Queensland Health

Hospital and Health Services Funding and Purchasing Guidelines

2023-2024 version 1.0

Queensland Government

HHS Funding and Purchasing Guidelines 2023-2024 version 1.0

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An electronic version of this document is available at HPF Branch | Queensland Health Intranet and https://www.health.qld.gov.au/system-governance/health-system/managing/funding-model

Note: there are references linking to Queensland Health intranet, QHEPS. If the reader does not have access to QHEPS, this document can be requested from HPFB@health.qld.gov.au.

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1 Introduction

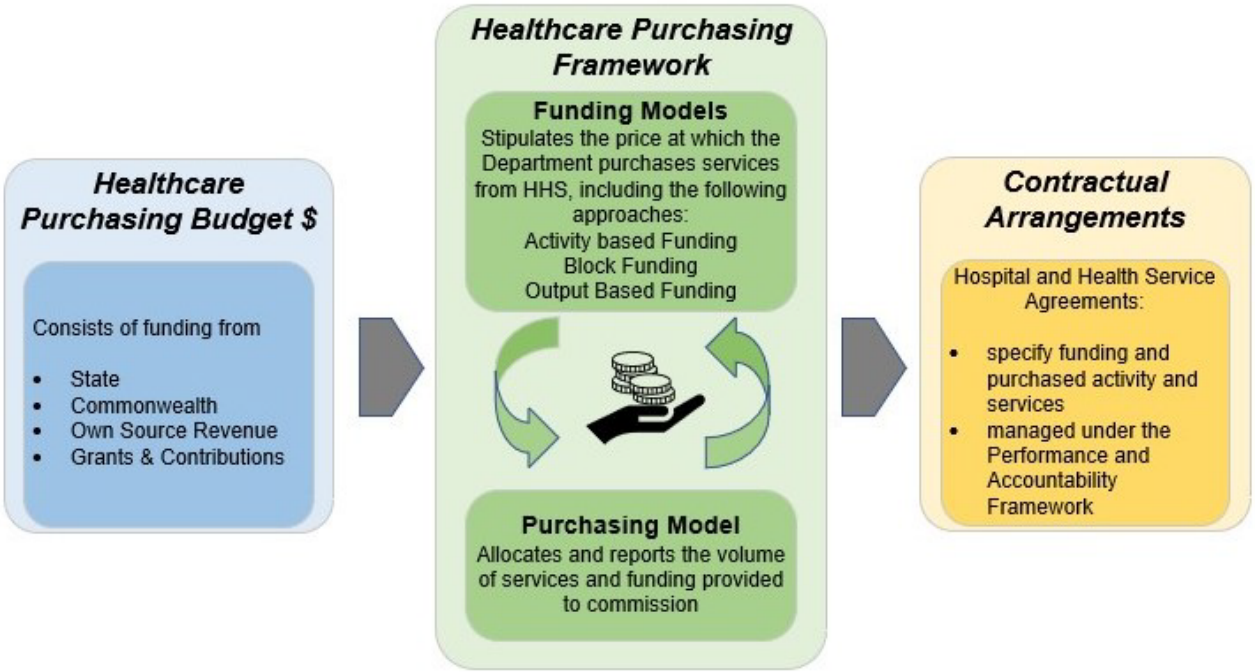
The purpose of this document is to provide an overview of the funding and purchasing arrangements for Queensland public healthcare services and the investment in contracted public health services in private and non-government organisations.. This includes the key inputs into the final budget allocations for each Hospital and Health Service (HHS), governance, operational guidelines for services and facilities funded via the Activity Based Funding model and other funding models, the relevant data and specifications related to these.

Queensland Health refers to the public healthcare sector and is comprised of the Department of Health (the Department) and 16 independent Hospital and Health Services (HHSs). Healthcare purchasing is the process by which the Department, in its role as System Manager, purchases and funds the HHSs to deliver publicly funded healthcare in Queensland. Specific expectations regarding the delivery of purchased services, as well as key performance indicators, are set out and managed within Service Agreements between the Department and HHSs.

The Healthcare Purchasing Framework (the Framework) is a key component of the healthcare purchasing cycle, consisting of:

- funding models which specify the various funding approaches that will be applied to determine the price to be paid for services; and
- purchasing model which determines the volume and mix of services commissioned to achieve specified goals and objectives.

Figure 1 The healthcare purchasing process



2 Queensland Health budget and funding sources

The annual healthcare purchasing budget is comprised of funding revenue from the following sources:

- State Government
- Commonwealth Government[1]
- Grants and Contributions
- Own Source Revenue.

Both State and Commonwealth governments contribute to the main source of public hospital funding with the significant component of funding provided under the *National Health Reform Agreement* (NHRA) further discussed in section 2.2.1.

2.1 State appropriation

State appropriation is provided by the Queensland Government and received via Queensland Treasury. State appropriation funds the State's contribution towards the NHRA, in addition to other specific State funded programs to deliver public hospital and health services.

State funding for healthcare is determined through annual government budget processes and outlined in each year's State Delivery Statement. The state purchasing pool holds funding for the following purposes:

- Activity Based Funding (ABF) for HHSs via the funding pool
- Block funding via the State Managed Fund
- Centrally receipted funds (to the Department) - see section 2.4.1
- Department grants
- State specific funding

2.1.1 Depreciation Revenue

To ensure there is no impact to the operating position of the Department and HHSs, the Department is funded state appropriation equal to its depreciation expense. Depreciation is a non-cash expense related to the change in the value of assets over time. Queensland Health can retain a portion of the depreciation revenue (state appropriation) to fund its base capital program, with the remainder of the cash being returned to Queensland Treasury via an equity withdrawal. HHSs are provided non-cash revenue equivalent to their depreciation expense via their Service Agreement.

[1] For the purposes of this document and aligned with the NHRA, Commonwealth Government is the term used for the Australian Government to distinguish from state government.

2.2 Commonwealth

2.2.1 National Health Reform Agreement

The *National Health Reform Agreement* (NHRA) is an agreement between the Australian Government and all state and territory governments and is the mechanism for the governance and financing of Australia's public hospital system. Through this agreement, the Australian Government contributes funds to the states and territories as System Managers of public hospital services.

A single National Health Funding Pool (NHFP) holds a Reserve Bank of Australia account for each state and territory that is operated by the Administrator of the NHFP (the Administrator), an independent statutory office holder. All Commonwealth funding for the NHRA is deposited into the State NHFP Account along with the State's contribution to activity-based public hospital funding. Each State and Territory has also established a State Managed Fund for the purposes of receiving funding for small rural and remote hospitals and services; teaching, training and research; and public health activities.

Commonwealth payments into the State NHFP Account are made as equal monthly instalments of an estimated annual payment. States and Territories can determine how much and when they deposit funds into the State NHFP and State Managed Funds Accounts. Further detail on the calculation of the Commonwealth contribution and NHRA funding flows is available at Appendix 1 Budget Commonwealth funding contribution.

2.2.2 Commonwealth Appropriation

Commonwealth appropriation is provided by the Commonwealth Government and received via Queensland Treasury. Commonwealth appropriation is provided for specific programs and excludes the Commonwealth's contribution to the NHRA.

2.2.3 Blood and blood products

The Commonwealth funds 63 per cent of the cost of blood and blood products provided via the National Blood Authority (NBA). HHSs (and the Department for the private sector blood use) develop blood supply plans with the NBA for public sector blood use. The Department funds blood used in the private sector in accordance with the principle that blood can be accessed by patients at no direct cost. The NBA then invoices quarterly (in advance) for the product use, based on the amounts set out in the plans, with funding reconciled against actual usage at year end.

2.3 Grants and Contributions

In some instances, arrangements may be made whereby the Department or HHS receives funding from another Government Agency (including the Commonwealth Government) in exchange for the provision of services. There are often conditions attached to these funds specifying the required outputs and benefits to be delivered. This is commonly referred to as a grant or contribution.

2.4 Own source revenue (OSR)

OSR is revenue that is generated by the Department and HHSs through the sale of goods and services (excluding State and Commonwealth revenue). There are two main recognised forms of OSR: user charges and other revenue. For more detail, refer to the Appendix 8 Technical Supplement – Specifications or Healthcare Purchasing Model on QHEPS.

2.4.1 User Charge - Centrally receipted OSR

This is revenue that is centrally negotiated by the Department and allocated to HHSs. These include:

- Queensland compulsory third party scheme—Motor Accident Insurance Commission (MAIC)
- National Injury Insurance Scheme Queensland (NIISQ)
- Department of Veteran Affairs (DVA)
- Interstate (cross border residents) which uses the ABF model.

2.4.2 User Charge - Locally Receipted OSR

This is revenue from user fee-paying and/or billable patients that includes:

- private patients (private health insurance, self-funded, bulk billed Medicare non-admitted patients);
- patients covered by other Government Departments (Department of Defence, Council of Australian Governments 19(2) exemptions and Rural Remote Medical Benefits Scheme);
- ineligible patients (Medicare ineligible, overseas visitors and asylum seekers not covered by a Reciprocal Health Care Agreement); and
- compensable patients (workers compensation, motor vehicle accident, personal injury).

2.4.3 Other Revenue

Other revenue sources include those not directly related to the provision of services to patients. Non-patient revenue can include donations, retail proceeds, Non-Government Organisations' (NGOs) research grants, leasing arrangements, trust funds and other fund-raising initiatives.

3 Funding models

The Healthcare Purchasing Model incorporates several funding approaches for purchasing health services and activity that include hospital admissions, emergency department presentations, clinic appointments, preventative health services, oral health, prisoner health, and clinical education and training. Table 1 provides a summary of the approaches used by the Department for different service types.

