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AGREEMENT

BETWEEN

THE COMMONWEALTH OF AUSTRALIA

AND

THE STATE OF

QUEENSLAND

IN RELATION TO

THE PROVISION OF PUBLIC HOSPITAL SERVICES

AND

OTHER HEALTH SERVICES

FROM 1 JULY 1993 TO 30 JUNE 1998

UNDER SECTION 24 OF THE

HEALTH INSURANCE ACT 1973 (CTH)

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THIS AGREEMENT is made the 8<sup>th</sup> day of February 1993

BETWEEN

THE COMMONWEALTH OF AUSTRALIA (in this Agreement called "the Commonwealth") of the one part;

AND

THE STATE OF QUEENSLAND (in this Agreement called "the State") of the other part.

WHEREAS:

- A. The Commonwealth and the State wish to enter into an agreement under section 24 of the Health Insurance Act 1973 (Cth) to ensure public access to public hospital services and other health services and to promote the further development of reforms designed to make the Australian health system more effective and more efficient.

THE PARTIES HAVE AGREED AS FOLLOWS:

1. Interpretation

- 1.1 In this Agreement, unless the contrary intention appears:

"accident and emergency patient" means an eligible person who receives, without a formal prior arrangement, hospital services from a recognised hospital otherwise than as an in-patient;

"admission" means the process by which a hospital records the commencement of treatment and/or care and accomodation of a patient. The minimum criteria which must be met before a patient can be admitted is that the patient receives one of the following services:

- (a) day only surgical and diagnostic services as specified in Bands 1A, 1B, 2, 3 and 4 of the Health Insurance Basic Table as defined in subsection 4(1) of the National Health Act 1953 (Cth); or

(b) type C professional attention procedures as specified in the Health Insurance Basic Table as defined in subsection 4(1) of the National Health Act with accompanying certification from a medical practitioner that an admission was necessary on the grounds of the medical condition of the patient or other special circumstances that relate to the patient (for example, remote location or no-one at home to care for the patient); or

(c) the patient is new-born and:

(i) is the second or subsequent live born infant of a multiple birth, and the mother is currently an overnight stay patient; or

(ii) requires treatment which can only be provided in an intensive care facility in a hospital, being a facility approved by the Commonwealth Minister for the purpose of the provision of special care; or

(iii) remains in the hospital without its mother; or

(d) the patient is expected to require hospitalisation for a minimum of one night;

"aftercare" means all post-operative services provided by a recognised hospital following a specific episode of treatment in that hospital;

"Agreement" means this document including Schedules A to J inclusive;

"AIDS" means the condition defined in the "Centre of Disease Control Revised Surveillance Case Definition 1987" as published in the "Morbidity and Mortality Weekly Report" volume 36, No. 15 of 14 August 1987;

"AIDS patient" means a person diagnosed as having AIDS and resident in a respective State on 1 November of each grant year;

"base hospital funding grant formula" means the formula set out in Schedule C;

"bed day" means a day or part of a day that a patient is admitted to receive hospital treatment, and where that patient remains in receipt of hospital treatment, the day upon which the patient was admitted to hospital and the day upon which the patient was discharged from hospital will together, for the purpose of this Agreement, be deemed to be one bed day;

"Commitments" has the same meaning as it has in subsection 23E(1) of the Act;

"Commonwealth Department" means the Commonwealth Department that administers matters dealt with in Part 3 of the Act and this Agreement;

"Commonwealth Minister" has the same meaning as the term "Commonwealth Minister for health" has in subsection 27(4) of the Act;

"compensable patient" means an eligible person who is an in-patient, out-patient or accident and emergency patient, of a hospital and who is entitled under a law that is or was in force in a State or States other than Veterans' Affairs Legislation to the payment of, or who has been paid compensation for, damages or other benefits (including a payment in settlement of a claim for compensation, damages or other benefits) in respect of the injury, illness or disease for which he or she is receiving hospital services, provided, however, that the order under subsection 6(2) of the Act dated 11 January 1984 remains in force;

"day patient" otherwise known as a "same day patient" means a patient who is admitted and discharged on the same day including patients who die, transfer or leave of their own accord on their first day in hospital;

"eligible person" has the same meaning as it has in subsection 3(1) of the Act;

"grant year" means any of the financial years commencing on 1 July for which this Agreement is or is deemed to have been in force;

"hospital" has the same meaning as it has in subsection 3(1) of the Act and includes a day hospital facility approved under section 4 of the National Health Act 1953 (Cth);

"hospital service" has the same meaning as it has in subsection 23E(1) of the Act;

"ineligible person" means any person who is not an eligible person;

"in-patient" means a "patient" as defined in subsection 3(1) of the Act who is admitted to a hospital for the purposes of receiving hospital treatment;

"Medicare Principles" has the same meaning as it has in subsection 23E(1) of the Act;

"nursing home type patient" has the same meaning as it has in subsection 3(1) of the Act (the 35 day rule), provided, however, that the order made pursuant to subsection 6(2) of the Act dated 11 January 1984 remains in force;

"official data" means such data provided or produced under this Agreement by the Commonwealth or the State for the purposes of determining financial assistance in accordance with clause 6;

"other health services" otherwise known as "other nominated health services" means services for the treatment of AIDS patients, day surgery services, post-acute care services, palliative care services, and other services that may be agreed upon from time to time between the Commonwealth Minister and the State Minister;

"out-patient" means a person who receives treatment but is not admitted under an arrangement with a recognised hospital;

"private nursing home type patient" means a nursing home type patient in a recognised hospital, who has elected to be treated by a medical practitioner of his or her own choice and to be responsible for paying charges of the type referred to in subclause 10.2 and the professional charges raised by any medical practitioner treating him or her;

"private patient" means a person who elects to be treated in a recognised hospital as an in-patient or as a day patient by a medical practitioner of his or her own choice and to be responsible for paying the charges of the type referred to in subclause 10.2, the professional charges raised by any medical or dental practitioner treating him or her and the charges for any other services agreed between the Commonwealth Minister and the State Minister;

"public hospital service" has the same meaning as it has in subsection 23E(1) of the Act;

"public patient" means an eligible person who on admission to a recognised hospital or as soon as possible thereafter, elects to be treated as a public patient and in respect of whom the recognised hospital provides comprehensive care including all necessary medical, nursing and diagnostic services and, if they are available at the recognised hospital, dental and paramedical services, by means of its own staff or by other agreed arrangements provided these services are provided without charge to the eligible person;

"recognised hospital" means a hospital listed in Schedule A as amended from time to time by written agreement between the Commonwealth Minister and the State Minister;

"Secretary" means the Secretary or Chief Executive Officer (whatever the title of his or her office) of the Commonwealth Department and includes any person from time to time who may be exercising the functions of the Secretary;

"State Minister" has the same meaning as the term "State Minister for health" has in subsection 27(4) of the Act;

"States" means every State of the Commonwealth of Australia and includes the Northern Territory and the Australian Capital Territory;

"substantial reduction in the amount of non-base hospital funding payable" means a reduction of 5 per cent in relation to the provision of any financial assistance by the Commonwealth under paragraphs 5.1(b) to (e) inclusive but excludes reductions that occur through the operation of a formula or provision specified in a schedule to this Agreement or through the operation of subclause 5.7;

"the Act" means the Health Insurance Act 1973 (Cth) on and after 1 July 1993;

"the State's Department of Health" means the State Department that administers matters dealt with in Part 3 of the Act and this Agreement; and

"Veterans' Affairs Legislation" means the legislation administered from time to time by the Minister for Veterans' Affairs or the Repatriation Commission or successors thereto, however described.

1.2 In this Agreement, unless the contrary intention appears:

- (a) clause headings are for convenient reference only and have no effect in limiting or extending the language of the provisions to which they refer;
- (b) a reference to a clause, subclause or paragraph is a reference to a clause, subclause or paragraph of this Agreement;
- (c) a reference to a schedule is a reference to a schedule of this Agreement;

- (d) where a word or phrase is given a particular meaning, other parts of speech and grammatical forms of that word or phrase have corresponding meanings;
- (e) words in the singular number include the plural and vice versa;
- (f) words importing a gender include all other genders;
- (g) all references to amounts of money are references to those amounts in Australian currency; and
- (h) a reference to a day, a week or a month means a calendar day, a calendar week or a calendar month respectively provided that where the last day of any period prescribed for the doing of any action falls on a day that is not a working day, the action may be done on the first working day following that day.

## 2. Term of Agreement

- 2.1 This Agreement will commence on 1 July 1993 and will remain in force, unless terminated at an earlier date, until 30 June 1998.

## 3. Medicare Principles & Commitments

Explanatory Note: The Medicare Principles focus on the provision of public hospital services to eligible persons, but operate in an environment where eligible persons have the right to choose private health care in public and private hospitals supported by private health insurance.

- 3.1 It is a condition of a grant of financial assistance under this Agreement that the State, in providing public hospital services, agrees to give effect to the Medicare Principles and to undertake the Commitments which are as follows:

### Choices of services

- Principle 1: Eligible persons must be given the choice to receive public hospital services free of charge as public patients.



**Explanatory Note 1:**

Hospital services include in-patient, out-patient, emergency services (including primary care where appropriate) and day patient services consistent with currently acceptable medical and health service standards.

**Explanatory Note 2:**

At the time of admission to a hospital, or as soon as practicable after that, an eligible person will be required to elect or confirm whether he or she wishes to be treated as a public or private patient.

**Explanatory Note 3:**

Public hospital services do not include those services for which charges may be made as set out in subclause 10.4.

**Universality of services****Principle 2:**

Access to public hospital services is to be on the basis of clinical need.

**Explanatory Note 1:**

None of the following factors are to be a determinant of an eligible person's priority for receiving hospital services:

- . whether or not an eligible person has health insurance;
- . an eligible person's financial status or place of residence;
- . whether or not an eligible person intends to elect or elects to be treated as a public or private patient.

**Explanatory Note 2:**

This principle applies equally to waiting times for elective surgery.

**Explanatory Note 3:**

The phrase "waiting times" means waiting times for access

to elective surgery from a hospital waiting or booking list.

### **Equity in service provision**

**Principle 3:** To the maximum practicable extent, a State will ensure the provision of public hospital services equitably to all eligible persons, regardless of their geographical location.

**Explanatory Note 1:** This principle does not require a local hospital to be equipped to provide eligible persons with every hospital service they may need.

**Explanatory Note 2:** In rural and remote areas, a State should ensure provision of reasonable public access to a basic range of hospital services which are in accord with clinical practices.

**Explanatory Note 3:** To the extent practicable, hospital services should be available at all recognised hospitals, however, where this is not possible, the State accepts responsibility for referring or transferring the eligible person to where the necessary hospital services are available.

### **Information about service provision**

**Commitment 1:** The Commonwealth and a State must make available information on the public hospital services eligible persons can expect to receive as public patients.

**Explanatory Note 1:** The joint Commonwealth/State development of a Public Patients' Hospital Charter will be a vehicle for the public dissemination of this information.

**Explanatory Note 2:** The Public Patients' Hospital Charter will set out the public hospital services available to public patients.

## Efficiency and quality in service provision

**Commitment 2:** The Commonwealth and the States are committed to making improvements in the efficiency, effectiveness and quality of hospital service delivery.

**Explanatory Note:** This includes a commitment to quality improvement, outcome measurement, management efficiency and effort to integrate the delivery of hospital and other health and community services.

3.2 The State agrees to adopt the Medicare Principles and Commitments by enacting legislation establishing the Medicare Principles and Commitments as guidelines that will govern the delivery of public hospital services to eligible persons in the State by 1 January 1994 or, where that is not possible, to make reasonable efforts to adopt the Medicare Principles and Commitments by enacting legislation by that date. In this context, reasonable efforts to adopt the Medicare Principles and Commitments means the introduction of a Bill the aim of which is to establish the Medicare Principles and Commitments as guidelines that will govern the delivery of public hospital services to eligible persons in the State, and the pursuit of its passage.

## 4. The Public Patients' Hospital Charter

4.1 The State agrees to develop, in consultation with the Commonwealth, a Public Patients' Hospital Charter, in appropriate community languages and a strategy for distributing it to the public by 1 January 1994, the details of which will be set out in a Memorandum of Understanding between the parties.

4.2 The Public Patients' Hospital Charter must set out:

- (a) how the Medicare Principles are to apply in respect of the provision, in the State, of public hospital services;
- (b) the process by which eligible persons, in respect of public hospital services received by them, can lodge complaints; and
- (c) how those complaints are to be heard by an independent body ("the Complaints Body").

- 4.3 The State agrees to establish the Complaints Body to resolve complaints made by eligible persons in respect of public hospital services received by them.
- 4.4 The State agrees that the Complaints Body must:
  - (a) be independent of the State's hospitals and the State's Department of Health;
  - (b) be given powers that would enable it to investigate, conciliate and adjudicate upon complaints received by it; and
  - (c) be given a role in recommending improvements in the delivery of hospital services in respect of which the Commonwealth provides financial assistance.
- 4.5 The State and the Commonwealth agree that the powers of the Complaints Body will be developed within a timeframe agreed between the parties.
- 4.6 The Commonwealth and the State agree that the powers of adjudication given to the Complaints Body will not interfere with or override the operation of registration boards of disciplinary bodies in the State and that the Complaints Body will not affect rights that a person may have at common law.

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#### PREAMBLE TO CLAUSES 5 TO 9

The joint interest of both the Commonwealth and the States encompasses those objectives, programs and policy parameters that should be consistent across Australia for reasons of efficiency, effectiveness and equity, that have implications for wider national social and economic objectives, or that have implications for international relations. Essentially the need for a national approach in health results from three major areas - equity of access, standards of access and care and global management of expenditure. These broad national concerns are in the interests of both the Commonwealth and the States. They are best achieved by consultation and collaboration between the Commonwealth and the States.

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5. Commonwealth Role: Provision of Financial Assistance

5.1 The Commonwealth agrees to make available financial assistance to the State for the purposes of:

- (a) assisting the State in meeting the costs of providing public hospital services ("the base grant");
- (b) providing bonus payments to improve access by public patients to public hospital services;
- (c) providing incentives to the State to encourage the more effective provision of health services;
- (d) assisting the State to meet the costs of reforming mental health services; and
- (e) assisting the State in meeting the costs of providing other nominated health services subject to agreed outcomes measures.

5.2 In relation to the purpose set out in paragraph 5.1(a), the Commonwealth will pay to the State financial assistance calculated in accordance with the base hospital funding grant formula and the provisions set out in Schedule C and subject to the conditions set out in that Schedule.

