensive and expensive activities are funded by multiples of NWAUs, and simpler and less expensive activities are funded by fractions of an NWAU.

The NHRA allows for a Commonwealth funding contribution for patients who elect to use their private health insurance when they are admitted to a public hospital. For 2022-23 IHPA has calculate a Tasmanian specific NWAU, which takes into account all other revenue sources available to the hospital included Health Insurance payments. The reduction in the NWAU for private patients is, on average, around 30 per cent but varies according to the type of DRG or AN-SNAP end class. For example, surgical DRG's generally have higher reductions due to the cost of prostheses.

Educational and training resources on the topic of ABF are available on:

Activity based funding | IHACPA

(https://www.ihacpa.gov.au/health-care/pricing/national-efficient-price-determination/activity-based-funding).

National Efficient Cost

The NEC is for health care services provided by public hospitals where the services are too low to be fully funded on a full activity basis. The NEC cost model is determined using the in-scope activity and expenditure data for services to be block funded. The NEC model has two components:

- The NEC for small rural public hospitals:

- The NEC for small rural public hospitals is the sum of the fixed cost component and the variable cost component. The fixed component is determined as:
    - $2.199 million for hospitals with an annual NWAU (20) less than or equal to 187.
    - $2.199 million less 0.029 per cent per-NWAU (20) for hospitals with an annual NWAU (20) greater than 187. There is an additional loading of 30.2 per cent for 'very remote' hospitals.
    - The variable component of the efficient cost is determined as $5,762 per-NWAU (20) for hospitals with an annual NWAU (20) greater than 187.
- Efficient cost for other hospitals:
    - Other block-funded hospitals are treated separately from the 'variable and fixed' cost model. In Tasmania these are defined as:
        - Standalone hospitals providing specialist mental health services (for example, Peacock Centre to re-open in the first half of 2023, Roy Fagan Centre, Mistral Place, Millbrook Rise, Tolosa Street, Wilfred Lopes Centre and Alcohol and Drug Services Detoxification Unit)
        - Non- admitted Mental Health services
        - Child & Adolescent Mental Health Service
        - Non- admitted Home Ventilation and
        - Teaching, Training and Research in the major hospitals.
    - The IHPA has determined that for 2022-23, the efficient cost of these hospitals and service will be based on their total in-scope expenditure reported in the Local Hospital Networks/Public hospital Establishments National Minimum Data Set (LHN/PHE NMDS) from 2018−19 and NWAU activity levels reported by the facility.

The NEC is a prospective payment for hospitals without an end of year reconciliation as occurs for NEP hospitals.

Educational and training resources on the topic of ABF are available on:

National Efficient Cost Determination | IHACPA (https://www.ihacpa.gov.au/health-care/pricing/national-efficient-cost-determination).

Block Grants and Operational Grants

For services and initiatives provided where existing data does not accurately describe current activity or the service is not in scope of the NHRA, the service will be funded through a specific grant. The block and grant funding are based on historical expenditure profiles and other known factors.

The 2022-23 Tasmanian Activity Based Funding

ABF is a method of funding hospitals, whereby they are funded based on the mix and volume of patients treated.

Classification systems within each service stream are applied uniformly across all available data. Although these systems have been developed in part to explain variation in cost between different outputs within the stream, additional systematic variation still occurs. To account for this, various adjustments are modelled and where justified, implemented into the NWAU.

Admitted - Admitted Acute

The Australian Refined Diagnosis Related Group (AR-DRG) v10.0 classification system and ICD-10-AM Eleventh Edition will be used to classify and calculate NWAU 22 price weights for acute admitted services under the national ABF model which Tasmania has adopted.

Activity data at AR-DRG v10.0 level is used to set the acute activity volume and complexity of acute admitted services to be funded, where the admitting care type is 'Acute including qualified newborn' and the treatment is eligible for an NWAU weighting. The only exception to using the admitting care type is in the instance where an 'unqualified newborn' becomes qualified during the same episode of care. This is identified in the iPatient Manager (iPM) admissions system when the admission care type is Neonate (unqualified) and the discharge care type of 'Acute including qualified newborn'.

Further details pertaining to the Acute NWAU adjustments and NWAU can be found in the *Tasmanian Funding and Purchasing Model Guidelines 2022-23* or the NEP determination 2022-23.

Admitted - Sub and Non-Acute

Sub and Non-Acute activity includes patients admitted in the iPM admission system under the care types of Rehabilitation, Palliative Care, Psychogeriatric, Geriatric Evaluation & Management, Social, Other Maintenance, Nursing Home Type and non-residential care clients admitted under Respite.

The AN-SNAP classification will be used as the primary classification system for Sub and Non-Acute patient services under the National and Tasmanian ABF models. However, as there have been difficulties experienced in implementing AN-SNAP across the THS, the DRG or acute inpatient funding model will be used instead of the AN-SNAP classes where admitted data cannot be assigned to an AN-SNAP class.

Further details pertaining to the Sub and Non-Acute NWAU and NWAU adjustments can be found in the *Tasmanian Funding and Purchasing Model Guidelines 2022-23* or the NEP determination 2022-23.