Table 1 Summary of funding approaches utilised by Queensland Health

Funding approach/model	Description
ABF	Predominant funding approach using nationally consistent classifications that provide a meaningful way to group patient care, each activity is a weighted measure reflective of complexity and resource requirements.
Localisation - ABF	Weighted Activity Units (WAU) added to ABF funded services to account for specific services or patient characteristics where the model may not adequately reflect state costs.
Localisations -Purchasing incentives	A portion of the healthcare purchasing budget is reserved for purchasing incentive schemes to target specific service improvement and/or healthcare initiatives.
Small hospitals block funding	Funding for smaller hospital facilities not under the ABF model (providing 3,500 total WAUs or less per annum), including psychiatric and residential mental health facilities
Services block funding	Block funded services that are not viable or covered under the ABF model
Grants	For costs incurred by ABF facilities for services that could not appropriately be met through the ABF model.
Output-based funding	Set price per unit measure of service for state reporting of outputs
Prisoner health funding	Funding allocation based on a fixed amount per prisoner, rather than based on services provided
Other funding arrangements	Miscellaneous e.g., Third party funded services

3.1 Overview of ABF

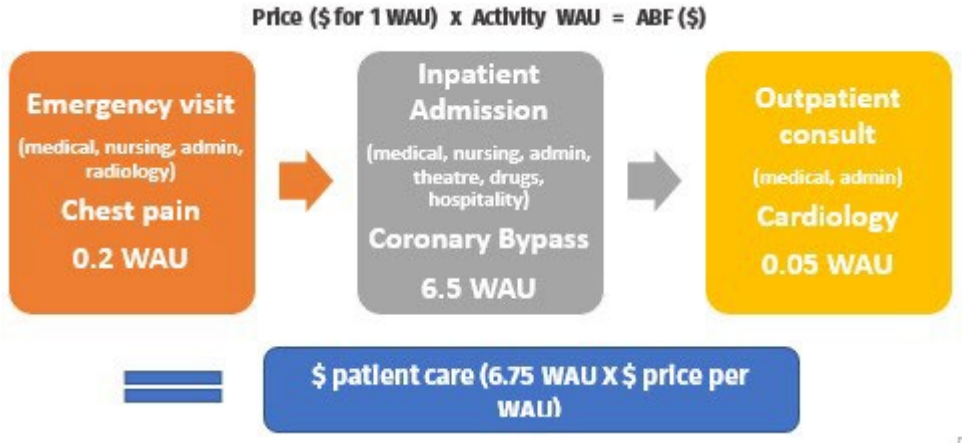
The overarching goal of ABF is to support transparency of funding to health services based upon services delivered, dependent on the mix and volume of patients treated. Each type of service provision funded by ABF are standardised based on the following key elements:

- counting the service provision

- classification of patient services
- costing the service (the average cost per unit informs the pricing that the activity will be paid).

The overall funding for a service is determined using a combination of a 'standard' or 'base price' and a unit of activity that is weighted relative to resources used, called a price weight or 'weighted activity unit' (WAU). The principle behind applying a weighting to each of the service activities is to reflect that the more resource intensive a procedure or treatment is, then the greater the price weight and therefore the cost to deliver it. The price weight is then multiplied by the price associated with one WAU to derive a funding amount.

Figure 2 Price Weight Calculation example



ABF is the model that converts admitted and non-admitted activity/services into WAU resource units. The Queensland ABF model derives from the National ABF model but includes modifications to reflect state specific priorities and service provision costs. Where ABF funding is not feasible, smaller public hospitals and other services are more appropriately funded through block grants.

See Appendix 5 for a summary of changes from the previous year that apply to the ABF model for this financial year.

3.2 National ABF model (In-scope NHRA)

Under the NHRA, the Independent Health and Aged Care Pricing Authority (IHACPA) annually determines the public hospital services that are to be funded by the Commonwealth. As outlined in the *Pricing Framework for Australian Public Hospital Services*, the General List of In-Scope Public Hospital Services (the 'in-scope services') for Medicare eligible patients for Commonwealth NHRA funding include:

- Admitted program services, including hospital-in-the-home programs
- Emergency services
- Other outpatient, mental health, subacute services and other services that could reasonably be considered a public hospital service.

The Pricing Framework outlines the principles, scope and methodology that determine the National Efficient Price (NEP) used for ABF facilities and the National Efficient Cost (NEC) for block public hospital services for each financial year. The technical accompaniment to the annual NEP and NEC Determinations is detailed in the *National Pricing Model Technical Specifications*.

In line with principles of the NHRA, the intent is to apply ABF funding in Queensland where technical requirements (such as minimum data requirements) can be met.

3.2.1 Funding by activity classifications

For ABF funding, each service has its own classification that group patient encounters for counting as listed in Table 2 ABF counting units and classifications. For more detail about the classification version, refer to Appendix 3 ABF classifications and Appendix 7 Technical Supplement - Qld and National ABF Model Price Weight Tables.

Table 2 ABF counting units and classifications

Activity type	Counting unit	Classification
Admitted acute	Patient episode/encounter	Australian Refined Diagnosis Related Groups (AR-DRG)
Admitted Sub and non-acute patient (SNAP)	Patient episode/encounter and/or palliative phase(s) of care	Australian National Sub-acute and Non-Acute Patient (AN-SNAP)
Admitted Mental Health	Phase(s) of care within a patient episode	Australian Mental Health Care Classification (AMHCC)
Emergency Department (ED)	Presentation at Emergency facility level 3B to 6	Australian Emergency Care Classification (AECC)
Emergency Services (ES)	Presentation at Emergency facility Level 1 to 3A	Urgency Disposition Groups (UDG)
Non-admitted	Service event	Tier 2 Non-Admitted Services Classification

3.2.2 National Efficient Price (NEP)

The IHACPA annually determines the NEP, a single national price based on the average cost of public hospital admitted acute activity for the three years prior from all states and territories, indexed to the current year. This average price is applied in the calculation of Commonwealth funding to eligible in-scope public hospital services as set out in the National Efficient Price Determination.

All price weights are expressed as a single unit of measure being the National Weighted Activity Unit (NWAU) and guides the Commonwealth contribution to the state for ABF services.

3.2.3 National Adjustments

The National ABF model includes several adjustments to NWAUs to account for specific circumstances where there are legitimate and unavoidable variations in the costs of delivering health care services which are otherwise not adequately covered by the model. There are various loadings (e.g. patient residential remoteness, indigenous, and safety and quality) that are applied the WAU calculation. For more detail about those adjustments and application, refer to the annual NEP Determination and Appendix 2 ABF model - ABF national adjustments.

The National funding model is the mechanism by which the Administrator of the National Health Funding Pool calculates the growth in the Commonwealth funding contribution to Queensland in accordance with the NHRA.

3.3 Queensland ABF model

The Queensland ABF model utilises the price weights developed nationally and adapts elements to the Queensland context. These localisations cover the variation in Queensland costs and support the achievement of key strategic objectives of the Queensland Health system.

3.3.1 Queensland localisations

Where localisations have been applied variations between NWAU and Queensland Weighted Activity Units (QWAUs) will occur. The Queensland 'Generated Weighted Activity Unit' (GEN_WAU) information system captures all service volumes and activity classifications, as well as derives QWAUs and NWAUs where hospital activity is required to be reported and monitored.

The Queensland system monitors HHS performance on QWAUs. For completeness, a summary of key differences between the Queensland and national ABF models is provided in Appendix 2 ABF model- ABF WAU calculation – National and Queensland comparison.

Queensland ABF model application

There are some services provided by ABF facilities that vary in pricing to the national average cost. This is driven by the lack of specificity, i.e. In the case of virtual care, or the system structure within Queensland varies by location.

Where specificity of a particular program is required to be recognised, these services have been identified as part of the Assessment Framework for Specified Grants (see section 3.5.1 Specified Grants) and a localisation systematically applied as a percentage WAU loading (funding top-up) in the GEN_WAU system (refer Appendix 4 Qld localisations – ABF and Purchasing Incentives 2023-24).

ABF localisations are reviewed to ensure any loadings reflect local needs following annual updates to the national ABF model.

Purchasing incentives

The Queensland purchasing approach comprises a range of purchasing incentives designed to support the delivery of efficient, effective and high value care. Some of the principal areas targeted by purchasing incentives include:

- **Workforce:** incentivising models of care and scope of practice that utilise workforce in different ways or build in future capacity.
- **Virtual care:** supports HHSs to continue to grow established and proven telehealth models, reducing the need for consumers to travel to hospital where clinically appropriate.
- **OSR:** supporting investment in new models of care that can be sustained with careful balance between public funding and alternative mechanisms.

Incentives can take the form of incentive payments and/or price adjustments. The incentives are detailed in the specifications published on HPM | Queensland Health Intranet.

3.3.2 Queensland Efficient Price

The ABF purchasing pool is comprised of the total funding within the scope of the Queensland ABF model. This value combined with the level of recurrent activity purchased determines the Queensland Efficient Price (QEP). The QEP is utilised to determine the associated weighted activity units to purchase for growth in NHRA ABF services, .

Further detail in the Qld Purchasing price within the Appendix 8 Technical Supplement – Specifications or HPM specifications on QHEPS).

3.4 Small hospitals and block funding model

Block funding is applied for smaller hospitals and other services (such as teaching and training) where the ABF model is recognised as unsuitable to cover the associated costs. IHACPA publishes the annual *National Efficient Cost Determination* which defines 'those public hospitals and services where:

- the technical requirements for applying ABF are not able to be satisfied; and
- there is an absence of economies of scale that mean some services would not be financially viable under ABF.'

3.4.1 Small hospitals

Based on the annual total NWAU, IHACPA has determined 'low-volume' thresholds that form block funding eligibility criteria.

Under these thresholds, the NEC (IHACPA, 2023) states that 'hospitals are eligible for block funding if:

- they are in a metropolitan area (defined as 'major city' in the Australian Statistical Geography Standard (ASGS)) and they provide less than or equal to 1,800 admitted patient national weighted activity units (NWAU) per annum; or
- they are in a rural area (defined as all remaining areas, including 'inner regional', 'outer regional', 'remote' and 'very remote' in the ASGS) and they provide less than or equal to 3,500 total WAU per annum.'

Hospitals and facilities in scope for block funding include:

- small rural hospitals
- standalone hospitals providing specialist mental health services, e.g. Psychiatric Hospitals
- standalone major city hospitals providing specialist services (e.g. mothercraft, dental and dialysis)
- other standalone hospitals.