5.3 In relation to the purpose set out in paragraph 5.1(b), the Commonwealth may pay to the State financial assistance in accordance with the provisions set out in Schedule D and subject to the conditions set out in that Schedule.

5.4 In relation to the purpose set out in paragraph 5.1(c), the Commonwealth may pay to the State financial assistance calculated in accordance with the provisions set out in Schedule E and subject to the conditions set out in that Schedule.

5.5 In relation to the purpose set out in paragraph 5.1(d), the Commonwealth may pay to the State financial assistance calculated in accordance with the provisions set out in Schedule F and subject to the conditions set out in that Schedule.

5.6 In relation to the purpose set out in paragraph 5.1(e), the Commonwealth may pay to the State financial assistance calculated in accordance with the provisions set out in Schedule G and subject to the conditions set out in that Schedule.

5.7 Nothing in this Agreement affects the right of the Commonwealth to reduce the amount of any payments made or to be made to the State under paragraphs 5.1(a) to (e) inclusive where the State fails to comply with any provision of this Agreement or Part 3 of the Act.

5.8 Subject to clause 15, the Commonwealth may vary the amount of any payments to be made to the State where there is an agreement between the Commonwealth and the State providing for that variation.

## 6. Provisional Grants

6.1 To determine grants of financial assistance for the purpose of subclause 5.1 in relation to each grant year, the Commonwealth Minister prior to the commencement of each grant year, will make a determination based on the official data of the Commonwealth and the State, which will be known as the provisional grant and in relation to the second and subsequent grant years will seek the agreement of the State Minister in relation to the provisional grant for those years.

6.2 In the event that the State Minister does not agree with the provisional grant determined by the Commonwealth Minister in relation to the second or a subsequent grant year, the amount of the provisional grant for the relevant grant year will be deemed to be the lesser of the amount determined by the Commonwealth Minister and the amount of the provisional grant for the previous grant year until agreement is reached or until the provisional grant becomes the grant of financial assistance in accordance with subclause 6.5 whichever first occurs.

6.3 The Commonwealth Minister may adjust the provisional grant at any time before it becomes a grant of financial assistance to ensure that the grant accurately reflects the amount that is due to the State based upon up-to-date official data.

6.4 In respect of each grant year the Commonwealth will make advances to the State:

(a) in respect of the grant of financial assistance payable under paragraph 5.1(a) - weekly of an amount equal to  $\frac{7}{365}$  of the part of the provisional grant as adjusted from time to time relating to that grant of financial assistance; and

(b) in respect of the grants of financial assistance payable under paragraphs 5.1(b) to (e) inclusive,

if any - in accordance with agreed payment schedules (or if no such schedules exist, as the Commonwealth determines) of the part of the provisional grant as adjusted from time to time relating to those grants of financial assistance.

- 6.5 The Commonwealth will make final adjustments to the provisional grant when all relevant official data is available. When these final adjustments are made, the provisional grant will become the grant of financial assistance.
- 6.6 When the provisional grant becomes the grant of financial assistance for the grant year in question, any amount of overpayment to the State will become repayable by the State to the Commonwealth and any amount of shortfall will become payable by the Commonwealth to the State.

7. The Commonwealth's Other Roles

- 7.1 In addition to providing a contribution to the funding of public hospital services and other health services calculated in accordance with subclause 5.1 and Schedules C to G inclusive, the Commonwealth agrees to:
- (a) provide a leading and co-ordinating role in the development of national health policy while working in partnership with the State and other States who are parties to an agreement similar to this Agreement;
  - (b) perform a national co-ordination role for the projects listed in Schedule E;
  - (c) maintain a national statistical register to which the State will have access from data made available by the State under this Agreement or by other States who are parties to an agreement similar to this Agreement and with the agreement of all the States;
  - (d) work with the States to develop a mechanism for inter-State adjustments for patients treated in other States and jointly review the mechanism after the first year of its operation;
  - (e) work together with the State to ensure that the Commonwealth and State health and related care programs are complementary;

- (f) consolidate and disseminate information to the State about the conduct and outcomes of the projects listed in Schedule E;
- (g) ensure that the Medicare Benefits Schedule and the Pharmaceutical Benefits Scheme or alternative mechanisms assist access to appropriate technology and medical practice; and
- (h) provide a leading and co-ordinating role in the evaluation of the performance of the Commonwealth and the State on matters covered by this Agreement, including the development of performance indicators, at times and in a manner as agreed between the parties.

7.2 Where States cannot reach agreement for adjustments of the kind referred to in subclause 8.4 or where payments are not made as required by the agreement the Commonwealth will act as a final arbiter, and where necessary, will arrange for the transfer of funds between States as required by paying the appropriate portion of the grant entitlements of the State of residence of persons to whom services were provided to the State which provided the services. The appropriate amount will be determined by reference to subclause 8.4.

7.3 If the State provides services to the residents of a State or States which are not a party to an agreement similar to this Agreement and the relevant State or States do not enter into, or do not honour, an agreement with the State for cross border adjustments, the Commonwealth may make supplementary payments to the State equal to the net revenue loss, if any, incurred by the State based on the rate applicable under any agreement with the relevant State or, in the absence of such an agreement, at the rate determined in accordance with subclause 8.4.

## 8. The State's Roles

8.1 The State has the primary responsibility for the provision of and, in conjunction with the Commonwealth, the funding of public hospital services, mental health and other health services. In fulfilling these roles, the State agrees to ensure that:

- (a) hospital services in the State are available to all eligible persons without charge as public patients; and



- (b) out-patient and accident and emergency services are, subject to subclause 10.4, provided to eligible persons without charge.

- 8.2 The services referred to in subclause 8.1 will be provided in metropolitan and rural areas of the State, consistent with acceptable clinical and health practices. To the extent practicable the services referred to in subclause 8.1 are to be available to eligible persons at all recognised hospitals. Where this is not possible the State accepts responsibility for referring or transferring the eligible person to where the necessary hospital services are available.
- 8.3 The State can enter into arrangements with private hospitals or other States for the provision of hospital services. Where such arrangements exist public patients will receive hospital services free of charge. The State Minister will supply to the Commonwealth Minister particulars of any such arrangements.
- 8.4 The State agrees to negotiate with all other States for funding adjustments relating to costs for hospital services provided by those States to patients normally resident in the State and to make adjustments in accordance with any agreement reached through such negotiations. The State agrees to move over time to make such adjustments with reference to casemix measures using Australian National Diagnosis Related Groups ("AN-DRGs"). In the interim, such adjustments will, as a minimum, take account of casemix through reference to the category of hospital at which services are provided (for example, teaching, metropolitan, rural). Arrangements to be negotiated between States will include regular advance payments for expected flows, with a later reconciliation based on actual data. The State further agrees to provide the Commonwealth with copies of bilateral agreements with other States by 7 May 1993 in respect of the first grant year, by the end of the first week of May preceding each subsequent grant year, and by the end of the first week of May 1998 in respect of the financial year 1998-99. In the absence of bilateral agreements between States, adjustments will be made, pending development of a casemix-based charging methodology:
  - (a) in respect of public patients - using as a reference point, the national average gross operating cost per bed day (taking into account the category of hospital at which services are provided) as determined by the Commonwealth; and

- (b) in respect of private patients - at the rate determined under paragraph 8.4(a) less the bed day rate as declared from time to time for the purpose of the definition of standard hospital fees under subsections 3(1) and 3(14) of the Act.

Interstate advances will be paid regularly in advance on the basis of expected flows, with reconciliation later on the basis of actual data.

8.5 The State agrees to ensure that:

- (a) an eligible person, at the time of admission to a recognised hospital, or as soon as practicable thereafter, elects or confirms whether he or she wishes to be treated as a public patient or a private patient using a standard set of questions to be agreed between the Commonwealth and the State;
- (b) in making the election referred to in paragraph 8.5(a), the eligible person is informed of the consequences of electing to be treated as a public patient and not as a private patient or vice versa; and
- (c) an eligible person's health insurance status or financial status or intention in respect of an election referred to in paragraph 8.5(a) will not be a determinant in the priority for receiving hospital services.

8.6 The State agrees to develop and promote the reforms covered in this Agreement in accordance with Schedule E.

8.7 The State agrees that it will co-operate in monitoring and reporting on progress towards national health goals and targets.

8.8 The State agrees to actively participate in the development and implementation of health outcome indicators and measures in accordance with Schedule I.

8.9 The State agrees to:

- (a) work in partnership with the Commonwealth to develop national health policy;
- (b) continue to monitor and improve the efficiency, effectiveness and quality of State health services;
- (c) contribute to the development of outcomes based accountability;

- (d) ensure access for eligible persons to public hospital services and associated services that are appropriate to the needs of eligible persons in the terms of the Public Patients' Hospital Charter undertakings;
- (e) ensure the availability of hospital services to all eligible persons as provided for in the Public Patients' Hospital Charter;
- (f) ensure that aftercare services for public patients and out-patient and accident and emergency services do not attract claims for Medicare benefits or claims for benefits under Veterans' Affairs Legislation;
- (g) ensure that except in an emergency, a recognised hospital does not issue a prescription to an in-patient on discharge, an out-patient or an accident and emergency patient, that would attract pharmaceutical benefits as defined in the National Health Act 1953 or Veterans' Affairs Legislation; and
- (h) actively participate in the evaluation of the performance of the Commonwealth and the State under this Agreement.

8.10 The State agrees to ensure that:

- (a) the State health system and all of its entities receiving funding under this Agreement are aware of and operate in accordance with the Medicare Principles and Commitments; and
- (b) services provided by non-government or private organisations and funded as a result of this Agreement are consistent, as appropriate, with the Medicare Principles and Commitments.

9. Joint Commonwealth & State Roles

- 9.1 The Commonwealth and the State undertake to work in partnership with each other and other States who are parties to an agreement similar to this Agreement, in developing and co-ordinating projects that have national significance for health systems, for example, establishing a nationally consistent casemix-based management and information system which could serve as the foundation for alternative hospital based funding, establishing a

national health information network, developing national health goals and targets and developing national health care quality measures.

9.2 The Commonwealth and the State agree that during the first grant year they will agree national health goals and targets and a timetable for their continuing development and implementation over the life of this Agreement in accordance with Schedule H.

9.3 The Commonwealth and the State agree:

- (a) to work towards the establishment of uniform data bases on out-patient services that will address access and equity issues, and also issues concerned with the interface of the Medicare Benefits Schedule and the Schedule of Pharmaceutical Benefits with the hospital sector and cost-shifting;
- (b) to clarify the links between different service providers and explore the desirability of establishing national guidelines for appropriate levels of access for out-patient services;
- (c) subject to analysis of the data mentioned in paragraph 9.3(a), to consider the possible transfer of functional responsibility for aspects of out-patient services to the Commonwealth;
- (d) to review the functional responsibility for nursing home type patients with the review to be completed by 31 December 1993 to enable any decisions taken by the Commonwealth and the State to be effective from 1 July 1994; and
- (e) during the first grant year, to examine Health Specific Purpose Payments with a view to broadbanding on or after 1 July 1994. This would include the development of agreed outcome-based accountability measures.

#### 10. Charges for Hospital Services

- 10.1 The State agrees to ensure that any eligible person will be entitled to receive public hospital services without any charge as a public patient.
- 10.2 Patients who are not public patients may be charged an amount for hospital services provided in a recognised hospital as determined by the State Minister.
- 10.3 Private patients, private nursing home type patients, compensable patients and ineligible persons in addition

to being charged amounts in accordance with subclause 10.2, may also be charged for professional services (including diagnostic services), dental services, prostheses and such other services as may be agreed between the Commonwealth Minister and the State Minister.

10.4 Any eligible person will be entitled to receive, without charge, out-patient and accident and emergency services provided by a recognised hospital except for:

- (a) dental services;
- (b) spectacles and hearing aids;
- (c) pharmaceuticals;
- (d) surgical supplies, prostheses, aids and appliances and home modifications; and
- (e) other services as agreed between the Commonwealth Minister and the State Minister;

for which services charges, as determined by the State Minister may be applied provided that no charge to the Commonwealth results.

## 11. Consultative Bodies

11.1 The Commonwealth and the State agree that they will establish a consultative body or consultative bodies as the need arises to consider matters relating to this Agreement.

## 12. Supply of Statistics & Information

12.1 The Commonwealth and the State agree to promptly comply with any reasonable request from the other party to supply to it such statistics or any other information as the party requested has, and which the party requesting requires, for the purposes of this Agreement.

12.2 The State agrees to provide to the Commonwealth within two months after the end of each quarter of a grant year, in relation to that quarter, the data described in Part 1 of Schedule J.

12.3 The State agrees to provide to the Commonwealth within timeframes to be agreed between the parties and in relation to periods to be agreed, the kinds of data described in Part 2 and Part 3 of Schedule J.

12.4 The State agrees to provide in a form agreed between the Commonwealth and the State from time to time:

- (a) by 31 March in the year preceding the relevant grant year and by 31 March 1998 in respect of the 1998-99 financial year, a report on:
  - (i) the estimates of the total amount of expenditure on its recognised hospitals and the total amount of revenue that is expected to be raised in its recognised hospitals; and
  - (ii) the estimated bed day activity in the State in accordance with Part 1 of Schedule J;
- (b) within one month of the announcement of the State's budget for the relevant grant year, an update on the estimates referred to in paragraph 12.4(a) in accordance with the State's budget; and
- (c) within five months after the end of each grant year, a report on the total amount of expenditure on the State's recognised hospitals and the total amount of revenue raised in the State's recognised hospitals.

12.5 The Commonwealth may exercise its right under subclause 5.7 in the event that the State does not provide the kinds of data required under this clause within the times required or agreed.

### 13. Accountability Requirements

13.1 The State agrees that within five months after the end of each grant year it will, in relation to the grant year just ended:

- (a) give the Secretary a report of particulars of expenditure on a cash accounting basis by the State of financial assistance received by the State under this Agreement; and
- (b) certify in a report to the Secretary that:
  - (i) the amounts referred to in paragraph 13.1(a) were expended in accordance with this Agreement;
  - (ii) the statistics and other information provided under clause 12 are true and correct; and

(iii) the State has otherwise complied with this Agreement.

13.2 The State agrees that the reports referred to in subclause 13.1 will be in a form agreed between the Commonwealth and State from time to time.

13.3 The State's Department of Health will incorporate the data provided to the Commonwealth under Part 1 of Schedule J in its Annual Report to its Parliament. If the State's Department of Health does not provide an Annual Report to its Parliament or if incorporating the data in its Annual Report would cause significant logistical difficulties for the State, the State will arrange for the tabling of the information in its Parliament.