Admitted - Mental health care

IHPA has developed the Australian Mental Health Care Classification (AMHCC) to classify and price mental health services across admitted and non-admitted settings in the National ABF model. IHPA will use AMHCC Version 1.0 to shadow price admitted mental health services for 2022-23 and will continue to provide pricing using the AR-DRG Version 10.0 and ICD-10-AM Eleventh Edition for NEP20.

Further details pertaining to the Acute NWAU and NWAU adjustments can be found in the *Tasmanian Funding and Purchasing Model Guidelines 2022-23 or* the NEP determination 2022-23.

Non-Admitted - Outpatients

Non-admitted outpatient care will be classified using Tier 2 Version 7.0 for 2022-23. Tasmania has adopted the IHPA classification.

The Tasmanian ABF Model treats the following categories as non-admitted activity:

- Public, Specialist and General outpatient services
- Private, Specialist and General outpatient services (often referred to as Medicare Bulk Billed or Privately Referred Non-Inpatient (PRNI))

- Compensable, (Motor Accident Insurance Board, DVA etc.) Specialist and General outpatient services

All Bulk Billed admitted service events for which the doctor and patient have elected to treat the patient as non-admitted. These are broadly categorised as Medical Benefits Scheme Type B procedures. These are non-admitted patients that the THS has chosen to record on the admission system to enable categorisation for statistical and clinical data purposes. These services are classified using a map between the International Statistical Classification of Diseases and Related Health Problems, Tenth Revision, Australian Modification (ICD-10-AM) and the Tier 2 clinic class (often referred to as Outside Referred Patient or Privately Referred Non-Inpatient (PRNI))

Further details pertaining to the price weights for Tier 2 Non-Admitted Care classification version 7.0 can be found in Appendix J of the NEP determination 2022-23.

Emergency Care

The Australian Emergency Care Classification (AECC) version 1 will be used to classify and price ED (major Hospital) and Urgency Disposition Groups (UDG) version 1.3 will be used to classify Emergency Service (ES) care under the 2022-23 National ABF model. Tasmania has adopted the National ABF model for ED and ES services.

NWAU Price weights for AECC version 1 can be found in Appendix K of the NEP determination 2022-23.

NWAU Price weights for URG version 1.3 can be found in Appendix L of the NEP determination 2022-23.

Further details pertaining to the Emergency Department NWAU and NWAU adjustments can be found in the *Tasmanian Funding and Purchasing Model Guidelines 2022-23* for price weights for AECC 1 or UDG 1.3 can be found in the NEP determination 2022-23.

Teaching, Training and Research

The IHPA developed the Australian Teaching and Training Classification (ATTC) as a national classification for teaching and training activities which occur in public hospital service. IHPA has determined that for 2022-23, the efficient cost of Teaching, Training and Research (TT&R) will be determined in consultation with the state with reference to the efficient cost of in-scope expenditure identified as TT&R.

Educational and training resources on the topic of Teaching and Training are available on IHPA's website.

Supplementation Grants

In recognition that the THS has reported average cost greater than the NEP, a Supplementation Grant at the ABF stream level has been incorporated into the Funding Model for 2022-23. The Supplementation Grant is a mechanism for "keeping the system safe and operating" while the THS develops strategies to transition to the NEP.

The Supplementation Grants have been developed at the facility to recognise operational challenges faced by each ABF Facility.

2022-23 ABF Stream Supplementation Grants	Funding ($'000)
Admitted Acute	93,543
Admitted Mental Health	4,158
Emergency Department	25,736

2022-23 ABF Stream Supplementation Grants	Funding ($'000)
Total	**123,438**

The THS is encouraged to use the data available in the National Benchmarking Portal to identify the key cost drivers affecting their overall cost performance.

NHRA Public Hospital Funding

In line with the NHRA, a single National Health Funding Pool (NHFP) has been established, comprising a Reserve Bank of Australia account for each state and territory. The pool is operated by the NHFP Administrator (the Administrator), an independent statutory office holder.

All Australian Government funding for the NHRA is deposited into the State Pool Account along with the State's contribution to activity-based public hospital funding. NHR funding is paid to THS in accordance with the Service Plan.

The Administrator has responsibility for calculating the Australian Government contributions to states and ensuring Australian Government deposits into the NHFP are in line with the NHRA (ABF and NHRA Block models):

- Australian Government and State ABF Funding are deposited into the NHFP, then distributed directly to the State Pool Account; this is distributed directly to the THS. The ABF Funding is determined by the NWAU activity itemised in the Service Plan.
- Australian Government NHRA block funding is deposited into the NHFP, then distributed directly to the THS though the State Managed Fund (SMF). Similarly, State Block Funding is transferred directly to THS through the SMF, in accordance with the Service Plan.

During the annual ABF reconciliation process The Administrator may make a further adjustment to the price of an admitted activity to account for private insurance benefits paid for activity in public hospitals that has not been accounted for by the combined adjustments in the national efficient price (NEP) and state or territory funding models.

Further details pertaining to the Commonwealth National Health Reform funding to States and Territories can be found in the National Health Funding Bodies website.

Other State Health budget funds are paid though the SMF and do not form part of the NHR funding arrangements.

Adjustments to funding for any activity variance (increase/decrease) will be actioned via amendments to the Service Plan and as a result of the year activity/funding reconciliation process with the NHFB.