The NEC informs the Commonwealth's funding contribution to Queensland for block funded facilities. Further information regarding block funded hospitals, refer the NEC Determination on IHACPA's website, as well as the Qld Block funding specifications in the Technical Supplement – Specifications.

3.4.2 Services block funding

IHACPA has determined that the following services in ABF hospitals were eligible for block funding as the ABF counting and/or costing technical requirements cannot be met:

- Teaching, Training and Research Non-admitted mental health services including community bed-based mental health services (such as Community Care Units and Step Up Step Down services); specialised community/ambulatory mental health services (including adult, older persons, forensic) and child and youth community mental health services;
- Non-admitted Home Ventilation Services (as defined by Tier 2 Non-Admitted Services class 10.19);
- High cost, highly specialised therapies;
- A17 List services not considered a public hospital service but which IHACPA is satisfied was provided by a particular hospital in 2010 (per clause A17 of the NHRA); and
- Other public hospital programs.

3.5 Grants for ABF facilities

Grants, applicable to ABF facilities, are funded from a portion of the total ABF pool available.

3.5.1 Specified Grants

Specified Grants are provided to HHSs for costs incurred by ABF facilities for services, which could not be appropriately funded through the ABF model. Beside covering services where an ABF classification failure occurs or is inadequate, these grants also encompass services critical to the delivery of public hospital services but do not give rise to activity attracting ABF funding. These include: clinical advisory and patient management services; high cost patient outliers, Limited Indication Medication Scheme; and endorsed statewide services (refer Statewide Services on QHEPS), e.g. Clinical Genetics, Paediatric patient Retrieval services and Adolescent Mental Health Extended Treatment.

Grants are reviewed under the Department's *Assessment Framework for Specified Grants* (available on QHEPS) based on the steps outlined in IHACPA' *Assessment of Adjustments to the National Pricing Model Policy* with the delivery of ABF services by HHSs and details of grants applied are listed within the relevant HHS service agreements.

3.5.2 Other Grants

In 2023-24 a number of other Specified Grants have been identified in the Healthcare Purchasing Model to isolate material funding values which do not relate to WAU generation into more appropriate categories. These grants are separate to those covered by the Assessment Framework mentioned above,

3.5.3 Teaching, Training and Research

The Queensland funding model provides funding for Teaching, Training and Research (TTR), formerly known as Clinical Education and Training, to recognise the true cost and value of TTR in the public health system. TTR funding is allocated for the mix and level of staffing employed, jointly appointed clinical academics and the number of under-graduate / post-graduate student clinical placements in the HHS. The student scope and methodology is detailed in the

specification sheet within the Appendix 8 Technical Supplement – Specifications and on HPM specification on QHEPS.

For actual TTR grants, refer to the 'HHS Total Funding Allocation by Funding Source' within each HHS Service Agreement.

3.6 Other funding models

Other funding models have been developed for those public health services which are outside the scope of the NHRA ABF and Block funding models.

3.6.1 Output Based Funding

In Queensland, some HHS services are alternatively funded on an output basis. In general, funding is tied to a purchased number of service outputs (such as the number of breast screens) and paid at a set price per service (price will differ between HHS regionality reflecting cost differences and between output models). For more detail, refer to the relevant specification sheets of the Breastscreen and Oral Health models in Appendix 8 Technical Supplement – Specifications.

3.6.2 Prisoner health funding

Prisoner primary care health services are funded as a fixed amount per person reflecting the health needs of the total prison population, rather than based on services rendered. This funding methodology determines the total funding pool available for distribution to HHSs by establishing a per annum funding amount per prisoner multiplied by the total forecast prisoner populations. Funding is then distributed to each relevant HHS based on its proportion of the total prison population, prisoner turnover, and with the security level of the correctional centre. For more detail, refer to the Offender Health specification sheet in the Appendix 8 Technical Supplement – Specifications.

3.6.3 Discretely funded programs

Community state-wide services – limited HHS delivery

Several community services are offered statewide by a small number of representative HHSs including:

- Consumer Information services including the Kids Help Line and Alcohol and Drug Information Service are offered by Children's Health Queensland HHS and Metro North HHS.
- Disability Residential Care Services.
- Environmental Health services are provided by public health units in twelve HHSs8.
- The Home and Community Medical Aids and Appliances service is primarily facilitated through Metro South HHS and funded under the Queensland Medical Aids Subsidy Scheme (MASS).

Third party funded health services

The Department has historically subsidised HHSs for the delivery of a range of 'third party funded services' that are the responsibility of the Commonwealth or other agencies. These services include:

- Aged Care Assessment Program (ACAP)
- Home and Community Care (HACC)
- Home Care Packages
- Multi-purpose Health Services (MPHS)
- Residential Aged Care
- Transition Care program.

See specification sheets on HPM | Queensland Health Intranet.

The following principles will apply to the funding of these services:

- No state subsidy will be provided for services/programs that are the responsibility of another jurisdiction or state government agency (except for MPHS, Transitional Care and Residential Aged Care). HHSs retain the capacity to deliver these services beyond the third party funding levels but will not receive a specific funding allocation for these services from the Department.
- Exemptions may apply for HHSs deemed to be the provider of last resort for a particular service that is not the responsibility of Queensland Health.
- Funding that is provided from a third party agency to the Department to distribute to HHSs will be specified in service agreements and based on historical revenue from the previous year. This will be reconciled upon receipt of funding from third party agency.
- Funding under existing joint agreements will continue e.g. Transition Care funding whereby the Department will fund twenty-five per cent of the total cost of the Transition Care program.
- Funding for Residential Aged Care and MPHS incorporates both Commonwealth funding and State contributions for Residential Aged Care and MPHS.

Other

In addition to funding already described, HHSs may also receive funding for programs outside of the NHRA.

Funding for priority health initiatives including:

- State Government (e.g. nurse navigators)
- Commonwealth/State Government co-funded (e.g. Dental National Partnership Agreement)
- Other Funding:
- Capital
- Transition Care

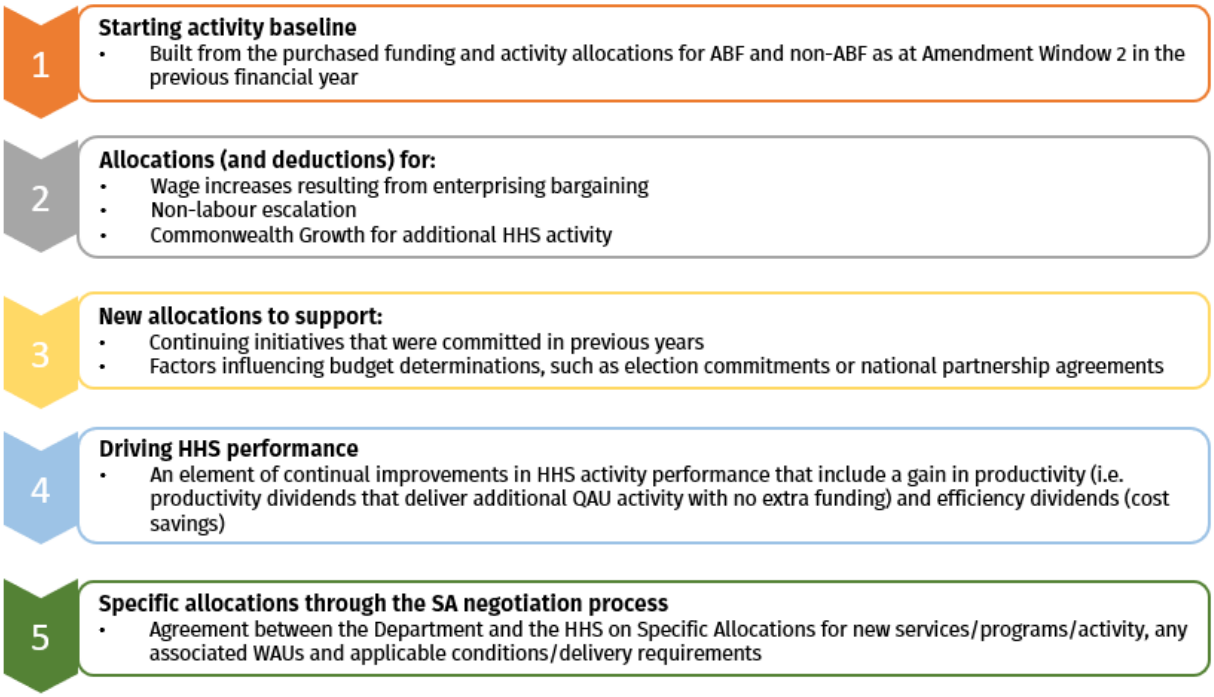
4 Healthcare Purchasing Model

The Queensland Healthcare Purchasing Model (HPM) is the mechanism for determining how much and what types of healthcare services are purchased with the available health budget, and how the associated funding and activity will be distributed across HHSs. For more information, see the HPM | Queensland Health Intranet. Allocations, made through the purchasing model, are influenced by the various funding approaches discussed in Chapter 3 Funding models and the service agreement negotiation process.

4.1 The process for determining health service purchasing and HHS funding

The healthcare purchasing process begins with determining the healthcare purchasing budget for the forthcoming financial year. The starting allocation of the available budget ('Budget build process') is informed by historical recurrent funding levels based on the mix and volume of service activity; any non-recurrent budget allocations; and known future funding commitments for Queensland identified priorities.

Figure 3 Process for allocating the healthcare purchasing budget to HHSs



After the initial service agreement of purchased services and funding has been negotiated with each HHS for a financial period, any in-year changes to funding and activity allocations that are agreed through the Amendment Window process (see Chapter 5) are then incorporated and reported in the purchasing model.