#### 14. Entire Agreement

14.1 This Agreement constitutes the entire agreement between the parties and supersedes all prior representations, agreements, statements and understandings whether oral or in writing.

#### 15. Variation & Termination

15.1 Any variation made by the parties to this Agreement must comply with Part 3 and Schedule 2A of the Act.

15.2 Any variation that:

- (a) changes the base hospital funding grant formula so that the amount of base hospital funding grant payable under this Agreement is less than the amount that would be payable if the formula was not changed;
- (b) effects a substantial reduction in the amount of non-base hospital funding payable under this Agreement; or
- (c) changes the definition of "substantial reduction in the amount of non-base hospital funding payable" that is set out in subclause 1.1;

will only be effective if it is made in accordance with section 28 of the Act.

15.3 Except for variations of the kind referred to in subclause 15.2, this Agreement may be varied by agreement, in writing, between the parties to it.

15.4 This Agreement can only be terminated before 30 June 1998 in accordance with section 28 of the Act.

16. Review of Financial Assistance

- 16.1 The Commonwealth agrees that in the case of substantial and unavoidable increases in costs in the State's public hospital sector, the amounts of financial assistance available under this Agreement will be reviewed. An example of what the parties consider to be substantial and unavoidable increases in costs include increases in costs due to acts of nature or availability of new treatments where there are very substantial costs of provision because of the volume of treatments to be provided or the very high costs of individual treatment.
- 16.2 The Commonwealth agrees that the amount of financial assistance payable under paragraph 5.1(b) will be reviewed whenever the percentage of the national population who, at 30 June 1993, are covered by a supplementary hospital table falls by at least 2 percentage points or a multiple thereof in accordance with subsections 25(4) and 25(6) of the Act.
- 16.3 Any review of the amount of financial assistance payable under paragraph 5.1(b) following a decline in national supplementary insurance will, amongst other things, take into account:
- (a) whether supplementary insurance in the State has declined at a greater rate than the national rate;
  - (b) whether basic table insurance is also declining; and
  - (c) additional expected demand on public hospitals (in the absence of any other evidence, it will be assumed that adverse selection is occurring and it is healthy people who are dropping insurance; further it will be assumed that people dropping insurance will have 50 per cent of the average State hospital utilisation rate).

In the event that, following analysis based on the above assumptions and any other relevant factors a review shows additional funds are justifiable, then the Commonwealth will increase the funds payable from the Annual Adjustments Pool.



SCHEDULE ARECOGNISED HOSPITALS - QUEENSLAND

<u>Hospital</u>	<u>Address</u>
Alpha Hospital	Gordon Street Alpha 4724
Aramac Hospital	Lodge Street Aramac 4726
Atherton Hospital	Jack Street Atherton 4883
Augathella Hospital	Cavanagh Street Augathella 4477
Aurukun Hospital	Aurukun 4871
Ayr Hospital	2 Chippendale Street Ayr 4807
Babinda Hospital	128 Munro Street Babinda 4861
The Bald Hills Acute Hospital	Hoyland Street Bald Hills 4036
Bamaga Hospital	Sebasio Street Bamaga 4876
Baralaba Hospital	Stopford Street Baralaba 4702
Barcaldine Hospital	Oak Street Barcaldine 4725
Beaudesert Hospital	64 Tina Street Beaudesert 4285
Biggenden Hospital	Victoria Street Biggenden 4621
Biloela Hospital	2 Hospital Road Biloela 4715
Blackall Hospital	Landsborough Highway Blackall 4472
Blackwater Hospital	MacKenzie Street Blackwater 4717

Bluff Outpatients Clinic  
(Outpost of Blackwater  
Hospital)

c/- QATB Centre  
Church Street  
Bluff 4702

Bollon Outpatients Clinic  
(Outpost of St George  
Hospital)

Main Street  
Bollon 4488

Boonah Hospital

Leonard Street  
Boonah 4310

Boulia Outpatients Centre

Wills Street  
Boulia 4829

Bowen Hospital

Gregory Street  
Bowen 4805

Brisbane Children's Dental  
Hospital (Extension of Royal  
Children's Hospital)

134 St Paul's Terrace  
Spring Hill 4006

Brisbane Dental Hospital  
(Extension of Royal Brisbane  
Hospital)

Cnr Turbot and Albert  
Streets  
Brisbane 4000

Brisbane Institute of Child  
Guidance (Extension of Royal  
Children's Hospital)

Rogers Street  
Spring Hill 4000

Bundaberg Hospital

Bourbong Street  
Bundaberg 4670

Burketown Hospital

Beames Street  
Burketown 4830

Caboolture Hospital  
(completion April '93)

Duncan Street  
Caboolture 4510

Cairns Hospital

The Esplanade  
Cairns 4870

Caloundra Hospital

West Terrace  
Caloundra 4551

Camooweal Hospital

Nowranie Street  
Camooweal 4828

Capella Outpatients Centre  
(Outpost of Emerald Hospital)

Capella 4702

Charleville Hospital

72 King Street  
Charleville 4470

Charters Towers Hospital	137-139 Gill Street Charters Towers 4820
Cherbourg Hospital	Fisher Street Cherbourg 4605
Childers Hospital	44 Broadhurst Street Childers 4660
Chillagoe Hospital	Hospital Road Chillagoe 4871
Chinchilla Hospital	Slessar Street Chinchilla 4413
Clermont Hospital	Francis Street Clermont 4721
Cloncurry Hospital	Musgrave Street Cloncurry 4824
Collinsville Hospital	Garrick Street Collinsville 4804
Cooktown Hospital	Hope Street Cooktown 4871
Cracow Outpatients Clinic (Outpost of Theodore Hospital)	4th Avenue Cracow 4719
Croydon Hospital	Sircom Street Croydon 4871
Cunnamulla Hospital	56 Wicks Street Cunnamulla 4490
Dajarra Outpatients Centre (Outpost of Mt Isa Hospital)	Dajarra 4825
Dalby Hospital	Hospital Road Dalby 4405
Dimbulah Outpatients Clinic (Outpost of Mareeba Hospital)	Stephens Street Dimbulah 4872
Dingo Outpatients Clinic (Outpost of Blackwater Hospital)	Dingo 4702
Dirranbandi Hospital	Jane Street Dirranbandi 4486
Doomadgee Hospital	Doomadgee 4830

Duaringa Outpatients Clinic (Outpost of Rockhampton Hospital)	c/- QATB Centre Alice Street Duaringa 4702
Dunwich Outpatients Centre	Oxley Parade Dunwich Stradbroke Island 4183
Dysart Hospital	Queen Elizabeth Drive Dysart 4745
Eidsvold Hospital	Cracow Road Eidsvold 4627
Emerald Hospital	Hospital Road Emerald 4720
Emu Park Outpatients Clinic (Outpost of Yeppoon Hospital)	c/- School of Arts Building Hill Street Emu Park 4702
Esk Hospital	30 Highland Street Esk 4312
Forsayth Hospital	Forth Street Forsayth 4871
Gatton Hospital	97-103 William Street Gatton 4343
Gayndah Hospital	32 Warton Street Gayndah 4625
Gemfields Outpatients Centre (Outpost of Emerald Hospital)	Sapphire 4702
Georgetown Hospital	High Street Georgetown 4871
Gin Gin Hospital	5 King Street Gin Gin 4671
Gladstone Hospital	Kent Street Gladstone 4680
Glenmorgan Outpatients Clinic (Outpost of Surat Hospital)	c/- QCWA Hall Glenmorgan 4423
Gold Coast Hospital	108 Nerang Street Southport 4215

Goondiwindi Hospital	Bowen Street Goondiwindi 4390
Gordonvale Hospital	Highleigh Road Gordonvale 4865
Gympie Hospital	12 Henry Street Gympie 4570
Herberton Hospital	Bertha Street Herberton 4872
Hervey Bay Hospital	Long & Kehlet Streets Pt Vernon 4655
Home Hill Hospital	Eighth Street Home Hill 4806
Hopevale Medical Centre	Thiele Street Hopevale 4871
Hughenden Hospital	Richmond Hill Hughenden 4821
Inala Community Health Centre Primary Health Care Section (Satellite of Princess Alexandra Hospital)	Wirraway Parade Inala 4017
Ingham Hospital	McIlwraith Street Ingham 4850
Inglewood Hospital	Cunningham Highway Inglewood 4387
Injune Hospital	Fifth Avenue Injune 4454
Innisfail Hospital	87 Rankin Street Innisfail 4860
Ipswich Hospital	East Street Ipswich 4305
Isisford Outpatients Centre	St Helena Street Isisford 4731
Jandowae Hospital	Warra Street Jandowae 4410
Jericho Outpatients Centre (Outpost of Alpha Hospital)	Jericho 4702

Julia Creek Hospital	Burke Street Julia Creek 4823
Jundah Outpatients Centre	Jundah 4736
Karumba Outpatients Centre	Walker Street Karumba 4891
Keperra Hospital	Corrigan Street Keperra 4054
Kilcoy Hospital	19 Brown Street Kilcoy 4515
Kingaroy Hospital	166 Youngman Street Kingaroy 4610
Kirwan Hospital	138 Thuringowa Drive Kirwan Townsville 4817
Kowanyama Medical Centre	Kowanyama 4871
Laidley Hospital	William Street Laidley 4341
Laura Outpatients Centre (Outpost of Cairns Hospital)	Laura 4871
Lockhart River Community Hospital	Lockhart River 4871
Logan Hospital	Cnr Armstrong and Loganlea Roads Loganlea 4131
Longreach Hospital	Jabiru Street Longreach 4730
Mackay Hospital	475 Bridge Road Mackay 4740
Magnetic Island Outpatients Centre (Outpost of Townsville Hospital)	Magnetic Island 4819
Malanda Outpatients Clinic (Outpost of Atherton Hospital)	46 Patrick Street Malanda 4885
Maleny Hospital	Bean Street Maleny 4552

Many Peaks Outpatients Centre (Outpost of Gladstone Hospital)	Bruce Highway Many Peaks 4680
Mareeba Hospital	21 Lloyd Street Mareeba 4880
Marlborough Outpatients Clinic (Outpost of Rockhampton Hospital)	c/- QATB Centre, Marlborough 4705
Maryborough Hospital	185 Walker Street Maryborough 4650
Mater Misericordiae Children's Hospital	Raymond Terrace South Brisbane 4101
Mater Misericordiae Mother's Public Hospital	Raymond Terrace South Brisbane 4101
Mater Misericordiae Public Adult Hospital	Raymond Terrace South Brisbane 4101
Meandarra Outpatients Clinic (Outpost of Tara Hospital)	Meandarra 4422
Miles Hospital	Marian Street Miles 4415
Millaa Millaa Outpatients Clinic (Outpost of Atherton Hospital)	Palm Avenue, Millaa Millaa 4886
Millmerran Hospital	50-60 Commens Street Millmerran 4357
Mitchell Hospital	Mary Street Mitchell 4465
Monto Hospital	Flinders Street Monto 4630
Moonie Outpatients Clinic (Outpost of Tara Hospital)	Moonie 4406
Moranbah Hospital	Mills Avenue Moranbah 4744
Mornington Island Hospital	Gununa Mornington Island 4871
Morven Outpatients Centre (Outpost of Augathella Hospital)	Charleville Road Morven 4468
Mossman Hospital	Hospital Street Mossman 4873

Mount Garnet Outpatients Clinic (Outpost of Atherton Hospital)	Talc Street Mount Garnet 4872
Mount Isa Hospital	30 Camooweal Street Mount Isa 4825
Mt Morgan Hospital	Black Street Mt Morgan 4714
Mt Perry Hospital	Heussman Street Mt Perry 4671
Moura Hospital	14 Nott Street Moura 4718
Mundubbera Hospital	Leichardt Street Mundubbera 4626
Mungindi Hospital	Barwon Street Mungindi NSW 2406
Murgon Hospital	Coronation Drive Murgon 4605
Muttaburra Outpatients Centre	Muttaburra 4732
Nambour Hospital	Hospital Road Nambour 4560
Nanango Hospital	135 Brisbane Street Nanango 4615
Napranum Outpatients Centre	Munding Road Weipa 4874
Normanton Hospital	Brown Street Normanton 4890
Oakey Hospital	Cnr Fitzpatrick & Beale Streets Oakey 4401
Ogmore Outpatients Clinic (Outpost of Rockhampton Hospital)	c/- QATB Centre Ogmore 4706
Palm Island Hospital	Mango Avenue Palm Island 4816
Pormpuraaw Medical Centre	Edward River 4871
Princess Alexandra Hospital	Ipswich Road Woolloongabba 4102



Proserpine Hospital	2 Herbert Street Proserpine 4800
Proston Outpatients Clinic (Outpost of Kingaroy Hospital)	31 Blake Street Proston 4613
Queen Elizabeth II Jubilee Hospital	Kessels Road Coopers Plains 4108
Queensland Radium Institute	Block 9, B Floor, QRI House Royal Brisbane Hospital Herston Road Herston 4029
Quilpie Hospital	Gyrica Street Quilpie 4480
Ravenshoe Outpatients Clinic (Outpost of Atherton Hospital)	Grigg Street Ravenshoe 4872
Redcliffe Hospital	Anzac Avenue Redcliffe 4020
Redland Hospital	Weippin Street Cleveland 4163
Richmond Hospital	Hospital Road Richmond 4822
Riverton Centre	58 Riverton Street Clayfield 4011
Rockhampton Hospital	Canning Street Rockhampton 4700
Roma Hospital	McDowall Street Roma 4455
Royal Brisbane Hospital (including Rosemount Hospital)	Herston Road Herston 4029
Royal Children's Hospital	Herston Road Herston 4029
Royal Women's Hospital	Bowen Bridge Road Herston 4029
Sandgate Medical and Dental Clinic (Outpost of Royal Brisbane Hospital/Keperra Hospital)	60-62 Loudon Street Sandgate 4017