4.2 HPM Outputs/Reporting

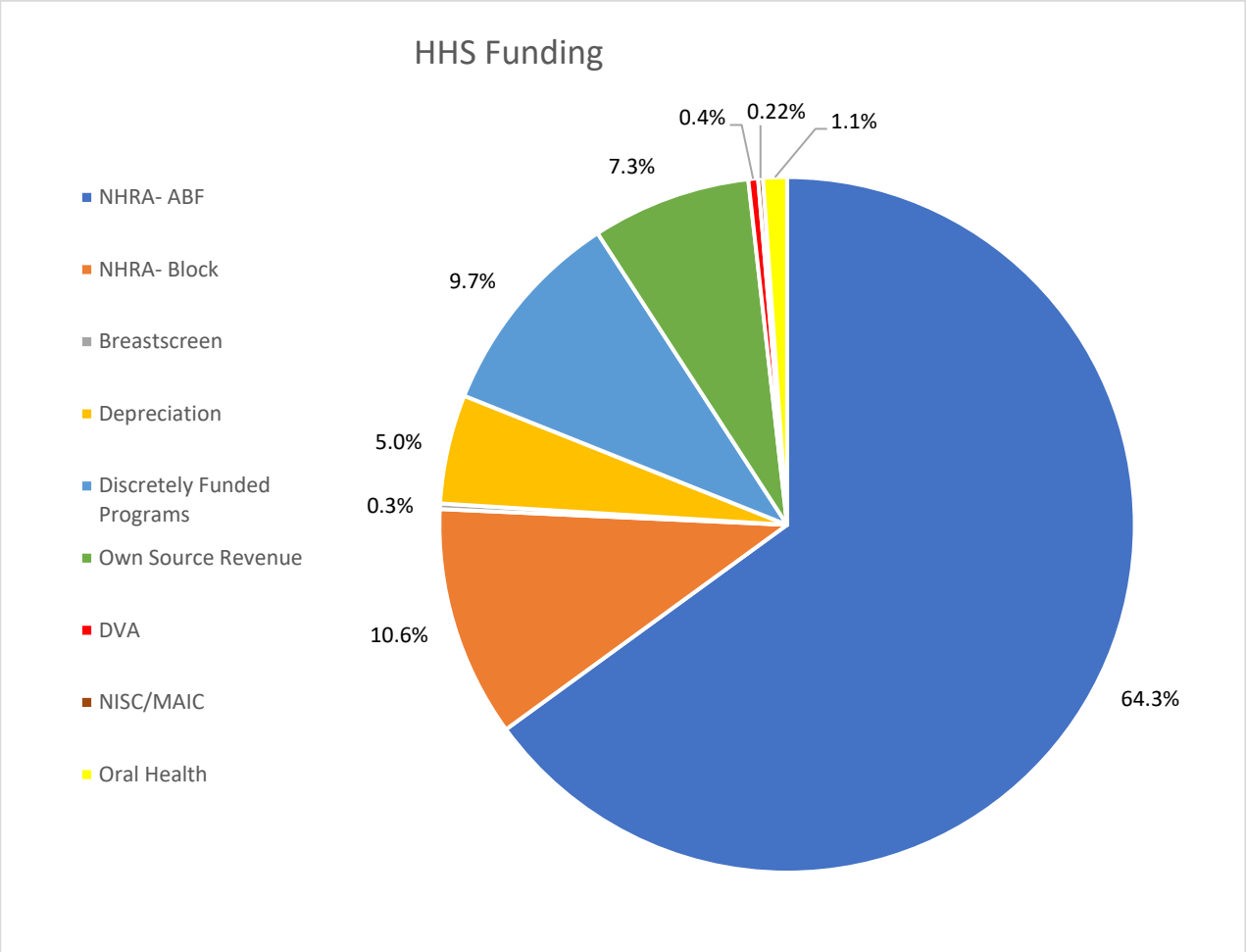
The HPM reports distinct funding sources of activity, services and programs with these summarised in Figure 3 (detailed breakdowns in Appendix 6 Healthcare Purchasing Model Funding Sources - HPM mapping of calculated funding source, Total Funding Allocation in Appendix 8 Technical Supplement – Specifications or HPM specifications on QHEPS).

1. NHRA – ABF (Commonwealth and State contributions into ABF Pool)
2. Statewide Services – highly specialised complex clinical and clinical support services delivered by one or two HHSs across the state
3. Specified Grants – ABF funding and classification inadequately covers the actual cost or scope of services provided
4. NHRA - Block funded (Commonwealth and State contributions into the State Managed Fund)
5. Department of Veteran Affairs (DVA) funding
6. National Injury Insurance Scheme/Motor Vehicle Insurance
7. BreastScreen
8. Oral Health
9. Discretely funded programs (non-ABF services)

   - Commonwealth and State contributions within the System Manager account, and locally receipted by the HHS direct from the funder, e.g. Aged Care Assessment Program, Prisoner Health Services, Residential Aged Care Services.

10. OSR - Funds generated directly by the HHS.

Figure 4 2023-2024 HPM Allocations by fund source



Source: 2023-2024 Queensland HHS Purchasing Model (SPR as of 30 June 2023), Funding Allocations table

The HPM aggregates the sources of revenue into three main 'accounts':

- ABF Pool (National Health Funding Pool) – ABF funding model
- State Managed Fund – Block funding model
- System Manager - mix of State and Commonwealth contributions e.g. Corporately receipted grants /user charges, State/Commonwealth appropriation.

Note: OSR and Depreciation are not included in the above accounts.

4.3 HHS Activity Reconciliation

Funding allocations and purchased activity levels are reviewed and updated in-year based on performance and any new investment that may become available. Changes are enacted via an amendment to the HHS service agreement.

The process for reconciling the funding associated with the delivery of QWAUs is outlined in Appendix 8 Technical Supplement – Specifications or HPM page on QHEPS.

5 HHS Service Agreements

Purchased levels of service activity and funding guided by the Purchasing Framework are set out in a HHS service agreement as stipulated by the Hospital and Health Boards Act 2011. The service agreement defines the health services, teaching, research and other services that are to be provided by the HHS and the funding to be provided to the HHS for the delivery of these services (both ABF and non-ABF services). The service agreements also specify the Queensland Health Performance and Accountability Framework that defines the outcomes that are to be met by the HHS, as well as the associated mandatory departmental activity reporting requirements which will support how its performance will be measured.

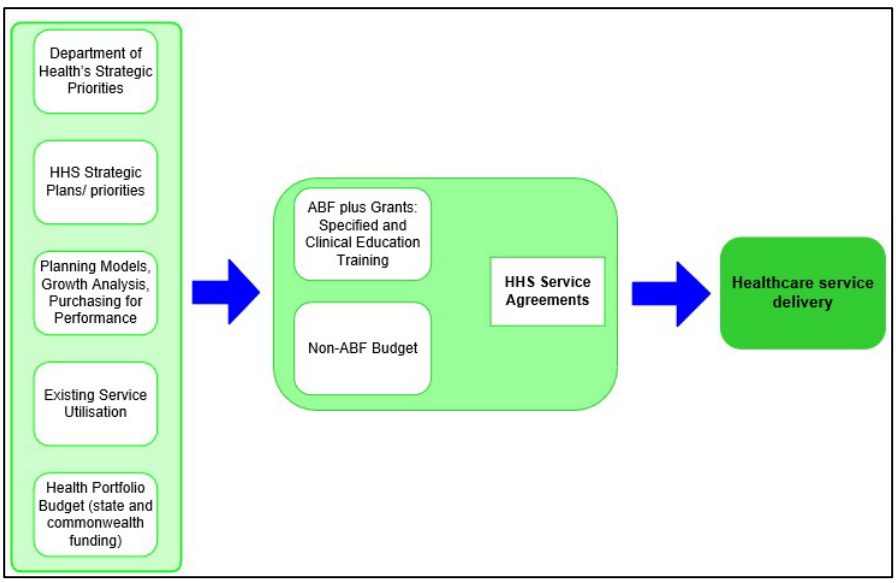
The current service agreements cover a three-year period. However, funding and purchased activity is re-negotiated annually, with further in-year variations being made through the service agreement amendment cycle at set periods throughout the year. Amendment proposals can be submitted between the Department of Health and a HHS, or between one or more HHSs. Amendments may include:

- changes to funding (provision or withdrawal)
- changes to purchased activity levels
- changes to service agreement clauses
- changes to or movement of functions
- or establishment of a new service.

Any agreed changes are processed in the HPM and reflected in updated service agreements re-published at the close of each window, articulating the funded position of each HHS and the Department's System Manager position at a point in time.

Further information on service agreements is available on http://www.health.qld.gov.au/system-governance/health-system/managing/agreements-deeds. Figure 5 summarises the processes behind the development of service agreements with the HHSs.

Figure 5 Development of service agreements with the HHSs



Appendices

Appendix 1. Budget

Commonwealth funding contribution

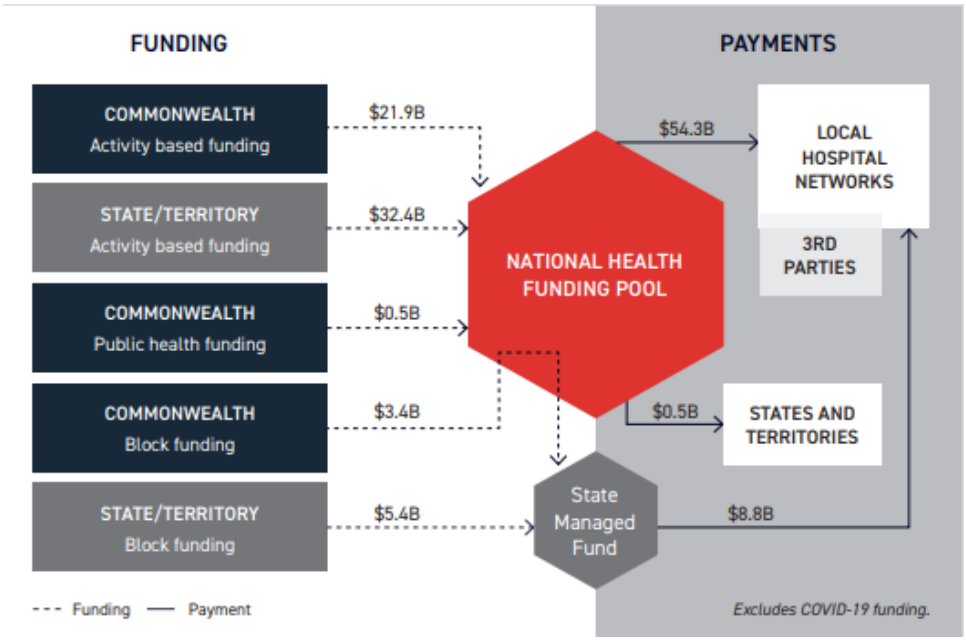
The Administrator of the National Health Funding Pool (NHFP) has responsibility for calculating the Commonwealth contributions to states and territories and ensuring deposits into the NHFP are in line with the National Health Reform Agreement (NHRA), and that Block and Teaching, Training and Research (TTR) funding for public hospitals and other public sector health services, flow through a separate and discrete account called the State Managed Fund (SMF).

To increase transparency in the funding of health services and as required under the NHRA and Hospital and Health Boards Act 2011, separate bank accounts have been established as follows (refer also Figure 6 Public Hospital Funding Payment Flows, 2022-23):

- Commonwealth ABF is deposited into the NHFP then distributed directly to HHSs' bank accounts. State ABF is transferred from the Department's operating account to the NHFP and then distributed to the HHSs.
- Commonwealth Block Funding is deposited into the NHFP then transferred to the SMF and distributed to HHSs. Similarly, State Block Funding is transferred from the Department's operating account to the SMF then distributed to HHSs.
- Commonwealth TTR Funding is deposited to the NHFP, then transferred to the SMF then distributed to HHSs. Similarly, State TTR funding is transferred from the Department's operating account to the SMF then distributed to HHSs.
- Commonwealth Public Health Funding is deposited to the NHFP then transferred to the Department's operating account.

Other system manager funds are paid directly to HHSs from the Department's operating account and do not form part of the NHRA funding arrangements.

Figure 6 Public Hospital Funding Payment Flows, 2022-23



Source: (Administrator National Health Funding Pool, 2022-23)

Appendix 2. ABF model

ABF WAU calculation – National and Queensland comparison

Component	Calculation of National (NWAUs)	Calculation of Queensland (QWAUs)
Base price weights	NEP23	Q26
Admitted Acute patients	• AR-DRG classification v11.0	• Same classification
	• Private patients discounted to account or the alternative funding source	• Private patients OSR adjustment is calculated for each activity to take account the OSR contribution
	• Pharmaceutical Benefits Scheme (PBS) excluded	• PBS value calculated and reported
		• Qld localisations – ABF and Purchasing initiatives
Admitted Mental Health patients	• AMHCC v1.0 • If no AMHCC code or phase details, acute AR-DRG classification applied	• Same classification
	• Private patients discounted to account for the alternative funding source	• Private patients OSR adjustment is calculated for each activity to take account the OSR contribution
	• PBS excluded	• PBS value calculated and reported
Admitted Subacute and Non-Acute patients	• AN-SNAP classification v4.0v (with shadow weights for V5.0) • If unable to assign to an AN-SNAP code, acute AR-DRG classification applied	• Same classification
	• Private patients discounted to account for the alternative funding source	• Private patients OSR adjustment is calculated for each activity to take account the OSR contribution
	• PBS excluded	• PBS value calculated and reported
		• Qld localisation - ABF
Emergency Department patients	• AECC v1.0	• Same classification • Qld localisation – Purchasing initiatives
Emergency Services patients	• UDG classification v1.3	• Same classification • Qld localisation – Purchasing initiatives
Non-admitted patients	• Tier 2 Non-Admitted Services Classification v8.0	• Same classification
	• Private patients - no NWAU	• Private patients OSR adjustment is calculated for each activity to take account the OSR contribution
	• PBS excluded	• PBS value calculated and reported

Component	Calculation of National (NWAUs)	Calculation of Queensland (QWAUs)
	• NWAU as per Tier 2 weights for electronic mail and telephone consults	• A fixed rate for electronic mail and telephone consults
	• Receiving Telehealth to specific telehealth clinics	• Receiving Telehealth funded by clinical specialty
		• Qld localisation – ABF and Purchasing initiatives

ABF national adjustments

National Adjustment (NWAU) by order of application	Definition/scope	Activity	Qld application (QWAU)
Paediatric APaed	Person aged up to and including 17 years and treated by a specialised children's hospital	AA, AMH, NAP	Applied
Patient Residential Remoteness Areas (outer regional, remote, very remote) ARes	Residential address is within an area that is classified as being outer regional, remote or very remote	AA, ASNAP, AMH, NAP, ED[1]	Applied
Indigenous AInd	Person who identifies as being of Aboriginal and/or Torres Strait Islander origin	AA, ASNAP, AMH, NAP, ED	Applied
Radiotherapy ART	Person with a specified Australian Classification of Health Interventions (ACHI) radiotherapy intervention code assigned.	AA, SNAP, NAP	Applied
Dialysis ADia	Person with a specified ACHI dialysis intervention code who is not assigned to the AR-DRGs L61Z Haemodialysis or L68Z Peritoneal Dialysis	AA, SNAP, NAP	Applied
Multidisciplinary Clinic ANMC	Non-admitted service event where three or more healthcare providers (each of a different specialty) are present, as identified using the non-admitted 'multiple healthcare provider indicator'	NAP	Applied[2]
Patient Treatment Remoteness Areas (remote, very remote) ATreat	Person who receives care in a hospital which is within an area that is classified as being remote or very remote	AA, ASNAP, AMH, NAP, ED, ES	Applied
Intensive Care Unit (ICU) AICU	Admitted acute patient who is not represented by a newborn/neonate AR-DRG identified as 'bundled ICU' but has spent time within a specified ICU.	AA	Applied
Private Patient Service APPS	Eligible admitted private patient.	AA, ASNAP, AMH	**Applied - reported against OSR**[3]
Private Patient Accommodation AAcc	Eligible admitted private patient.	AA, ASNAP, AMH	**Applied - reported against OSR**[3]

National Adjustment (NWAU) by order of application	Definition/scope	Activity	Qld application (QWAU)
Hospital Acquired Complications (HAC) AHAC	Admitted acute episode where one or more HAC is present - the larger of the HAC adjustments applies if multiple HACs.	AA[4]	Applied[5]
Avoidable Hospital Readmissions RAHR	Admitted acute episode where the patient was discharged from hospital and admitted again within a certain time interval and the readmission is clinically related to the index admission and had the potential to be avoided through improved clinical management and/or appropriate discharge planning in the index admission. The risk adjustment factor is applied to the price of the readmission episode, and the result is used to adjust the index episode	AA[4]	Applied[6]

Legend: AA (Admitted Acute), AMH (Admitted Mental Health), ASNAP (Admitted Sub Non-Acute Patient); ED (Emergency Department), ES (Emergency Services); NAP (Non-Admitted Patient).

Notes:

1. ED excludes outer regional

2. Outpatient telephone/email excluded

3. QWAU represents the total resource requirement including private patient OSR (while NWAU represent the publicly-funded resource requirements for an admitted episode).

4. Only ABF facilities

5. All care types and all facilities – see Safety and Quality specification sheet on HPM | Queensland Health Intranetl.

6. All facilities – see Safety and Quality specification sheet on HPM | Queensland Health Intranet l.

Refer to Qld and National ABF Model Price Weights and Adjustments on Resources for healthcare funding and costing on QHEPS for further detail of percentage adjustments.

Safety and quality

An Addendum to the National Health Reform Agreement 2011 was signed in July 2017 which includes an undertaking for safety and quality to be integrated into the pricing and funding of public hospital services with the aim of improving health outcomes, avoiding funding unnecessary or unsafe care and decreasing avoidable demand for public hospital services. These amendments have been continued in the *2020-25 NHRA*. This reform focuses on the introduction of funding and pricing adjustments that aim to reduce incidences in three key areas.

1. **Sentinel events (commenced 1 July 2017)**

- This is a particular type of serious incident that is wholly preventable and has caused serious harm to or death of a patient" that must satisfy the following criteria: should not have occurred where preventative barriers are available; there is evidence the event has occurred in the past; and the event is easily recognised and clearly defined.
- IHACPA will apply the Australian sentinel events list version 2 to the state funding calculation with the associated NWAU value will be deducted by the Administrator.
- Queensland will apply the same list as a purchasing localisation with QWAUs and dollars deducted through the HHS service agreement amendment process.

2. **Hospital Acquired Complications (commenced 1 July 2018)**

- This is a complication for which clinical risk mitigation strategies may reduce (but not necessarily eliminate) the risk of that complication occurring.
- Risk-adjusted funding approaches have been developed for 13 of the 16 nationally agreed HAC groups (excluding third degree perineal lacerations, birth trauma and unplanned ICU). The NWAU/QWAU value for a hospital patient is automatically reduced where a patient suffers one or more of the designated HACs. The size of the weighted activity unit adjustment at the episodic level reflects the expected extra percentage increase in cost caused by the HAC group with the highest adjustment value, risk-adjusted for any characteristics of the patient which make them inherently more susceptible to a particular HAC.

3. **Avoidable hospital readmissions (commenced 1 July 2021)**

   A readmission that occurs within a certain time interval from the index admission and:

- is clinically related to the index admission, and
- has the potential to be avoided through improved clinical management and/or appropriate discharge planning in the index admission.

If an admitted acute patient experiences an avoidable hospital readmission in the same jurisdiction as their initial admission (index episode) then the NWAU/QWAU value of the index episode is reduced to reflect the average incremental cost attributable to the complication (e.g. longer stay, higher complexity).

Further information on pricing for safety and quality is available in the NEP Determination with the HAC / AHR risk adjustment methodology available in the National Pricing Model Technical Specifications. The Queensland application of the national adjustments are detailed in Safety and Quality adjustment Specification sheet in the Appendix 8 Technical Supplement – Specifications and on the Resources for healthcare funding and costing page in QHEPS.