Sarina Hospital	Hospital Street Sarina 4737
South Brisbane Dental Hospital (Extension of Princess Alexandra Hospital)	Cnr Main and Stanley Streets, Woolloongabba 4102
Springsure Hospital	Woodbine Street Springsure 4722
St George Hospital	Victoria Street St George 4487
St Lawrence Outpatients Clinic (Outpost of Rockhampton Hospital)	c/- QATB Centre Macartney Street St Lawrence 4707
Stanthorpe Hospital	McGregor Terrace Stanthorpe 4380
Surat Hospital	Ivan Street Surat 4417
Tambo Outpatients Centre	Garden Street Tambo 4478
Tara Hospital	15 Bilton Street Tara 4421
Taroom Hospital	Miller Street Taroom 4420
Texas Hospital	Mingoola Road Texas 4385
Thargomindah Outpatients Centre	Dowling Street Thargomindah 4492
Theodore Hospital	The Boulevarde Theodore 4719
The Prince Charles Hospital	Rode Road Chermside 4032
Thursday Island Hospital (including outposts of Badu, Boigu, Coconut, Darnley, Dauan, Kubin, Mabuiag, Moa (St Paul's village), Murray, Saibai, Stephen, Warraber, Yam & Yorke Islands in Torres Strait)	Victoria Parade Thursday Island 4875

Toowoomba Hospital	Wilmot Street Toowoomba 4350
Townsville Hospital	Eyre Street North Ward Townsville 4810
Townsville Institute of Child Guidance (Extension of Townsville Hospital)	Cnr Cambridge and Palmerston Streets Townsville 4814
Tully Hospital	Bryant Street Tully 4854
Wallumbilla Outpatients Centre	Russell Street Wallumbilla 4428
Wandoan Outpatients Centre	Henderson Road Wandoan 4419
Warwick Hospital	56 Locke Street Warwick 4370
Weipa Hospital	Rocky Point Weipa 4874
Winton Hospital	Oonderoo Street Winton 4735
Wondai Hospital	Bramston Street Wondai 4606
Woorabinda Hospital	Munns Drive Woorabinda 4702
Wujal Wujal Medical Centre	Wujal Wujal 4871
Wynnum Hospital	Whites Road Lota 4179
Yarrabah Hospital	Workshop Road Yarrabah 4871
Yeppoon Hospital	Anzac Parade Yeppoon 4703

SCHEDULE BWEIGHTS FOR AGE AND SEX

1. The Age and Sex Weights reflecting hospital utilisation patterns are as follows:-

<u>Age</u>	<u>Weight</u>
<u>Males</u>	
0-14	0.334554
15-34	0.364114
35-49	0.489935
50-64	1.286132
65-74	3.122513
75+	6.164183

<u>Females</u>	
0-14	0.349741
15-34	0.902878
35-49	0.710966
50-64	1.139774
65-74	2.379293
75+	5.422562

2. These weights have been determined by applying the average estimated Australian population on 30 June 1989 and 1990 in the above age groups to the bed day utilisation in those groups during 1989-90 as set out in Table 1.8 of Gillette, S., (1993) Hospital Utilisation and Costs Study 1989-90, Volume 2, Hospital Morbidity Data, Australian Institute of Health and Welfare.

SCHEDULE CBASE HOSPITAL FUNDING GRANT FORMULA1. Definitions

## 1.1 In this Schedule, unless the contrary intention appears:

"ABS" means the Australian Bureau of Statistics;

"raw population" means, in relation to a grant year, the population of the State or all States as the case may be, as at 31 December of that grant year as notified by the ABS; and

"weighted population" means, in relation to a grant year or the year preceding the first grant year, the population of the State or all States as the case may be, as at 31 December of that year as notified by the ABS, weighted according to the weights in Schedule B, for each age grouping and sex as set out in that Schedule.

## 1.2 In this Schedule, unless the contrary intention appears, a reference to a subclause is a reference to a subclause of this Schedule.

2. Base Hospital Funding Grant Formula

## 2.1 Subject to subclauses 2.2, 2.3 and 2.4 the Commonwealth will pay the State, for the purpose set out in paragraph 5.1(a) of this Agreement, an amount calculated in accordance with the following provisions:

- (a) for the first grant year, the base grant will be ascertained in accordance with the formula:

$$\frac{\text{SPOP} \times \text{BPOOL INDEX}}{\text{APOP}-1}$$

- (b) for each succeeding grant year, the base grant will be ascertained in accordance with the formula:

$$\frac{\text{SPOP} \times \text{POOL}-1 \text{ INDEX}}{\text{APOP}-1}$$

where:

"SPOP" is the weighted population for the State for the relevant grant year;

"APOP-1" is the total of the weighted population for all States for the year previous to the relevant grant year;

"BPOOL" is the Australian Base Hospital Funding Grant in respect of 1992-93 under the terms of the agreements with all States under subsection 23F(1) of the Health Insurance Act 1973 (Cth) as at 30 June 1993 less \$400 million;

"POOL-1" is the total of the base grant for all States, excluding the effect of subclauses 2.2, 2.3 and 2.4, for the grant year previous to the relevant grant year; and

"INDEX" is derived by the formula:

$$\frac{0.75\text{AAWR}}{\text{AAWR}-1} + \frac{0.25\text{CPI}}{\text{CPI}-1}$$

where:

"AAWR" is the average of the Award Rates of Pay index for full-time adult employees, Australia, for the three months in the quarter ending on 31 March of the relevant grant year as published by the ABS in Publications Catalogue No. 6312.0 entitled "Award Rates of Pay Index Australia", including any revision of the index supplied by the ABS up to 31 March in the year following the relevant grant year;

"AAWR-1" is the average of the Award Rates of Pay index for full-time adult employees, Australia, for the three months in the quarter ending on 31 March of the year preceding the relevant grant year as published by the ABS in Publications Catalogue No. 6312.0 entitled "Award Rates of Pay Index Australia", including any revision of the index supplied by the ABS up to 31 March in the year following the relevant grant year;

"CPI" is the weighted average of the All Groups Consumer Price Index of the eight capital cities for the quarter ending on 31 March of the relevant grant year as published by the ABS in Publications Catalogue No. 6401.0 entitled "Consumer Price Index"; and

"CPI-1" is the weighted average of the All Groups Consumer Price Index of the eight capital cities for the quarter ending on 31 March of the year preceding the relevant grant year as published by the ABS in Publications Catalogue No. 6401.0 entitled "Consumer Price Index".

- 2.2 The amount of the base grant to the State in respect of a grant year will be reduced by the amount, if any, by which the entitlement of the State under clause 4 of Schedule D, is less than zero.

- 2.3 The amount of the base grant will be reduced if the level of per capita Commonwealth Medicare Benefits ("MBS") expenditure paid in the relevant grant year in respect of residents of the State is greater than the national average MBS per capita expenditure multiplied by 1.11. The amount deducted will be calculated in accordance with the formula:

$$(\text{SMBS} - (1.11 \text{ AMBS})) \text{ RPOP}$$

where:

"SMBS" is the per capita MBS expenditure in respect of services rendered to residents of the State in the year ending on 31 December of the relevant grant year and processed by 30 April of the relevant grant year;

"AMBS" is the per capita MBS expenditure in respect of services rendered in Australia in the year ending on 31 December of the relevant grant year and processed by 30 April in the relevant grant year; and

"RPOP" is the estimated raw population of the State for the relevant year.

Funds made available by the operation of this subclause are to be distributed in accordance with clause 6 of Schedule D.

- 2.4 The amount of the base grant may be adjusted in respect of any grant year in which:
- (a) savings accrue to the State, or additional costs are incurred by the Commonwealth or by eligible persons, in either case by the failure of the State to comply with subclause 8.1 of this Agreement, by an amount equal to those savings or additional costs or the sum of those savings and costs as the case may be as assessed by the Commonwealth Minister in consultation with the State Minister; or
  - (b) the State fails to provide statistics or information in accordance with this Agreement by an amount equal to:
    - (i) the cost incurred by the Commonwealth, as assessed by the Commonwealth Minister, where the Commonwealth otherwise acquires the statistics or information; or
    - (ii) 0.1 per cent of the base grant or such lesser amount as the Commonwealth Minister deems appropriate where the Commonwealth is unable to acquire the statistics or information.

SCHEDULE DBONUS PAYMENTS FOR IMPROVED PUBLIC ACCESS1. Definitions

## 1.1 In this Schedule, unless the contrary intention appears:

"ABS" means the Australian Bureau of Statistics;

"average length of stay" means in relation to a grant year or the year preceding the first grant year the total number of public bed days divided by the total number of public admissions for the State or all States as the case may be;

"bed day" has the same meaning as it has in subclause 1.1 of this Agreement;

"community patient in Repatriation General Hospitals and Repatriation Auxiliary Hospitals" means patients excluding entitled veterans and members of the Australian Armed Forces treated free of charge for hospital treatment and medical services received while admitted to those hospitals;

"public admissions" are admissions provided in respect of public patients;

"public bed day" is a bed day provided in respect of a public patient;

"public share" is determined by the formula:

$$\frac{\text{PBEDS}}{\text{TBEDS}}$$

where:

"PBEDS" is the number of public bed days for the State for the relevant grant year or before the commencement of this Agreement; and

"TBEDS" is the total number of bed days for the State for the relevant grant year or before the commencement of this Agreement;

"raw population" means, in relation to a grant year, the population of the State or all States as the case may be, as at 31 December of that grant year as notified by the ABS; and



"weighted population" means, in relation to a grant year or the year preceding the first grant year, the population of the State or all States as the case may be, as at 31 December of that year as notified by the ABS, weighted according to the weights in Schedule B, for each age grouping and sex as set out in that Schedule.

- 1.2 In this Schedule, unless the contrary intention appears, a reference to a clause, subclause, paragraph, subparagraph or table is a reference to a clause, subclause, paragraph, subparagraph or table of this Schedule.
- 1.3 For the purpose of calculations under this Schedule the definitions and adjustments set out in subclauses 1.4 and 1.5 will apply to bed day data, unless the contrary intention appears:
- 1.4 The count of "public bed days" will:
  - (a) include all bed days occupied by public patients, except as provided in paragraphs 1.4(b) and (c);
  - (b) include bed days occupied by community patients in Repatriation General Hospitals and Repatriation Auxiliary Hospitals, or former Repatriation General Hospitals and Repatriation Auxiliary Hospitals operated by States, but exclude:
    - (i) all such bed days where the Commonwealth provides direct service; and
    - (ii) all such bed days or agreed numbers of such bed days at the date of transfer of these hospitals to the States or, if no agreement has been made, the numbers of such bed days determined by the Commonwealth Minister, for the relevant grant year funded through a separate agreement with a State in relation to the transfer of these hospitals to the State;
  - (c) exclude public bed days occupied by nursing home type patients ("NHTP") who satisfy the criteria for admission to Commonwealth approved nursing homes, or if reliable data are not available, the Commonwealth's estimate after consultation with the State of the number of bed days occupied by NHTP's who could otherwise meet those criteria;
  - (d) weight all included NHTP bed days by a factor of 0.4; and

- (e) be adjusted so that if

SALOS  
 SALOS-1 is greater than  $\frac{1.025 \text{ AALOS}}{\text{AALOS-1}}$

then the count of public bed days for the relevant grant year will be reduced by the number calculated by the formula:

$$(\text{SALOS} - (\text{SALOS-1} \frac{1.025 \text{ AALOS}}{\text{AALOS-1}})) \text{ ADM}$$

where:

"SALOS" is the average length of stay for the State for the relevant grant year;

"SALOS-1" is the average length of stay for the State for the previous grant year or the year previous to the first grant year;

"AALOS" is the Australian average length of stay for the relevant grant year;

"AALOS-1" is the Australian average length of stay for the previous grant year or the year previous to the first grant year; and

"ADM" is the number of public admissions for the State for the relevant grant year.

1.5 The count of "total bed days":

- (a) includes all bed days in all hospitals;
- (b) excludes public bed days occupied by NHTPs as specified in paragraph 1.4(c); and
- (c) weights all included NHTP bed days by a factor of 0.4.

2. Bonus Payments For Improved Public Access

- 2.1 The Commonwealth will make separate funding available to enable payment of bonus grants to all States which are parties to an agreement similar to this Agreement for the purpose set out in paragraph 5.1(b) of this Agreement.
- 2.2 The bonus grants will be made from the Base Provision Pool and the Annual Adjustments Pool.

- 2.3 The Base Provision Pool grants will be related to the level of public provision provided by States before the commencement of this Agreement as set out in column 2 of Table 1, subject to the conditional guarantees provided in subclause 5.3.2.

TABLE 1: BASE SHARE BEFORE AGREEMENT

column 1	column 2
NSW	0.5229
VIC	0.4673
QLD	0.5902
WA	0.6107
SA	0.5296
TAS	0.5751
NT	0.8394
ACT	0.5592

- 2.4 The Annual Adjustments Pool grants will be related to the change in public provision provided by the State for the relevant grant year compared to the public provision before the commencement of this Agreement.

### 3. Level of Funding

- 3.1 Subject to subclause 3.2, the level of funds available in the Base Provision Pool is determined by the formula:

- (a) for the first grant year - \$475m CINDEK; and  
 (b) for each succeeding grant year - POOLA-1 CINDEK;

where:

"CINDEK" is the composite price and weighted population adjustment index which is determined by the formula:

$$\frac{\text{APOP INDEX}}{\text{APOP-1}}$$

where:

"APOP" is the total of the weighted population for all States for the relevant grant year;

"APOP-1" is the total of the weighted population for all States for the year previous to the relevant grant year; and

"INDEX" is as defined in subclause 2.1 of Schedule C; and

"POOLA-1" is the level of funds available in the Base Provision Pool, excluding the effect of subclause 3.2, in the grant year previous to the relevant grant year.

- 3.2 If, by the operation of subclause 5.3.3, the entitlement of a State is less than the indexed amount corresponding to the relevant datum set out in column 2 of Table 2, then the total of that difference for all States will be transferred from the Base Provision Pool to the Annual Adjustments Pool for the relevant grant year.
- 3.3 Subject to subclause 3.4, the level of funds available in the Annual Adjustments Pool for each grant year is determined by the formula:

- (a) in respect of the grant year 1993-94 -  
\$125m CINDEX1;
- (b) in respect of the grant year 1994-95 -  
\$125m CINDEX1 CINDEX2;
- (c) in respect of the grant year 1995-96 -  
\$145m CINDEX1 CINDEX2 CINDEX3;
- (d) in respect of the grant year 1996-97 -  
\$145m CINDEX1 CINDEX2 CINDEX3 CINDEX4; and
- (e) in respect of the grant year 1997-98 -  
\$165m CINDEX1 CINDEX2 CINDEX3 CINDEX4 CINDEX5;

where:

"CINDEX1" is the value of CINDEX as defined in subclause 3.1 for the grant year 1993-94;

"CINDEX2" is the value of CINDEX as defined in subclause 3.1 for the grant year 1994-95;

"CINDEX3" is the value of CINDEX as defined in subclause 3.1 for the grant year 1995-96;

"CINDEX4" is the value of CINDEX as defined in subclause 3.1 for the grant year 1996-97; and

"CINDEX5" is the value of CINDEX as defined in subclause 3.1 for the grant year 1997-98.

3.4 The Annual Adjustments Pool may be increased for any grant year by the operation of:

- (a) subclause 3.2;
- (b) paragraph 5.3.1(c);
- (c) clause 6; or
- (d) any combination of (a), (b), and (c) of this subclause.

4. Payments to the State

4.1 Subject to subclauses 4.2, 4.3 and 4.4, the Commonwealth will pay the State an amount equal to the sum of the entitlements of the State calculated in accordance with subclause 5.3 and 5.4.

4.2 The grant payment to the State in accordance with subclause 4.1 will be adjusted as provided in subclause 4.3 if:

- (a) the average length of stay for public patients in the first grant year is lower than it was in the base year; and
- (b) the ratio of average length of stay for the first grant year: the base year for private patients is greater than the same ratio for public patients.

4.3 Adjustments to the grant in accordance with subclause 4.2 will be as follows:

- (a) in respect of the grant year 1993-94, by the addition of an amount equal to the difference between:
  - (i) the State's entitlement in respect of the Annual Adjustments Pool as calculated by the operation of this Schedule excluding the operation of subclauses 4.2 and 4.3; and
  - (ii) the State's entitlement in respect of the Annual Adjustments Pool if the value of "SHARE" is varied, for the purpose of calculations under paragraph 7.3(a), by reducing the total number of bed days by the formula:

PADM ( PRALOS - BPRALOS PUBALOS )  
BPUBALOS

- (b) in respect of the grant year 1994-95, provided that the State Minister agrees before the commencement of the grant year that an adjustment will be made, by addition of an amount equal to the difference between:

- (i) the State's entitlement in respect of the Annual Adjustments Pool as calculated by the operation of this Schedule excluding the operation of subclauses 4.2 and 4.3; and
- (ii) the State's entitlement in respect of the Annual Adjustments Pool if the value of "SHARE" is varied, for the purpose of calculations under paragraph 7.3(a), by reducing the total number of bed days by the formula:

$$\text{PADM} \left( \text{PRALOS} - \frac{\text{PRALOS}-1}{\text{PUBALOS}-1} \right)$$

- (c) in respect of the grant year 1996-97, by the subtraction of an amount determined by the formula:

$$\text{SUM} \quad \text{CINDEX2} \quad \text{CINDEX3} \quad \text{CINDEX4}$$

- (d) in respect of the grant year 1997-98, if an adjustment was made in the grant year 1994-95 in accordance with paragraph 4.3(b), by the subtraction of an amount determined by the formula:

$$\text{SUM2} \quad \text{CINDEX3} \quad \text{CINDEX4} \quad \text{CINDEX5}$$

where:

"PADM" is the number of private admissions in the relevant grant year;

"PRALOS" is the average length of stay for the State for private patients in the relevant grant year;

"PRALOS-1" is the average length of stay for the State for private patients in the year preceding the relevant grant year;

"BPRALOS" is the average length of stay for the State for private patients in 1990-91;

"PUBALOS" is the average length of stay for the State for public patients in the relevant grant year;

"PUBALOS-1" is the average length of stay for the State for public patients in the year preceding the relevant grant year;

"BPUBALOS" is the average length of stay for the State for public patients in 1990-91;

"SUM" is the amount calculated in accordance with paragraph 4.3(a);

"SUM2" is the amount calculated in accordance with paragraph 4.2(b); and

"CINDEX2", "CINDEX3", "CINDEX4" and "CINDEX5" are as defined in subclause 3.3.

- 4.4 If the sum of the entitlements referred to in subclauses 4.1, 4.2 and 4.3 is a negative amount no payment will be made in accordance with this Schedule but an adjustment will be made to the Base Grant of the State in accordance with subclause 2.2 of Schedule C.

## 5. Operation of Pools

- 5.1 The entitlement of the State to a bonus grant will be calculated in conjunction with the entitlement of all other States which are a party to an agreement similar to this Agreement.
- 5.2 The distribution of funds in the Base Provision Pool and the Annual Adjustments Pool is intended to be on the following basis:

### (a) For the Base Provision Pool:

- (i) provided the guarantee conditions are met, the allocation of funds from the pool will be fixed over the life of this Agreement. Penalties, however, can be reduced or eliminated by increasing public share towards the threshold of 0.515;
- (ii) penalties are applied to Victoria in each grant year in which public share remains below 0.515, at a rate of \$400 (plus indexation) for each public bed day below the 0.515 share. Penalty funds are transferred to the Annual Adjustments Pool;
- (iii) available funds are distributed to all States except Victoria, based on each State's share of bed days which count towards the pool, i.e. bed days above the threshold public share of 0.515 in 1990-91, subject to conditional guarantees to nominated States;

- (iv) provided public share is maintained at or above specified levels, nominated States are guaranteed a minimum allocation from the pool. These allocations are made before the entitlement of other States is determined. This guarantee will not apply in any grant year in which the public share is below the level specified for the State; and
- (v) if a nominated guarantee State does not meet the guarantee conditions then the allocation from the pool for that State will be the lesser of the guarantee entitlement or the level of entitlement the State would have received based on the State's share of public bed days which count towards the pool as if it had never been entitled to a guarantee. If the entitlement is less than the guarantee then the difference between the guarantee and the entitlement based on the State's share of bed days is transferred to the Annual Adjustments Pool.

(b) For the Annual Adjustments Pool:

- (i) penalties are applied to any State except Victoria, in any grant year in which public share falls below the public share for the State before the commencement of this Agreement. Penalties are applied a rate of \$400 (plus indexation) for each public bed day below the defined base public share for the State. Funds made available from imposition of penalties are retained within the pool for redistribution to other States; and
- (ii) available funds are distributed in each grant year to States with a public share above their public share in 1990-91. The distribution is to be based on the relative increase in the number of public bed days from each State in the relevant grant year above 1990-91.

Mathematical formulations of the methodology for calculation of State entitlements in respect of the Base Provision Pool and the Annual Adjustments Pool are at subclauses 5.3 and 5.4. If any conflict or inconsistency arises between subclause 5.2 and subclause 5.3 or 5.4 then the intent described in subclause 5.2 will prevail over subclause 5.3 or 5.4.

- 5.3 The entitlement of States in respect of the Base Provision Pool will be calculated in accordance with the following methodology:



### 5.3.1 Application of Penalties:

- (a) penalties will be applied in accordance with paragraph 5.3.1(b) at a bed day rate calculated by the formula:

(i) in respect of the first grant year - \$400 INDEX;  
and

(ii) in respect of each succeeding grant year -  
PRICE-1 INDEX;

where:

"INDEX" is as defined in subclause 2.1 of Schedule C;  
and

"PRICE-1" is the bed day penalty rate for the grant year previous to the relevant grant year;

- (b) if the public share in a State before the commencement of this Agreement, as set out in column 2 of Table 1, is less than 0.515 and the public share for that State for the relevant grant year is less than 0.515 then a penalty is imposed for that grant year. The penalty is calculated by the formula:

$PRICE (0.515 - SHARE) BDAYS;$

where:

"PRICE" is the bed day penalty rate for the relevant grant year determined in accordance with paragraph 5.3.1(a);

"SHARE" is the public share for the State for the relevant grant year; and

"BDAYS" is the total number of bed days for the State for the relevant grant year; and

- (c) funds made available by the application of subclauses 5.3.1 and 5.3.2 and corresponding provisions in agreements with other States which are similar to this Agreement are added to the Annual Adjustments Pool for the relevant grant year.

### 5.3.2 Provision for Conditional Guarantees

- (a) subject to paragraphs 5.3.2(b) and 5.3.2(c) the allocation from the Base Provision Pool to States listed in column 1 of Table 2 is guaranteed at the

levels shown in column 2 of Table 2;

TABLE 2: CONDITIONAL GUARANTEE

column 1	column 2 \$m
QLD	129.458
WA	119.272
SA	111.819
TAS	28.708
NT	47.916

- (b) each datum in Table 2 is expressed in 1992-93 prices and will be indexed to the appropriate price basis for the relevant grant year by the formula:

(i) in respect of the first grant year -

TABLE CINDEX; and

(ii) in respect of each succeeding grant year:

VALUE-1 CINDEX;

where:

"TABLE" is the relevant State datum in Table 2;

"CINDEX" is as defined in subclause 3.1; and

"VALUE-1" is the price indexed guarantee corresponding to the relevant State datum in Table 2 for the grant year preceding the relevant grant year; and

- (c) paragraph 5.3.2(a) will not operate in any grant year for which the public share for the State is less than the adjusted base share as set out in column 2 of Table 3 subject to the tolerance shown in column 3 of Table 3;

TABLE 3: ADJUSTED BASE SHARE

column 1	column 2	column 3
QLD	0.5702	0.002
WA	0.5907	0.002
SA	0.5096	0.002
TAS	0.5551	0.002
NT	0.7894	0.010

-7210

### 5.3.3 Distribution of the Base Provision Pool

The funds available in the pool, determined under subclause 3.1 for the relevant grant year, are allocated to those States for which the public share before the commencement of this Agreement, as set out in column 2 of Table 1, was greater than 0.515 in accordance with the following iterative process:

- Step 1            set COUNT to zero, POOLR to POOLA and TDAYS to the total of DAYS for all relevant States. For each relevant State set the initial value of ENT to zero and calculate the initial value of AMOUNT;
- Step 2            for each State for which a conditional guarantee applies under subclause 5.3.2;
- if for the State:
- (a) the ENT is greater than zero, then go to the next State, otherwise continue;
  - (b) the SHARE is less than the ADSHARE, then go to (e), otherwise continue;
  - (c) the AMOUNT is greater than the GUAR, then go to the next State, otherwise continue;
  - (d) set ENT equal to the GUAR, add one to COUNT and go to the next State;
  - (e) the AMOUNT is greater than the GUAR, then go to (d), otherwise continue;
  - (f) set ENT equal to the AMOUNT, transfer the GUAR less the ENT to the Annual Adjustments Pool for the relevant grant year, add one to COUNT and go to the next State;
- Step 3            set POOLR to POOLA less the total of the GUAR for all States for which ENT is greater than zero. Set TDAYS to the total of the DAYS for all States for which ENT is zero. Recalculate the AMOUNT for all States for which ENT is zero from the new values of POOLR and TDAYS;
- Step 4            if COUNT is greater than zero, then reset COUNT to zero and repeat Steps 2 and 3, otherwise continue; and

Step 5 for each State for which ENT is zero after the above iterations, set ENT to AMOUNT;

where:

"ENT" is the entitlement of the relevant State calculated in accordance with this paragraph. The initial value is set to zero;

"POOLA" is the level of funds available for the Base Provision Pool for the relevant grant year;

"POOLR" is the balance of the Base Provision Pool after subtracting the total of the conditional guarantees for all States that have an entitlement greater than zero at the end of the current iteration of Step 2 for the relevant grant year. The initial value is set equal to POOLA for the relevant grant year;

"AMOUNT" for the relevant State for the relevant year is determined by the formula:

$$\frac{\text{DAYS POOLR}}{\text{TDAYS}}$$

where:

"TDAYS" is the total of "DAYS" for all States that have an entitlement equal to zero at the end of the current iteration of Step 2. The initial value is equal to the total of "DAYS" for all relevant States;

"DAYS" for the relevant State is determined by the formula:

$$(\text{BSHARE} - 0.515) \text{ BDAYS}$$

where:

"BSHARE" is the public share for the relevant State before the commencement of this Agreement as set out in column 2 of Table 1; and

"BDAYS" is the total number of bed days for the relevant State before the commencement of this Agreement;

"COUNT" is the number of States that receive an entitlement greater than zero in the current iteration of Step 2. The initial value is set to zero;

"GUAR" is the conditional guarantee for the relevant State for the relevant grant year calculated in accordance with paragraph 5.3(b);

"SHARE" is the public share for the relevant State for the relevant grant year; and

"ADSHARE" is the adjusted public share for the relevant State before the commencement of this Agreement as set out in column 2 of Table 3.

5.4 The entitlement of States in respect of the Annual Adjustments Pool will be calculated in accordance with the following methodology:

- (a) if the public share for a State before the commencement of this Agreement as set out in column 2 of Table 1, was greater than 0.515 and the public share for the relevant grant year is less than the share before the commencement of this Agreement then a penalty is imposed for that grant year. These penalties are calculated by the formula:

$$\text{PRICE (BSHARE - SHARE) CDAYS}$$

where:

"PRICE" is the bed day penalty rate for the relevant grant year calculated in accordance with the paragraph 5.3.1(a);

"SHARE" is the public share for the State for the relevant grant year;

"BSHARE" is the public share for the State before the commencement of the Agreement as set out in column 2 of Table 1; and

"CDAYS" is the total number of bed days for the State for the relevant grant year.

Funds made available by the total of penalties under this paragraph and corresponding provisions in agreements with other States which are similar to this Agreement, are retained within the Annual Adjustments Pool for the relevant grant year for redistribution to other States in accordance with paragraph 5.4(b);

- (b) the total of the funds available in the Annual Adjustments Pool, calculated in accordance with subclauses 3.2 and 3.3, plus any funds made available by the operation of paragraph 5.3.1(c) and paragraphs 5.4(a) and subclause 6.2, are allocated to those States for which the public share for the relevant grant year is greater than the public share before the commencement of this Agreement as set out in column 2 of Table 1, in accordance with the following methodology:

- (i) determine the number of bed days for each State which will count for the calculation of entitlements for the relevant grant year using the formula:

$$(\text{SHARE} - \text{BSHARE}) \text{ CDAYS}$$

where:

"SHARE" is the public share for the State for the relevant grant year;

"BSHARE" is the public share for the State before the commencement of this Agreement as set out in column 2 of Table 1; and

"CDAYS" is the total number of bed days for the State for the relevant grant year; and

- (ii) calculate the entitlements of the States in accordance with the formula:

$$\frac{\text{POOLB SDAYS}}{\text{ADAYS}}$$

where:

"POOLB" is the available funds for the Annual Adjustments Pool for the relevant grant year;

"SDAYS" is the number of bed days that count for the entitlement for the State for the relevant grant year calculated in accordance with subparagraph 5.4(b)(i); and

"ADAYS" is the total of "SDAYS" for all States for the relevant grant year.