Appendix 3. ABF classifications

For the relevant version price weights of each funding classification applicable for a financial year, see Appendix 7 Technical Supplement - Qld and National ABF Model Price Weight Tables, and further information can be discovered on the IHACPA's website:

- National Efficient Price Determination
- National Pricing Model Technical specifications

Admitted Acute

Scope:

Care in which the principal clinical purpose or treatment goal is to: manage labour (obstetric); cure illness or provide definitive treatment of injury; perform surgery; relieve symptoms of illness or injury (excluding palliative care); reduce severity of an illness or injury; protect against exacerbation and/or complication of an illness and/or injury which could threaten life or normal function; or perform diagnostic or therapeutic procedures. It includes Newborn (patient born in hospital or is nine days old or less at the time of admission) care but excludes mental health and sub-acute care.

Refer to Queensland Health Admitted Patient Data Collection (QHAPDC) - Care type 1 Acute, and 5 Newborn

Classification and counting unit:

Acute episodes of care are grouped into clinically similar, and resource homogenous groups based on the principal reason for admission using the AR-DRG classification system, which includes the standards: International Statistical Classification of Diseases and Related Health Problems, Tenth Revision, Australian Modification (ICD-10-AM), ACHI and Australian Coding Standards (ACS) (collectively known as ICD-10-AM/ACHI/ACS) Twelfth Edition.

The counting unit is 'episodes of care for an admitted patient'.

Data collection and reporting:

- Source - Queensland Hospital Admitted Patient Data Collection (QHAPDC)
- National reporting - Admitted patient care National Minimum Data Set (NMDS) and IHACPA data specifications

Payment based on inlier and outlier modelling

Funding for acute admitted patients is based on payment for each episode of care, which is a phase of treatment that ends when the clinical intent of care changes or the patient is formally discharged from hospital.

Payment methodology for acute admitted patients

The payment model for acute admitted care is based on episodic payments plus per diem payments for outlier days, and includes adjustments for HACs, ICU, paediatric, indigenous, remote areas on both patient's place of resident and place of treatment, radiotherapy treatment and dialysis and Queensland localisations. Refer to Appendix 2 ABF model - ABF national adjustments and Appendix

4 Qld localisations – ABF and Purchasing Initiatives for further information on adjustments available for acute admitted patients.

In the AR- DRG classification, several DRGs are set as same day based on the patient being admitted and discharged on the same day, i.e. the upper and lower trim points are set at one day and the word 'Same day' is part of the DRG name.

WAUs for acute admitted patients are based on:

- same day price weight for episodes that are day only, or
- short stay base price weight + short stay per diem price weight for episodes that are overnight but less than the lower boundary, or
- inlier price weight (for episodes within the lower and upper boundaries) + long stay per diem price weight (for episodes exceeding the upper boundary).

It should be noted that all per diem calculations are based on the fractional length of stay of the patient.

DRGs designated for a separate same day payment are identified in the acute admitted patients AR-DRG schedule with a '1' in the column 'same-day payment list', refer to Qld and National ABF Model Price Weights and Adjustments on Resources for healthcare funding and costing on QHEPS

Critical care delivered via ICUs and funding adjustments

Critical care is an area that utilises significant resources in the treatment of patients, which an AR-DRG alone does not reflect. Therefore, additional funding (in the form of an adjustment) over and above the acute admitted patient payment is made where a patient is admitted to an eligible ICU, Neonatal Intensive Care Unit (NICU) or Paediatric Intensive Care Unit (PICU). Eligibility is based on ICU hours >24,000 hours per annum with >20 per cent continuous mechanical ventilation (see applicable facilities in the Qld and National ABF Model Price Weights and Adjustments on Resources for healthcare funding and costing on QHEPS.

For ICU (including PICU) and NICU adjustments, refer to Appendix 2.2 ABF Adjustments. For each hour in an eligible ICU or recognised NICU, a QWAU loading will apply. The ICU QWAU is in addition to the inlier episodic WAU and a long stay per diem WAU.

Adjustment for Paediatric

The paediatric adjustment applicable for all paediatric patients admitted to Specialised Children's Hospitals[4], incorporates PICU however PICUs located in facilities with a specified ICU also receive the ICU QWAU loading. Refer column headed 'Paediatric Adjustment' applicable for each AR-DRG in the Admitted Acute section of the Qld and National ABF Model Price Weights and Adjustments on Resources for healthcare funding and costing on QHEPS.

Adjustment for Renal Dialysis patients

An adjustment is available for an admitted patient with a specified ICD-10-AM renal dialysis diagnosis code who is not assigned to the AR-DRG L61Z Haemodialysis or AR-DRG L68Z Peritoneal Dialysis. For more information, refer to Qld and National ABF Model Price Weights and Adjustments on Resources for healthcare funding and costing on QHEPS

Admitted Sub-acute and Non Acute Patients (SNAP)

Scope:

SNAP are classified according to their functional status, rather than their principal medical diagnosis. The Australian National Sub and Non-acute Patient (AN-SNAP) classification consists of the following care types:

- rehabilitation care
- palliative care
- geriatric evaluation and management (GEM)
- psychogeriatric care
- maintenance (non-acute) care.

The QHAPDC assignment of Care types is as follows: 9 Geriatric Evaluation Management; 10 Psychogeriatric care; 11 Maintenance care; 20 Rehabilitation; 30 Palliative.

Classification and counting unit:

Assignment to an AN-SNAP class relies on information such as care type, impairment type (for rehabilitation), age, phase (for palliative care)[5] and a functional assessment score using the relevant activity of daily living (ADL) assessment score, i.e. Resource Utilisation Groups (RUG), Functional Improvement Measure (FIM), Health of the Nation Outcome Scales (HoNOS).

The following table lists the ADL tools for assessment under each care type.

Table 3 ADL tools used for each Care type (same day episodes do not require and ADL assessment)

Care type	ADL assessment tool
Rehabilitation OR GEM	FIM
Psychogeriatric care	HoNOS
Palliative care OR Maintenance care	RUG

The counting unit for admitted sub and non-acute care is a combination of patient episode and/or phase of care (Palliative care).

Overnight episodes without an ADL score will be included in the QHAPDC and the activity will attract WAUs. If an AN-SNAP class cannot be assigned, the funding classifications defaults to acute DRGs. Same day episodes do not require an ADL score and will be allocated to the relevant same day AN-SNAP class for their care type.

Data collection and reporting:

- Source - All sub and non-acute admitted patient information is collected as part of the QHAPDC which is also used for reporting of the Admitted patient care NMDS and *Admitted subacute and non-acute hospital care NBEDS* to AIHW and to IHACPA.
- Definitions for each of the care types are available in the QHAPDC Manual and IHACPA data specifications.

Episodes classified into an AN-SNAP class are allocated a WAU, including episodic with inlier and outlier per diem WAU. Specific loading adjustments are also applicable for indigenous and remote patients receiving sub and non-acute care.

Price weights vary across AN-SNAP classes and depend on factors such as care type, age, type of impairment (for rehabilitation care) and functional capacity of the patient – refer to Appendix 7 Technical Supplement - Qld and National ABF Model Price .

The Sub and Non-Acute Care Data Entry Guidelines for Admitted Patients also provides information on the data entry requirements for SNAP patients.

Admitted Mental Health

Scope:

Care in which the primary clinical purpose or treatment goal is improvement in the symptoms and/or psychosocial, environmental and physical functioning related to a patient's mental disorder. Care is delivered under the management of, or regularly informed by, a clinician with specialised expertise in mental health; and is evidenced by an individualised formal mental health assessment and the implementation of a documented mental health plan.

Within Queensland admitted services, this is identified through Care type 12 - Mental Health (refer to Queensland Hospital Admitted Patient Data Collection).

Classification and counting unit:

The AMHCC is currently only used for admitted activity in Queensland.

The counting unit of the AMHCC is the mental health phase of care. There are five phases of care: assessment only, acute, functional gain, intensive extended and consolidating gain. The selected phase is determined by the clinician and reflects the primary goal of care for the consumer's mental health future treatment from the time of collection. The AMHCC also provides for 'unknown phase'. There will be one or more mental health phases of care associated with each in-scope episode.

Identification of a Phase of Care follows a clinical assessment by a mental health clinician of the person's mental status and other factors that affect their need for services. It reflects the actions, interventions and strategies outlined in the care plan(s) that govern a consumer's mental health treatment. Phase of Care is determined prospectively at the commencement of (and at intervals during) an episode. When there is significant change in a consumer's symptoms, functioning or other relevant factors, the Phase of Care should be reviewed, and if necessary, changed, to reflect updates made to the care plan(s).

The phase of care is utilised with setting, age, legal status (relevant for subset of phases only) and complexity data to identify end classes. Where an AMHCC end class with an unknown phase is assigned, Queensland's funding classification defaults to the Admitted Acute model (DRG).

Data collection and reporting:

- Source - Mental health admitted patient information is collected as part of the QHAPDC and linked to phase data collected in the consumer Integrated Mental Health and Addiction (CIMHA) application.
- National reporting - Admitted patient care NMDS, National Outcomes and Casemix Collection National Best Endeavours Data Set, and IHACPA data specifications.
- For admitted mental health care, data is reported at two levels:
- episode of mental health care – supplied to IHACPA in the ABF Mental Health Care Episode (MHCE) file
- mental health phase of care – supplied to IHACPA in the ABF Mental Health Care Phase (MHCP) file.
- Where admitted mental health care fails the AMHCC, the case weight is calculated based on the DRG assigned.

Emergency care

Scope:

Emergency care services are delineated into seven levels depending on a range of factors, including availability of support services, staffing, physical design and location. It encompasses stays for patients who are treated and go home, and those who are subsequently admitted to hospital or transferred to another facility for further care. It also includes patients declared dead on arrival and patients who leave emergency care before being treated.