6. Medicare Benefit Supplement

- 6.1 Subject to subclause 6.2, funds made available through the application of subclause 2.3 of Schedule C will be distributed to any States which are a party to an agreement similar to this Agreement and for which per capita Commonwealth Medicare Benefits ("MBS") expenditure for the relevant grant year is less than the national average per capita MBS expenditure multiplied by 0.9, in the form of a supplement to the base grant for the State for the relevant grant year calculated in accordance with the formula:

$$\frac{\text{FUNDS}}{\text{AMS}} \times \frac{\text{MS}}{\text{AMS}}$$

where:

"FUNDS" is the total of the adjustments made in accordance with subclause 2.3 of Schedule C for all States for the relevant grant year;

"MS" is determined by the formula:

$$((0.9 \text{ AMBS}) - \text{SMBS}) \text{ RPOP}$$

where:

"RPOP" is the estimated raw population for the State for the relevant grant year;

"SMBS" is the per capita MBS expenditure in respect of services rendered to residents of the State for the year ending on 31 December in the relevant grant year and processed by 30 April in the relevant grant year; and

"AMBS" is the per capita MBS expenditure in respect of services rendered in Australia for the year ending on 31 December in the relevant grant year and processed by 30 April in the relevant grant year; and

"AMS" is the total of the value of "MS" for all States entitled to a payment under this subclause for the relevant grant year.

- 6.2 If no State qualifies for a distribution of funds in accordance with subclause 6.1 then the funds made available through the application of subclause 2.3 of Schedule C will be added to the Annual Adjustments Pool.

7. Move To Casemix-Based Measures

- 7.1 The parties recognise the inadequacies of using bed days as the principle measure of hospital utilisation for the purposes of this Schedule and agree that it is preferable to move to use of a casemix based measure such as casemix weighted separations. The parties intend to take all necessary steps, including resolution of associated data capture and quality issues, to establish appropriate nationally consistent casemix based measures in the second grant year of this Agreement.



SCHEDULE EINCENTIVES PACKAGE1. Introduction

- 1.1 The Commonwealth proposes to commit funds to several incentive programs to improve public patient access and to promote structural and micro-economic reform in the hospital system.
- 1.2 Commonwealth and State activity in the context of the Incentives Package is envisaged to be part of an ongoing, evolving process of reform of the delivery of health care services in Australia. The approaches to reform described below are not intended by either party to this Agreement to confine or restrain further development within the broad objectives set out in this Schedule.
- 1.3 The Commonwealth and the State will consult regularly during the term of this Agreement to monitor the results of projects and to review the appropriateness of the strategic directions of the Incentives Package and its individual components.
- 1.4 Funding for some specific elements of the Incentives Package is for less than the five year period of this Agreement. Both the Commonwealth and the States, however, recognise that the need for reform is ongoing.
- 1.5 As part of this Incentives Package the Commonwealth will make funds available to the States for the following programs:
  - (a) Area Health Management;
  - (b) Hospital Access Program;
  - (c) Devolution of Clinical Budgets; and
  - (d) Strategic Capital Planning of hospital infrastructure;and the Commonwealth will directly fund the following programs:
  - (e) National Quality Assurance Program;
  - (f) Health Communication Network; and
  - (g) Casemix Development.

- 1.6 A discussion of each of these reform areas and a listing of the key strategic objectives of each, is set out at clause 7 of this Schedule.

## 2. State Strategic Planning Processes

- 2.1 The major management group for the Incentives Program will be a State Strategic Planning Group ("the SSPG"). The Commonwealth will be represented on the SSPG.
- 2.2 The SSPG will provide a strategic plan, incorporating timetables and major milestones, for the five year period of the Agreement, relating to integrated and co-ordinated activity in the program areas listed in paragraphs 1.5(a) to (d) inclusive of this Schedule.
- 2.3 To be consistent with moves towards mainstreaming and integration, it is important that planning for mental health reform is included in the State strategic planning process. Arrangements for overseeing the implementation of the National Mental Health Plan have been agreed through the Australian Health Ministers' Advisory Council ("AHMAC"), and a steering group, the AHMAC National Working Group on Mental Health Policy ("the Working Group"), has been established for this purpose. The Working Group will liaise with the SSPG. Further conditions relating to the State strategic planning process for mental health are outlined in Schedule F.
- 2.4 The Casemix Development Program ("the CDP") will continue to be steered by the Casemix Project Board, which will liaise as required with the SSPG. The Commonwealth will handle the day to day management of the CDP. The State agrees to refer in its strategic plan to its priorities for casemix, to facilitate planning processes for the CDP.
- ## 3. Funding
- 3.1 The Commonwealth agrees to make funds available to States for the programs listed in paragraphs 1.5(a) to (d) inclusive of this Schedule in accordance with the following table:

	1993-94	1994-95	1995-96	1996-97	1997-98
	\$m	\$m	\$m	\$m	\$m
Area Health Management	3.02	1.87			
Hospital Access Program	18.87				
Devolution of Clinical Budgets	3.00	1.85			
Strategic Capital Planning of hospital infrastructure	16.25	36.76	22.56	22.06	4.56

3.2 The Commonwealth agrees to make funds available for direct Commonwealth expenditure for the programs listed in paragraphs 1.5(e) to (g) inclusive of this Schedule in accordance with the following table:

	1993-94	1994-95	1995-96	1996-97	1997-98
	\$m	\$m	\$m	\$m	\$m
National Quality Assurance Program	1.05	1.55			
Health Communications Strategy	3.42				
Casemix Development					
(Total Casemix Funding)	7.28	7.85	7.85	7.85	8.65

- 3.3 The amounts identified in subclauses 3.1 and 3.2 of this Schedule are in 1992-93 prices and will be brought to current year prices by the index "CINDEX" as defined in subclause 3.1 of Schedule D.
- 3.4 On the basis of the strategic plan, the Commonwealth will, in consultation with the State, select those elements of the strategic plan for which it will provide funding.
- 3.5 The amount of Commonwealth funds available to the State for the purposes of funding elements of the strategic plan will be based upon the State's weighted per capita share of total funding available under subclause 3.1, taking into account the need to provide reasonable payments to the Northern Territory, the Australian Capital Territory and Tasmania.
- 3.6 Projects for which Commonwealth funding is made available will have:
- (a) clear and simple objectives;
  - (b) broad budget outlines;
  - (c) evaluation strategies and methods; and
  - (d) performance indicators.

3.7 In deciding on projects to be funded, the Commonwealth will take into account the projects to be funded in other States in such a way as to ensure that total project funds are applied in States over the five years of the Agreement in accordance with the table in subclause 3.1 of this Schedule.

3.8 The Commonwealth will develop strategic plans for the five year period for those elements of the Incentives Package for which it has major responsibility.

#### 4. National Co-ordination

4.1 The co-ordination of national effort, in the context of States' strategic plans, will be undertaken by a group to be formed from the SSPG.

4.2 This group will meet at least once every grant year to review progress and to set strategic directions for the following grant year.

4.3 The State agrees to provide the Commonwealth with information about progress towards achievement of major milestones against the timetable set for individual Commonwealth funded projects.

4.4 The State undertakes to assist with the national dissemination of information about Commonwealth funded activities forming part of its strategic plan, and to encourage Commonwealth funded participation in relevant conferences, workshops and other forums.

#### 5. Reporting

5.1 Those elements of the strategic plan that are the subject of Commonwealth funding will be reviewed at the end of each grant year before decisions are made about the activities for which Commonwealth funding will be available in the following grant year. This will not preclude in-principle decisions to fund projects for more than one year.

5.2 Reporting to the Commonwealth will consist of comprehensive annual reports to the SSPG, quarterly financial reports and quarterly project progress reports, consistent with sound structured project management principles. The content and format of these reports will be as agreed between the Commonwealth and the State.

5.3 In general, reporting requirements will be the minimum consistent with effective management and accountability at both Commonwealth and State levels.

## 6. Directions for Reform

### 6.1 The State undertakes to:

- (a) develop, implement, monitor and assist in the evaluation of Commonwealth funded projects within the framework of a State strategic plan;
- (b) move towards funding and management of health service provision on the basis of the assessed health needs of the populations in discrete geographical areas;
- (c) establish funding adjustment mechanisms where health services are provided across administrative borders;
- (d) move progressively to standardised definitions and information systems to allow consistent and comparative reporting on a population's health status and hospital products and costs;
- (e) move progressively toward hospital funding arrangements that promote efficiency and micro-economic reform;
- (f) reform the management of elective surgery booking systems including:
  - (i) the regular clerical validation of waiting list numbers and waiting times;
  - (ii) the development and implementation of clinical validation protocols to ensure access to elective surgery is based on clinical need;
  - (iii) the regular collection and publication of nationally consistent and comparable data on waiting lists and waiting times and the provision of that data to the Australian Institute of Health and Welfare ("the AIHW") for publication at a national level; and
  - (iv) the development of comprehensive and co-ordinated elective surgery booking systems; and

- (g) refinement of current capital management and planning processes, with the aim of accounting for and utilising capital resources in the most cost-effective manner.

## 7. Strategic Objectives of Individual Programs

### 7.1 Area Health Management

#### 7.1.1 Demonstration projects funded under this program will aim to:

- (a) promote the further development and dissemination of population-based health planning and resource allocation mechanisms including the development of mechanisms to distinguish between funding, purchasing and providing roles of health managers;
- (b) examine the application of such mechanisms in differing health management environments, including inner city, suburban fringe and rural areas; and
- (c) examine the effectiveness of such mechanisms in:
  - (i) shifting the focus of health care from institutions to local populations and facilitating continuity of care and improved health outcomes;
  - (ii) improving the flexibility, responsiveness and accountability of the health system and promoting continuity in its interaction with related services, particularly care for the aged;
  - (iii) creating incentives for improving effectiveness, efficiency and quality of services through arrangements that distinguish between purchaser and provider roles in the health care system; and
  - (iv) improving assessment of the health needs of specific groups in a given area, and the matching of a cost-effective mix of health services to local health needs.

## 7.2 Hospital Access Program (Booking Lists)

### 7.2.1 The Hospital Access Program aims to:

(a) improve public patient access to elective surgery based on clinical need through:

(i) management reform of booking systems in each State including clerical and clinical validation of waiting times; and

(ii) increasing throughput for key elective procedures in high need areas; and

(b) improve the availability of accurate and nationally comparable and consistent waiting list data through regular State publications and the regular collection and publication of that data at a national level through the AIHW.

### 7.2.2 The Hospital Access Program Guidelines which were distributed to the States by the Commonwealth will apply to the Hospital Access Program.

## 7.3 Devolution of Clinical Budgets

### 7.3.1 The clinical budgeting incentive program, through a process that acknowledges the need for consultation with the States, hospital management, clinical professional and industrial groups, aims to:

(a) explore alternative hospital budgeting practices to maximise financial accountability, strengthen management efficiency; and

(b) link the implementation of casemix accounting, information collection and budgeting systems to clinical management practices.

## 7.4 Strategic Capital Planning of Hospital Infrastructure

### 7.4.1 This program aims to assist with progressive relocation and rationalisation of hospital services, consistent with population-based assessments of health care needs, and in a way that enhances the efficiency, effectiveness and equity of health capital resource allocation.

### 7.4.2 These aims will be met by promoting the development of strategic plans for hospital capital investment, incorporating nationally consistent procedures for

asset management and service planning. These will be the subject of consultations with the State but might include:

- (a) valid and reliable estimations of the hospital service needs of relevant populations, projected forward for five years, against appropriate projection parameters, and calculated on a casemix product basis;
- (b) estimation of capacity to meet those hospital service needs given current stock; and
- (c) examples of management parameters for the hospital estate which might be explored include:
  - (i) potential for change in current stock (re-use and adaptation) and space management;
  - (ii) plans for existing hospital sites;
  - (iii) disposal of current surplus estate;
  - (iv) a coherent property valuation system standardised within each State, with mapping capability across States;
  - (v) systematic identification of under-use;
  - (vi) potential resale values; and
  - (vii) proper stock ordering ("just-in-time") and stock control arrangements within hospitals.

A proportion of these funds will be allocated to capital works in the mental health sector.

- 7.4.3 Subsequent to the development of strategic plans in line with the above discussion, the Commonwealth will, in consultation with the State, provide contributions towards the implementation of specific capital projects identified in these strategic plans.

## 7.5 Casemix Development

- 7.5.1 The Casemix Development Program aims to provide the health care industry with a nationally consistent method of classifying types of patients, their treatment, and associated costs for purposes of appropriately measuring and paying for health care services.



## 7.6 Quality Assurance Program

7.6.1 This program aims to promote a national approach to quality assurance and outcome measurement in hospital services.

7.6.2 The program will be developed in consultation with the States and key professional groups involved in hospital service delivery and evaluation. It will build upon the work in progress of the National Health and Medical Research Council, the States and the Australian Council for Healthcare Standards.

7.6.3 The program will provide funds to:

- (a) assist in developing a coherent framework for defining and measuring quality care and health outcomes of hospital services;
- (b) commence or continue work on strategies for measuring or improving quality care and optimal health outcomes of hospital services. These approaches could include:

- (i) developing consistent and comparable measurement criteria for quality care practice and health outcomes;
- (ii) developing performance indicators for quality care practice and health outcomes; and
- (iii) developing best practice guidelines and competence review processes in the key areas defined; and

- (c) promote pilot projects to test the strategies.

## 7.7 Health Communications Network

7.7.1 The aim of this program is to:

- (a) develop a national telecommunications network to improve health care by delivering the benefits of telecommunications through the provision of relevant and timely information while safeguarding its confidentiality, integrity and security; and
- (b) provide a platform for future information systems and technology investments in the health sector.

8. Compliance

- 8.1 In the event that a State does not comply with the agreed processes and undertakings set out in this Schedule, the Commonwealth may withdraw or withhold payments under this Agreement in part or in full. The amounts that may be withdrawn or withheld will be limited to the weighted per capita share, for each State, of the total funding available for the Incentives Package in the first grant year of this Agreement indexed up to the relevant grant year.

SCHEDULE FMENTAL HEALTH REFORMS1. Introduction

- 1.1 All Health Ministers have endorsed the National Mental Health Policy and the National Mental Health Plan. The National Mental Health Policy is an agreed broad strategy for the reform of the mental health sector across all States. The National Mental Health Plan outlines a five year program of action in specific areas.
- 1.2 The Commonwealth will make available financial assistance to the States over the term of this Agreement to support projects that will encourage innovation and accelerate mental health reform. Funding will be for specific projects that can be substantially achieved within the life of the Plan.
- 1.3 Commonwealth funding will also be made available over the term of this Agreement for demonstration projects of national significance that will encourage innovation and accelerate mental health reform. The Australian Health Ministers' Advisory Council National Working Group on Mental Health Policy will make recommendations to the Commonwealth Minister regarding demonstration proposals.
- 1.4 Mental health reform and incentives funds will be available for the term of this Agreement subject to the State meeting both the general conditions of this Agreement and the special conditions set out in this Schedule.

2. Definitions

- 2.1 Within this Schedule the following definitions apply unless the contrary intention appears:

"Agreed Data" means that data agreed by the Working Group as being appropriate and feasible for States to provide on a regular basis for reporting progress on the implementation of the National Mental Health Policy;

"Mental Health Statement of Rights and Responsibilities" means the Report of the Mental Health Consumer Outcomes Task Force adopted by Health Ministers at their conference in March 1991;

"Plan" means the National Mental Health Plan, agreed by Health Ministers at their conference in April 1992;

"Policy" means the National Mental Health Policy agreed by Health Ministers at their conference in April 1992;

"Working Group" means the Australian Health Ministers' Advisory Council National Working Group on Mental Health Policy, which comprises representatives from each of the States and the Commonwealth; and

"United Nations Resolution" means the United Nations General Assembly Resolution 98B on the Protection of Persons with Mental Illness and the Improvement of Mental Health Care adopted on 17 December 1991.

- 2.2 Unless the contrary intention appears all other terms used in this Schedule will carry the same meaning as those used in the Plan.

### 3. Aims

- 3.1 The aims of the Mental Health Reforms are to:

- (a) strengthen the impetus for reform of mental health services;
- (b) encourage a national approach to mental health policy and service delivery; and
- (c) provide a mechanism for addressing priority issues agreed between the States.

### 4. Priorities for reform

- 4.1 The parties agree that Commonwealth funding provided in accordance with this Schedule will be for specific projects, that can be substantially achieved within the term of this Agreement, to assist initiatives in the following priority areas:

- (a) developing service models that improve integration and continuity of care for people with mental disorders;
- (b) integrated community based mental health services to provide alternatives to separate psychiatric facilities;

- (c) the collection and publication of a national mental health data set, service standards and performance indicators;
- (d) upgrading specialised psychiatric facilities recognising that for some people these facilities are more appropriate than community services;
- (e) mainstreaming acute psychiatric services into recognised hospitals;
- (f) developing community support facilities;
- (g) applied mental health research;
- (h) development of service models for disadvantaged or high risk groups;
- (i) continued training for health professionals involved in the delivery of mental health services (e.g. training of staff for new roles outside institutional settings);
- (j) developing pilot projects for the prevention of mental disorders;
- (k) epidemiological surveys that measure the prevalence of mental health problems and disorders; and
- (l) other initiatives as agreed between the Commonwealth and the State.

## 5. Commonwealth Responsibilities

### 5.1 The Commonwealth agrees to be responsible for:

- (a) financing and administering agreed national programs;
- (b) ensuring that Commonwealth programs do not unlawfully discriminate against people with mental disorders in respect of benefit payments or access to services;
- (c) funding mental health services for eligible veterans;
- (d) providing funding for, and fostering the development of, mental health research and service evaluation; and

- (e) collating information relating to significant developments in mental health services from States or other sources and disseminating such information as appropriate.

## 6. State Responsibilities

### 6.1 The State agrees to be responsible for:

- (a) administering, funding and organising specialised public mental health services;
- (b) planning for a comprehensive mix of mental health services, including the establishment of service delivery systems that ensure effective networks of care are fostered;
- (c) managing the direction of resources within mental health services to reflect national and State policies and responsiveness to local needs and circumstances;
- (d) ensuring linkages at the State, area/regional and service delivery levels, of mental health services and other general health and community care services;
- (e) ensuring appropriate funding for mental health research and service evaluation; and
- (f) ensuring all mental health services have quality assurance programs that assess whether those services are meeting appropriate State and national service standards.

### 6.2 The State also agrees, in accordance with clause 4 of this Schedule and consistent with State priorities, to:

- (a) bring the management of State operated mental health services into the same management structure as general health services;
- (b) expand community based mental health services;
- (c) locate acute in-patient mental health services in recognised hospitals;
- (d) where possible and appropriate, locate community mental health services with other general health and community care services;

- (e) increase the proportion of admissions to acute psychiatric units based in recognised hospitals, compared to all acute psychiatric admissions in recognised hospitals and psychiatric hospitals in the State;
- (f) establish or maintain integrated mental health services, covering the full range of appropriate specialised health services including identified special needs groups;
- (g) introduce and expand case management systems across mental health services;
- (h) establish, and maintain in real financial terms over the term of this Agreement, a separate program budget for mental health services covering relevant services provided in recognised hospitals, psychiatric hospitals and the community;
- (i) adopt or make reasonable efforts to adopt legislation consistent with the United Nations Resolution;
- (j) ensure that its mental health legislation reflects the principles agreed by Health Ministers in the Mental Health Statement of Rights and Responsibilities;
- (k) have in place by 1 July 1995 administrative and legislative arrangements that facilitate the transfer of people with mental disorders across State borders;
- (l) report on the development of the most appropriate service models to meet the requirements of identified special needs groups with special reference to such groups, across different regions; and
- (m) ensure that, as far as practicable, any additional resources that may become available as a result of the closure or rationalisation, of psychiatric hospitals, institutions or other mental health services will be available for mental health services and will be additional to ongoing funding for mental health services.

## 7. Joint Commonwealth & State Responsibilities

- 7.1 The Commonwealth and the State agree to share jointly the following responsibilities:

- (a) developing, implementing and monitoring the Policy;
- (b) establishing mechanisms and processes to monitor whether the rights of and service standards to people with mental health disorders are being met;
- (c) developing nationally recognised qualifications for mental health professionals through training and mutual recognition of qualifications; and
- (d) promoting the development of nationally consistent mental health legislation.

7.2 The parties also agree that, within the term of this Agreement, the Commonwealth and the State will:

- (a) develop quality assurance programs, in consultation with relevant professional organisations, in respect to mental health services;
- (b) establish joint pilot projects with other government agencies to assist people with mental disorders to live in the community;
- (c) consider the issues relating to the Pharmaceutical Benefits Scheme and the delivery of mental health services;
- (d) establish a Working Party on Mental Health Service Standards, under the auspices of the Working Group, to develop and agree to national service standards, and to introduce national mental health service standards across Australia;
- (e) foster and encourage the development and adoption of clinical practice standards;
- (f) enhance education and training programs to meet the specific needs of people in the community caring for those with mental disorders to assist them in their task;
- (g) ensure that effective support services are made available to carers on an area/regional level; and
- (h) ensure there is increased access to a range of advocacy services (including self advocacy and system advocacy) by consumers and carers.



## 8. Financial Operation

- 8.1 The Commonwealth will make available to the States financial assistance, in accordance with the amounts listed below over the term of this Agreement:

1993-94	\$14.1m
1994-95	\$19.1m
1995-96	\$19.6m
1996-97	\$20.7m
1997-98	\$22.8m

- 8.2 Funds available in accordance with subclause 8.1 of this Schedule will be distributed between States broadly on a per capita basis recognising the need to provide reasonable minimum payments to the Northern Territory, the Australian Capital Territory and Tasmania.

- 8.3 The total amount payable to the State, and the amount payable to the State in any one grant year, is to be determined by the Commonwealth Minister taking into account:

- (a) the provision of an agreed State strategic plan for the use of those funds; and
- (b) whether significant progress has been made against the agreed national performance indicators which will be agreed in accordance with subclause 10.3 of this Schedule.

- 8.4 In the reports referred to in subclause 13.1 of this Agreement, the State will make particular reference to expenditure on mental health under this Agreement and the compliance of the State in relation to the conditions in this Schedule.

- 8.5 The Commonwealth will make financial assistance available in accordance with subclause 1.3 of this Schedule as follows:

1993-94	\$4.0m
1994-95	\$4.0m
1995-96	\$3.5m
1996-97	\$2.5m
1997-98	\$1.0m

- 8.6 The amounts identified in subclauses 8.1 and 8.5 of this Schedule are in 1992-93 prices and will be brought to current year prices by the index "CINDEX" as defined in subclause 3.1 of Schedule D.

## 9. Special Conditions of Funding

### 9.1 The following special conditions apply in respect to mental health reform funds:

- (a) prior to receiving Commonwealth funding, the State will submit a strategic plan identifying the role Commonwealth funds will play in addressing State priorities for implementation of the Policy;
- (b) the State strategic plan may be annual or for a longer period but if for a longer period will need to be updated annually;
- (c) the State strategic plan should take into account planning at the area/regional level and be consistent with any similar strategic plans developed by the State for the delivery of general health services;
- (d) the State undertakes to maintain the current level of financial effort in the mental health sector and agrees that Commonwealth funds will not be used to replace, or lead to a reduction in, existing State expenditure on mental health;
- (e) the State agrees to establish and maintain a mental health consumer advisory committee which is representative of the range of mental health consumers and carers in the State;
- (f) the Commonwealth agrees to establish and maintain a national consumer advisory group which is made up of representatives from each State. Funds for the operation of the national consumer advisory group will be provided by the Commonwealth; and
- (g) the Commonwealth and the State agree to actively pursue wider consultation strategies with the community, consumers and relevant organisations.

## 10. National Co-Ordination

- ### 10.1 The parties agree that within the term of the Agreement a national system of reporting progress in implementing the Policy and Plan will be introduced through the production of a national report on mental health to be prepared by the Commonwealth in November of each grant year.

10.2 To facilitate the production of this report by the Commonwealth the State will provide, no later than 30 September of each grant year, Agreed Data outlining progress and performance in the preceding grant year including:

- (a) consumer rights strategies and consumer input;
- (b) strategies to achieve mainstreaming and integration;
- (c) reform and incentives initiatives;
- (d) legislation reform and resolution of cross boundary anomalies;
- (e) introduction of service standards (from 1996);
- (f) initiatives for carers and special needs groups;
- (g) expenditure and service utilisation data; and
- (h) quality assurance programs.

10.3 The parties will also establish national performance indicators of progress towards achievement of the Policy objectives which will be included in the 1993 national report on mental health, and in subsequent reports.

10.4 The parties will agree on a national mental health data strategy, consistent with privacy considerations, incorporating a national mental health services minimum data set, with benchmark data to be published by the Commonwealth by 1 July 1994.

10.5 The Working Group will be responsible for evaluating the Plan within three years after the commencement of the Plan and the findings of the evaluation will be considered by Health Ministers in April 1996.

SCHEDULE GOTHER NOMINATED HEALTH SERVICES1. Introduction

1.1 The Commonwealth will make available to the State financial assistance in accordance with clauses 3, 4 and 5 of this Schedule, for the following other nominated health services:

(a) the treatment of AIDS patients;

(b) day surgery; and

(c) post-acute and palliative care.

1.2 The Commonwealth and the State may agree to add to the list of health services nominated in subclause 1.1 of this Schedule following the examination referred to in paragraph 9.3(e) of this Agreement.

2. Definitions

2.1 In this Schedule, unless the contrary intention appears:

"ABS" means the Australian Bureau of Statistics; and

"weighted population" means, in relation to a grant year or the year preceding the first grant year, the population of the State or of all States as the case may be, as at 31 December of that year as notified by the ABS weighted according to the weights in Schedule B, for each age grouping and sex as set out in that Schedule.

3. AIDS Funding

3.1 The Commonwealth will make available to the State, for the purpose of providing care and treatment to AIDS patients, financial assistance calculated in accordance with the following provisions:

(a) for the first grant year, in accordance with the formula:

SADS BAPOOL CINDEK  
AADS-1

*a supplement to the  
Base Grant*

*Schedule*

- (b) for each succeeding grant year, in accordance with the formula:

$$\frac{\text{SADS APOOL-1 CINDEX}}{\text{AADS-1}}$$

where:

"SADS" is the number of AIDS patients being treated in the State as at 1 November of the relevant grant year;

"AADS-1" is the number of AIDS patients being treated in Australia as at 1 November of the grant year preceding the relevant grant year;

"CINDEX" is as defined in subclause 3.1 of Schedule D;

"BAPOOL" is the Australian Grant for the funding of AIDS patients in respect to the 1992-93 grant year under the terms of the agreements with all States under subsection 23F(1) of the Health Insurance Act 1973 (Cth) as at 30 June 1993; and

"APOOL-1" is the Australian Grant for funding AIDS patients for the grant year preceding the relevant grant year.

#### 4. Day Surgery Funding

- 4.1 The Commonwealth will make available to the State, for the purpose of providing incentives for new day only procedures to improve the efficiency and effectiveness of hospital resource use, financial assistance calculated in accordance with the following provisions:

- (a) for the first grant year, in accordance with the formula:

$$\frac{\text{SPOP BDSPOOL INDEX}}{\text{APOP-1}}$$

- (b) for each succeeding grant year, in accordance with the formula:

$$\frac{\text{SPOP DSPOOL-1 INDEX}}{\text{APOP-1}}$$

where:

"SPOP" is the weighted population for the State for the relevant grant year;

"APOP-1" is the total weighted population for all States for the grant year preceding the relevant grant year;

"BDSPOOL" is the Australian Grant for the funding of Day Surgery in respect to the first grant year under the terms of the agreements with all States under subsection 23F(1) of the Health Insurance Act 1973 (Cth) as at 30 June 1993;

"DSPOOL-1" is the Australian grant for day only procedures for the grant year preceding the relevant grant year; and

"INDEX" is as defined in subclause 2.1 of Schedule C.

- 4.2 The State agrees to provide the Commonwealth with details of activities funded under this clause, together with a report on expenditure in accordance with subclauses 13.1 and 13.2 of this Agreement.

5. Post-Acute and Palliative Care Funding

- 5.1 The Commonwealth will make available to the State, for the purpose of providing incentives for the State to provide post-acute and palliative care services to improve the efficiency and effectiveness of hospital resource use, financial assistance calculated in accordance with the following provisions:

- (a) for the first grant year, in accordance with the formula:

$$\frac{\text{SPOP BPPPOOL INDEX}}{\text{APOP-1}}$$

- (b) for each succeeding grant year, in accordance with the formula:

$$\frac{\text{SPOP PPPOOL-1 INDEX}}{\text{APOP-1}}$$

where:

"SPOP" is the weighted population for the State for the relevant grant year;

"APOP-1" is the total weighted population for all States for the grant year preceding the relevant grant year;

"BPPPOOL" is the Australian Grant for the funding of Post-Acute and Palliative Care in respect to the first grant year under the terms of the agreements with all States under subsection 23F(1) of the Health Insurance Act 1973 (Cth) as at 30 June 1993;

"PPPOOL-1" is the Australian grant for post-acute and palliative care for the grant year preceding the relevant grant year; and

"INDEX" is as defined in subclause 2.1 of Schedule C.