Classification and counting unit:

Emergency Department (levels 3B to 6) - Australian Emergency Care Classification (AECC)

Presentations are classified by:

- visit type and episode end status
- emergency care diagnosis groups based on the managed clinical conditions
- complexity based on factors such as age, triage category, and arrival mode.

Note: AECC replaced Urgency Related Groups classification in 2021-2022.

Emergency Services (small and medium sized facilities levels 1 to 3A) – Urgency Disposition Groups (UDG)

Presentations are classified by:

- the discharge status (or disposition) recorded at the end of the patient's ED episode, i.e. admitted, non-admitted, Did Not Wait (DNW) or dead on arrival
- triage type according to the Australasian Triage Scale.

Counting unit - emergency department stay / presentation.

Data collection and reporting:

- Source: Queensland Health Emergency Data Collection (EDC) covers all hospitals providing emergency care services ranging from level 1 – 6
- National reporting - Emergency care on IHACPA's website.

Non-admitted outpatient care

Scope:

The scope of non-admitted care includes service events occurring in outpatient clinics in ABF hospitals and in the community (provided by ABF hospitals).

Classification and counting unit:

The Tier 2 Non-admitted Services Classification (Tier 2) categorises a hospital's non-admitted services into classes which are generally based on the nature of the service provided (specialty) and the type of clinician (medical officer, other health professional) providing the service as well as the mode of service delivery (face-to-face, telehealth, telephone). Note that a telehealth consult is the same price weight as a face-to-face, and the same pricing applies between a telephone and email service delivery.

Counting unit - 'non-admitted patient service event', being an interaction between one or more healthcare provider(s) with one non-admitted patient, which must contain therapeutic/clinical content and result in a dated entry in the patient's medical record. The interaction may be for assessment, examination, consultation, treatment and/or education. It is independent of the service setting, thus services provided outside of the hospital setting are included.

Counting unit – 'patient census count' for home delivered services. In relation to the following services, all non-admitted patient sessions performed per month are to be bundled and counted as one non-admitted patient service event per patient per calendar month regardless of the number of sessions (refer *Tier 2 Non-Admitted Services Classification Compendium* on IHACPA's website).

- Tier 2 10.15 Renal dialysis – haemodialysis – home delivered
- Tier 2 10.16 Renal dialysis – peritoneal dialysis – home delivered
- Tier 2 10.17 Total parenteral nutrition – home delivered
- Tier 2 10.18 enteral nutrition – home delivered
- Tier2 10.19 Ventilation – home delivered.

Data collection and reporting:

- Source: Patient level available from the Queensland Health Non-Admitted Patient Data Collection (QHNAPDC) and the Monthly Activity Collection (MAC) for those facilities with only aggregate data
- National reporting - Non-admitted Patient Care Aggregate NBEDS and Non Admitted Patient collection on IHACPA's website.

Appendix 4. Qld localisations – ABF and Purchasing Incentives 2023-24

Adjustment Type	Name	QWAU Application and Criteria
ABF model	Bilateral Cochlear implants	Additional QWAU for Admitted Acute and Admitted Mental Health with procedure code 41617-05 (Implantation of cochlear prosthetic device, bilateral) per Commonwealth prosthesis list price.
ABF model	Neonatal Intensive Care Unit (NICU)	Set QWAU/hour spent by that patient for qualified Newborn (Care type 05) episodes admitted to a Neonatal Intensive Care Unit (standard ward code NSV6) in the following facilities: 00003 Mater Mother's Hospital; 00200 The Townsville Hospital; 00201 Royal Brisbane & Women's Hospital; and 00936 Gold Coast University Hospital.
ABF model	Kidney & Liver transplant	DRG inlier loading for Admitted Acute and Admitted Mental Health episodes at facility 00011 Princess Alexandra Hospital either: • Transplant DRGs H09Z (liver), L10A (kidney), L10B (kidney) • ICD codes Z94.0 (kidney) or Z 94.4 (Liver)
ABF model	Spinal - SNAP	SNAP inlier loading for Admitted SNAP episodes to SIU ward at facility 00011 Princess Alexandra Hospital
ABF model	Transplant Support	DRG inlier loading for Admitted Acute and Admitted Mental Health episodes: • with transplant ICD code Z94.1 (heart), Z94.2 (lung) or Z94.3 (heart and lung) • and not in DRG H09Z,E03Z, F23Z, R05A, R05B, R06A, R06B, L10A or L10B).
ABF model	Clinical Measurement	Set QWAU for Non-admitted service event recorded against Tier 2 clinic 30.08 Clinical Measurement
ABF model	Oral Health	Set QWAU per screen recorded against Tier 2 clinic 70.04 Oral Health
ABF model	BreastScreen	Set QWAU per screen recorded against Tier 2 clinic 70.07 BreastScreen
ABF model	Statewide Urology Outreach Service	Set QWAU per urology outreach service recorded against Tier 2 clinic 70.50 Statewide Urology Outreach Service
ABF model	Email Service Event	Set QWAU per Email consultation (same as telephone)
ABF model	Child Health – Home support	Activity counted for home visits provided by Children's Health Queensland Hospital and Health Service and recorded against Tier 2 clinic 70.28 Child Health – Home Support
ABF model	Out-of-scope Services	Zero QWAU for Admitted acute and admitted Mental Health patient episodes with the out-of-scope procedures of a purely cosmetic nature, unless one of listed clinical exemptions are present.
ABF model	Emergency Department Did Not Wait	Zero QWAU for Emergency department patient attendance with Episode end status of 'Did Not Wait' (DNW).
ABF model	Hospital in the Home (HITH)	DRG inlier loading for admitted HITH care delivered in Residential Aged Care Facilities.

Adjustment Type	Name	QWAU Application and Criteria
ABF model	Pre-Operative Elective Bed Days	QWAU reduction for Admitted elective patient episodes with surgical DRGs (between 0 and 59) that have both pre-operative days and long stay days (above high trim point less ICU days).
ABF model	Fractured Neck of Femur timely surgical access	QWAU reduction for Admitted patient episodes with specific attributes, who do not receive surgery within two days of admission.
ABF model	Stroke Care	DRG inlier loading for in-scope acute stroke care episodes admitted to an endorsed stroke unit (standard ward code STKU).
ABF model	Smoking Cessation - admitted	Set QWAU per All Admitted Inpatient episodes except Boarder care type with SMOKE_PTHWAY='Y' and SMOKE_STATUS='1' and age >= 18 years.
ABF model	Smoking Cessation - community Mental Health	Set QWAU per completion of page one of the Smoking Cessation Clinical Pathway for a Community Mental Health patient reported as a smoker, recorded against Qld Tier2 clinic 70.15 Smoking Cessation (Community Mental Health).
ABF model	Telehealth provider - admitted	Set QWAU to provider of telehealth consult for an admitted patient recorded against Qld Tier2 clinic 73.02 Telehealth provider admitted Medical Officer and clinic 73.03 Telehealth provider admitted Other Health Professional.
ABF model	Advance Care Plans	Set QWAU for very first patient approach in Viewer ACP Tracker recorded against Qld Tier2 clinic 70.10 Advance Care Planning.
Amendment window	Virtual Care	Incentive payments $ for increased outpatient volumes in virtual care delivery (Telehealth / Telephone consults for outpatients, TeleHandovers, Emergency Department visits and Store and Forward assessments) above set minimum volumes up to max cap. Incentive payments $ for provision of Telehealth consultancy for TeleHandovers, Emergency Department visits and Store and Forward assessments.
Amendment window	High Cost Home Support Program	Payment $ and QWAUs for high cost 24-hour home ventilated patients.
Amendment window	Maternity care for First Nations – smoking cessation	QWAUs for Indigenous mothers who ceased smoking after the 20th week of gestation and before the birth.
Amendment window	Sentinel events	QWAU and $ retraction for confirmed national sentinel event.

For more information, go to the Appendix 8 Technical Supplement – Specifications or HPM | Queensland Health Intranet.

Also refer to the Qld and National ABF Model Price Weights and Adjustments on Resources for healthcare funding and costing on QHEPS for further detail of percentage adjustment or QWAU value adjustment.

Appendix 5. Funding Model changes 2023-2024

The following summarises several changes applicable this financial year compared to the previous year in the ABF model as well as the Healthcare Purchasing Model (HPM).

Change	2022-2023	2023-2024
Price QEP	$5,248	$5,840
Classification	Admitted Acute AR-DRG V10.0	Admitted Acute AR-DRG V11.0
Classification	Hospital Acquired Complication v3.0	Hospital Acquired Complication v3.1
Classification	Avoidable Hospital Readmissions v1	Avoidable Hospital Readmissions v2.0
Classification	Non-admitted Tier 2 version 7	Non-admitted Tier 2 version 8
Classification - clinic	"New Tier 2 clinic:	
10.21 COVID-19 Vaccination		
Localisation: purchasing incentive-OSR – Dental		New
Localisation: purchasing incentive - Diabetes Educators		New
Localisation: purchasing incentive - Endoscopy workforce		New
Localisation: purchasing incentive - First Nations Workforce		New
Localisation: purchasing incentive - Outpatient Upper limb management		New
Localisation: purchasing incentive - Student workforce		New
Localisation: purchasing incentive - Remote Area Nursing Incentive Package (RANIP)		New
Localisation: purchasing incentive - Remote tele-chemotherapy		New
Localisation: Qld ABF- Unqualified Neonates		New
Localisation: Qld ABF- Child Health Checks		New
Localisation: Qld ABF- Telehealth	Purchasing initiative	ABF localisation
Localisation: Qld ABF- ED admissions		New