- 5.2 The State agrees to provide the Commonwealth with details of activities funded under this clause, together with a report on expenditure in accordance with subclauses 13.1 and 13.2 of this Agreement.

## SCHEDULE H

### NATIONAL HEALTH GOALS & TARGETS

#### 1. Introduction

- 1.1 Pursuant to the Act, the Commonwealth and States agree to develop new National Health Goals and Targets ("the NHGT") and a timetable for their continuing development and implementation.
- 1.2 The Commonwealth and States will actively work towards developing and agreeing new NHGT and an appropriate implementation plan during the first grant year of the Agreement. The NHGT will be further refined and implemented by the Commonwealth and States over the life of the Agreement.
- 1.3 Health Ministers have agreed that the framework presented in the final report of the consultancy on NHGT provides an appropriate mechanism for pursuing outcome measurement and integration of the delivery of hospital and other services.
- 1.4 The NHGT report identifies goals and targets in five major groups:
  - (a) preventable mortality and morbidity;
  - (b) healthy life-styles and risk factors;
  - (c) health literacy and life skills;
  - (d) healthy environments; and
  - (e) the health system.

#### 2. Co-Ordination

- 2.1 It is agreed that successful implementation of the NHGT will require active engagement of all stakeholders: the Commonwealth and the States, medical and ancillary health professionals and educators, community representatives, local government, non-government organisations and the wider community.
- 2.2 It is noted that States have already made progress towards implementing health goals and targets. This needs to be taken into account in developing a strategy for implementing the NHGT.



- 2.3 It is agreed that development and oversighting of the NHGT process should be co-operative between the Commonwealth and the States with the appropriate involvement of the Australian Health Ministers' Conference ("the AHMC"), the Australian Health Ministers' Advisory Council, the National Health and Medical Research Council ("the NHMRC"), the Australian Institute of Health and Welfare and the consumer movement.

### 3. Implementation & Review

- 3.1 It is envisaged that a rolling process of implementation and review will need to be set in place:

- (a) initially, there will be a need for broad consultations designed to engage the community and the health and medical professions in the concept of health goals and targets. The NHMRC has indicated that it is prepared to play a key role in engaging the medical profession;
- (b) early in 1993, the States and the Commonwealth will put in place a process for agreeing NHGT and establishing priority areas for implementation. This latter process could be based on an economic assessment of the relative cost to the community represented by the target areas or by some other means. Significant input will be required from other identified stakeholders;
- (c) goals and targets and priority areas for implementation will be endorsed by the AHMC in June 1994;
- (d) the Commonwealth and the States will also agree to endorse lead agencies to take the prime role of developing and implementing goals and targets in the priority areas and other sub-groups of the NHGT;
- (e) it is agreed that the development of appropriate technical supports is of key importance. These technical supports include data systems and a range of other tools to enable measurement of health gains and to facilitate decisions about the best mix of preventive and clinical interventions for the achievement of the NHGT. They are better developed in relation to some of the sub-groups of the NHGT than others;
- (f) it is noted that actual implementation will involve a range of approaches to improving health in the priority areas selected. These will need to reflect an assessment of the best mix of preventive and clinical interventions outlined above; and

- (g) rolling review both of the effectiveness of the measures taken to improve health and of the most effective approaches to implementing the range of goals and targets will be required.

SCHEDULE IHEALTH OUTCOME INDICATORS & MEASURES1. Introduction

1.1 The National Health Strategy has identified a number of elements necessary to provide effective and quality health care. These are:

- (a) a knowledge of the relationships between treatments and outcomes which requires:
  - (i) development and use of better outcome measures;
  - (ii) a knowledge of the distribution of benefits across risk groups or population groups; and
  - (iii) systematic evaluation of treatments in usual practice;
- (b) a knowledge of the costs of providing different treatments to different groups;
- (c) agreement on criteria for allocating resources to different treatments and people;
- (d) assurance that the services provided are of such quality as to guarantee that the expected benefits of the services are achieved. This requires:
  - (i) quality assurance activities to monitor and improve the quality of care of institutions, processes and programs of care;
  - (ii) activities to ensure that health professionals practice at high levels of competence; and
  - (iii) development of sentinel event indicators to highlight areas of concern; and
- (e) processes to monitor the accessibility and equitable distribution of the use of services including indicators of underuse and overuse of services.

1.2 Other necessary elements include the development of improved information systems for clinical use, program management and research and evaluation.

- 1.3 The development and use of guidelines to structure knowledge about diagnosis and treatment, defining information to be collected, would also assist in quality assurance activities and in evaluating the competence of health professionals. Additionally, organisational incentives and resourcing of services have a significant effect on the likelihood of good quality care being provided.
- 1.4 The National Health Strategy advocates a National Guidelines Program that includes:
  - (a) determining a program of priorities and methodology for guideline development;
  - (b) addressing ethical issues related to the use of guidelines;
  - (c) review of existing treatments;
  - (d) developing processes for the evaluation of new technologies and treatments; and
  - (e) supporting quality assurance and competence review activities.

## 2. Strategies & Timetable

- 2.1 The Australian Health Ministers' Conference has agreed to the incorporation of outcome measures identified by the National Health Strategy into this Agreement and the Australian Health Ministers' Advisory Council has agreed to address this issue.
- 2.2 The development of health outcome indicators will build upon the work in progress of the National Health and Medical Research Council, the States and the Care Evaluation Program of the Australian Council on Healthcare Standards.
- 2.3 It is recognised that this process is still in formative stages and the first years of this Agreement will require co-operation between the Commonwealth and the States on the definition of desired health outcomes and investigation of strategies to measure and implement performance indicators and best practice guidelines for quality care and optimal health outcomes in hospital services.

2.4 The steps involved in developing a National Guidelines Program are as follows:

(a) Years 1 & 2: 1993-95

Develop a coherent framework for defining and measuring quality care and health outcomes of hospital services. Key issues for definition and investigation are:

- (i) Access: the distribution, utilisation and other indicators of access to hospital services;
- (ii) Effectiveness: evidence of clinical effect and outcomes of treatment;
- (iii) Quality: comparison of the desired and actual effect or quality of delivery of treatment;
- (iv) Efficiency: comparison of costs and outcomes of treatment;
- (v) Distributional or Allocative Efficiency: comparison of resource allocation to different treatments and forms of service delivery. To commence or continue work on strategies for measuring or improving quality care and optimal health outcomes of hospital services. These approaches could include:
  - (A) development of consistent and comparable measurement criteria for quality care practice and health outcomes;
  - (B) development of performance indicators for quality care practice and health outcomes; and
  - (C) development of best practice guidelines and possible competence review processes in the key areas defined; and

(b) Years 3 to 5: 1995-98

Build on the definitional work of the previous two years to promote pilot projects for the implementation of measurement criteria,

performance indicators, best practice guidelines and competence review in the key areas of hospital service delivery.

Develop agreed national and uniform measurement criteria, performance indicators, best practice guidelines and trial competence review and audit in key areas of hospital service delivery.

SCHEDULE JDATA1. PART 11.1 Explanatory Note To Accompany Hospital Statistics Data Sheet

1.1.1 Record all admissions and bed days as whole numbers, including day patients and Nursing Home Type Patients ("NHTP").

1.1.2 The Commonwealth will obtain corresponding data from hospitals operated by the Repatriation Commission.

1.2 Key To Part 1 of Schedule J

\* "Private Patients" in recognised hospitals include patients whose treatment is being paid for by the Department of Veterans' Affairs.

\*\* "Nursing Home Type Patients - Public - NH5" refers to those public NHTPs assessed at NH5 who would be eligible for nursing home admission.

\*\*\* The "non NH5" category refers to those public NHTPs who would not be eligible for nursing home admission.

# An "Occasion of Service" is defined as any examination, consultation, treatment or other service provided to a patient in each functional unit of a health service establishment on each occasion such service is provided. Each diagnostic test or simultaneous set of related diagnostic tests for the one patient referred to a hospital pathology department consists of one occasion of service. Occasions of service also include "group sessions". "Group sessions" are the number of groups of patients/clients receiving services. Each group is to count once, irrespective of size or the number of staff providing services.

## "Private Patients" in private hospitals include patients whose treatment is being paid for by the Department of Veterans' Affairs.

### "Patients Treated and Paid For Under Contract to the Public Sector" refers to those patients treated under contract in private sector facilities paid for by the public sector.

## PART 1

## HOSPITAL STATISTICS FOR THE STATE OF QUEENSLAND

FOR THE QUARTER ENDED:

FINANCIAL YEAR:

## A. RECOGNISED HOSPITALS

The Recognised Hospitals statistics exclude private and public patients who are paid for by the Public sector but treated under contract by the Private sector.

	TOTAL AT BEGINNING OF PERIOD	CURRENT QUARTER TOTAL	ADJUSTMENTS	TOTAL AT END OF PERIOD
<b>ADMISSIONS</b>				
(includes Day Only Admissions)				
Public Patients				
Private Patients *				
Nursing Home Type Patients - Public - NH5 **				
- non NH5 ***				
Nursing Home Type Patients - Private				
Compensable Patients				
Ineligible Patients				
<b>TOTAL</b>				

<b>BED DAYS</b>				
(includes Day Only Admissions)				
Public Patients				
Private Patients *				
Nursing Home Type Patients - Public - NH5 **				
- non NH5 ***				
Nursing Home Type Patients - Private				
Compensable Patients				
Ineligible Patients				
<b>TOTAL</b>				

<b>DAY ONLY ADMISSIONS</b>				
Public Patients				
Private Patients *				
Compensable Patients				
Ineligible Patients				
<b>TOTAL</b>				

<b>OTHER SERVICES</b>				
(to be recorded as Occasions of Service #)				
Outpatient Services				
Casualty and Emergency Services				



**B. PRIVATE HOSPITAL FACILITIES****ADMISSIONS - Private Hospitals**

(includes Day Only Admissions)

Private Patients ##

Nursing Home Type Patients - Private

Compensable Patients

Ineligible Patients

**TOTAL**

TOTAL AT BEGINNING OF PERIOD	CURRENT QUARTER TOTAL	ADJUSTMENTS	TOTAL AT END OF PERIOD
------------------------------------	-----------------------------	-------------	---------------------------


Patients Treated and Paid For Under Contract ###

to the Public Sector: Public Patients

Private Patients


**BED DAYS - Private Hospitals**

(includes Day Only Admissions)

Private Patients ##

Nursing Home Type Patients - Private

Compensable Patients

Ineligible Patients

**TOTAL**


Patients Treated and Paid For Under Contract ###

to the Public Sector: Public Patients

Private Patients


**DAY ONLY ADMISSIONS - Private Hospitals**

Private Patients ##

Compensable Patients

Ineligible Patients

**TOTAL**


Patients Treated and Paid For Under Contract ###

to the Public Sector: Public Patients

Private Patients


**C. PRIVATE DAY HOSPITAL FACILITIES****ADMISSIONS**

Private Patients ##

Compensable Patients

Ineligible Patients

**TOTAL**


Patients Treated and Paid For Under Contract ###

to the Public Sector: Public Patients

Private Patients


## 2. PART 2

### 2.1 Data Requirements for Casemix Development

#### 2.1.1 The State agrees to provide the following data:

- (a) on-going biannual acute in-patient data to enhance and maintain the Australian National Diagnosis Related Groups system;
- (b) other relevant information to allow the refinement of definitions for use in casemix allocation processes;
- (c) information about other than acute patient types to allow ongoing development of casemix classification systems; and
- (d) costing information to allow on-going development of Diagnosis Related Groups cost weights and service weights.

#### 2.1.2 Data items to be provided are to be agreed by the Australian Health Ministers' Advisory Council ("AHMAC") or otherwise by the Commonwealth and the State and where data items and definitions may be amended from time to time these amendments are to be agreed by AHMAC or otherwise by the Commonwealth and the State.

## 3. PART 3

### 3.1 Additional Data Requirements

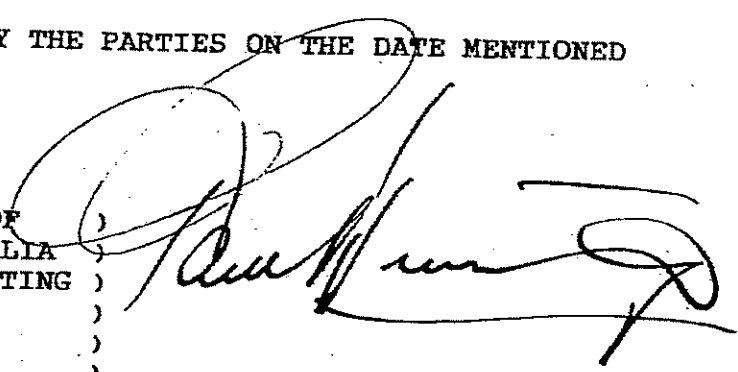
#### 3.1.1 The State agrees to provide data on:

- (a) waiting lists in accordance with Schedule E; and
- (b) health outcomes in accordance with Schedule I.

#### 3.1.2 The State also agrees to participate in surveys on the insurance status of all in-patients cross-referenced to patient election data. The format, design and timeliness for such surveys are to be agreed between the Commonwealth and the State.

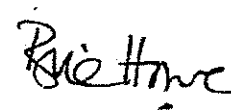
THIS AGREEMENT WAS MADE BY THE PARTIES ON THE DATE MENTIONED ABOVE

SIGNED FOR AND ON BEHALF OF  
THE COMMONWEALTH OF AUSTRALIA  
BY THE HONOURABLE P.J. KEATING



IN THE PRESENCE OF

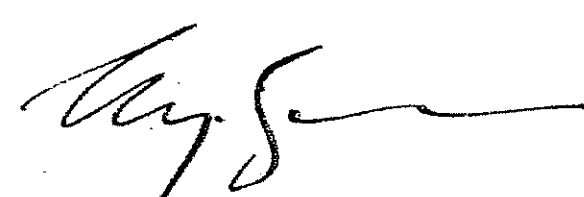
THE HONOURABLE BRIAN HOWE



SIGNED FOR AND ON BEHALF OF  
THE STATE OF QUEENSLAND

BY

WAYNE KEITH GOSS  
PREMIER



IN THE PRESENCE OF

KENNETH WILLIAM HAYWARD