Appendix 6. Healthcare Purchasing Model Funding Sources

HPM mapping of calculated funding source

Purchasing Hierarchy	Purchasing Category	Revenue Model
State Specified Grants	EB Quarantined	In-scope NHRA
	Public Private Partnerships	In-scope NHRA
	Blood Clotting Factors	In-scope NHRA
	Catherine's House	In-scope NHRA
	Children's Services - STORK	In-scope NHRA
	Children's Services - CATCH	In-scope NHRA
	Children's Services - Connected Care/Nurse Navigators	In-scope NHRA
	Comprehensive Epilepsy Service (CEP)	In-scope NHRA
	Connecting Community Pathways (CCP)	In-scope NHRA
	Correctional Services Patients – Security Unit	In-scope NHRA
	Deep Brain Stimulation	In-scope NHRA
	Genomic Testing	In-scope NHRA
	Haemophilia	In-scope NHRA
	High Cost Outliers	In-scope NHRA
	Limited Indication Medication Scheme	In-scope NHRA
	Paediatric Rehabilitation Services Funding	In-scope NHRA
	Pelvic Mesh	In-scope NHRA
	Public Private Partnership – Sunshine Coast University Hospital	In-scope NHRA
	Public Private Partnership	In-scope NHRA
	Putting Patients First (PPF)	In-scope NHRA

Purchasing Hierarchy	Purchasing Category	Revenue Model
Statewide Services	Respiratory High Dependency Unit (MIXC Ward)	In-scope NHRA
	Other State Specified Grants	In-scope NHRA
	Children's Health Queensland Retrieval Service (CHQRS)	In-scope NHRA
	Perinatal and Infant Mental Health Services	In-scope NHRA
	Clinical Genetics	In-scope NHRA
	NeoResQ Service	In-scope NHRA
	Pelvic Exenteration services	In-scope NHRA
	Queensland - The Radiopharmaceutical Centre of Excellence (Q-TRaCE)	In-scope NHRA
	Queensland Eating Disorder Service (QuEDS)	In-scope NHRA
	Tissue Bank	In-scope NHRA
	Advanced Neonatal Transport Services - North Queensland (ANTS-NQ)	In-scope NHRA
	Yalurin Retrieval North Queensland	In-scope NHRA
State Managed Fund / Block Funding (State and Commonwealth)	Small rural hospital	Cost model (FRAC)
	Teaching, Training and Research	Cost model (CET)
	Non-Admitted Mental Health	Cost model (MHEC)
	Non-Admitted Child & Youth Mental Health	Cost model (MHEC)
	Non-Admitted Home Ventilation	Cost model
	Other Non-admitted Service	Cost model
	Highly Specialised Therapies	Cost model
	Other Public Hospital Programs	Cost model
Discretely Funded Programs	Aged Care Assessment Program	Commonwealth
	Alcohol, Tobacco and Other Drugs	State
	Community Health Programs	State
	Interstate Patients (QLD Residents)	State
	Other State Funding	State
	Patient Transport	State

Purchasing Hierarchy	Purchasing Category	Revenue Model
Discretely Funded Programs	Prevention Services and Public Health	State and Commonwealth
	Prisoner Primary Health Services	Capitation and State
	Disability Residential Care Services	State
	Torres Strait Treaty	Commonwealth
	Multi-Purpose Health Services	Commonwealth
	Residential Aged Care Services	State and Commonwealth
	Transition Care	State and Commonwealth
	Research	State and Commonwealth and OSR
	Home and Community Care (HACC) Program	Locally Receipted Funds
	Other DFPs	State
Locally Receipted Funds	Locally Receipted Funds	Locally Receipted Funds
Depreciation	Depreciation	State
OSR	Private Patient Admitted Revenue	OSR
	Pharmaceuticals Benefits Scheme	OSR
	Non-Admitted Services	OSR
	Other Activities	OSR
	Oral Health - CDBS	OSR
Queensland Funding Model	DVA	DVA
	NIISQ/MAIC	NIISQ/MAIC
	Oral Health	Oral Health
	Oral Health - FFA	Commonwealth
	Breastscreen	Breastscreen
	Child Health Checks	Child Health Checks

Appendix 7. Technical Supplement - Qld and National ABF Model Price Weights and Adjustments

Refer latest version of Qld and National ABF Model Price Weights and Adjustments as published on Resources for healthcare funding and costing on QHEPS.

If the reader does not have access to QHEPS, this document can be requested from HPFB@health.qld.gov.au.

Appendix 8. Technical Supplement – Specifications

Legend:

HPM – refer specifications on HPM | Queensland Health Intranet

ABF PW = Queensland and National ABF Price Weights and Adjustments – refer Resources for healthcare funding and costing | Queensland Health Intranet

Type	Description	
ABF localisations	Admissions to Emergency Department Ward	HPM
ABF localisations	Advance Care Planning (ACP)	ABF PW / HPM
ABF localisations	Bilateral Cochlear implants	ABF PW
ABF localisations	Child Health Checks	ABF PW / HPM
ABF localisations	Clinical Measurement	ABF PW
ABF localisations	Email Service Event	ABF PW
ABF localisations	Emergency Department (ED) Did Not Wait (DNW)	ABF PW / HPM
ABF localisations	Fractured neck of femur	ABF PW / HPM
ABF localisations	Funding for Unqualified Neonates	ABF PW / HPM
ABF localisations	Hospital in the home (HITH) for Residential Aged Care (RACF) Residents	HPM
ABF localisations	Kidney & Liver transplant	ABF PW
ABF localisations	Maternity care for First Nations women	HPM
ABF localisations	Neonatal Intensive Care Unit (NICU)	ABF PW
ABF localisations	Out-of-scope services	ABF PW / HPM
ABF localisations	Pre-operative bed days	ABF PW / HPM
ABF localisations	Smoking Cessation (Community Mental Health)	ABF PW / HPM
ABF localisations	Smoking Cessation (Inpatients)	ABF PW / HPM
ABF localisations	Spinal SNAP	ABF PW
ABF localisations	Statewide Urology Outreach Service	ABF PW
ABF localisations	Stroke care	HPM
ABF localisations	Telehealth	HPM
ABF localisations	Telehealth Admitted	ABF PW / HPM
ABF localisations	Transplant Support	ABF PW
Discretely Funded Programs	Aged Care Assessment Program	HPM
Discretely Funded Programs	Disability Residential Care Services	HPM
Discretely Funded Programs	Home and Community Care (HACC) Program	HPM
Discretely Funded Programs	Multi-Purpose Health Services	HPM
Discretely Funded Programs	Other State Funding	HPM
Discretely Funded Programs	Patient Transport	HPM
Discretely Funded Programs	Prevention Services and Public Health	HPM

Type	Description	
Discretely Funded Programs	Prisoner Primary Health Services	HPM
Discretely Funded Programs	Research	HPM
Discretely Funded Programs	Residential Aged Care Services	HPM
Discretely Funded Programs	Transition Care	HPM
Funding adjustment	Pricing for Safety & Quality (Sentinel, Hospital Acquired Complications & Avoidable Hospital Readmissions)	HPM
NHRA - ABF Model	State Specified Grants	HPM
NHRA - ABF Model	Statewide Services	HPM
NHRA - Block Funded	Block Funding (and Block Funded Hospitals)	HPM
NHRA - Block Funded	Funding Information Guide Teaching, Training & Research explained	HPM
NHRA - Block Funded	Non-Admitted Home Ventilation	HPM
NHRA - Block Funded	Teaching, Training & Research	HPM
Other specifications	Activity reconciliation specification	HPM
Other specifications	Decision Support tool to inform HPM allocations	HPM
Other specifications	Annual Funding Escalation (Enterprise Bargaining and Non-Labour Escalation)	HPM
Other specifications	OSR in the HPM	HPM
Other specifications	Qld Purchasing Price	HPM
Other specifications	Qld Efficient Price (QEP)	HPM
Other specifications	Reporting against Purchasing Targets (table 4 of HHS service agreement, Total Funding Allocation)	HPM
Purchasing incentives	Connected Community Pathways	HPM
Purchasing incentives	Diabetes Educators	HPM
Purchasing incentives	Endoscopy workforce	HPM
Purchasing incentives	Expansion of Sub-acute and Long Stay Care	HPM
Purchasing incentives	First Nations Workforce	HPM
Purchasing incentives	OSR – Commonwealth Dental Benefits Scheme	HPM
Purchasing incentives	OSR Growth	HPM
Purchasing incentives	Patient Flow	HPM
Purchasing incentives	Rapid Access Models of Care	HPM
Purchasing incentives	Remote Area Nursing Incentive Package (RANIP)	HPM
Purchasing incentives	Remote tele-chemotherapy	HPM
Purchasing incentives	Student workforce	HPM
Purchasing incentives	Virtual Care	HPM
Purchasing incentives	Workforce Enhancement in Outpatient Upper Limb Management	HPM
Qld ABF Model	BreastScreen Queensland	HPM
Qld ABF Model	Department of Veteran Affairs (DVA)	HPM
Qld ABF Model	National Injury Insurance Scheme Queensland (NIISQ)/ Motor Accident Insurance (MAIC)	HPM

Type	Description	
Qld ABF Model	Oral Health Services	HPM
Sentinel events	Sentinel events	HPM

Appendix 9. Abbreviations and acronyms

ACRONYM	IN FULL
ABF	Activity Based Funding
ACAP	Aged Care Assessment Program
ACP	Advanced Care Plan
ACHI	Australian Classification Of Health Interventions
ACS	Australian Coding Standards
ADL	Activity of Daily Living
ADL	Activity of Daily Living
AECC	Australian Emergency Care Classification
AIHW	Australian Institute of Health and Welfare
ALOS	Average Length of Stay
AMHCC	Australian Mental Health Care Classification
AN-SNAP	Australian National Sub Acute and Non-Acute Patient
ANTS-NQ	Advanced Neonatal Transport Services - North Queensland
AODS	Alcohol and Other Drug Services
AR-DRG	Australian Refined Diagnosis Related Groups
ASGS	Australian Statistical Geography Standard
CEP	Comprehensive Epilepsy Service
CHQRS	Children's Health Queensland Retrieval Service
CIMHA	Consumer Integrated Mental Health Application
COAG	Council of Australian Governments
DNW	Did Not Wait
DRG	Diagnosis Related Groups
DSS	Data Set Specifications
DVA	Department of Veteran Affairs
ED	Emergency Department
EDC	Emergency Department Collection
ES	Emergency Services
FIM	Functional Improvement Measure
GEM	Geriatric Evaluation and Management
GEN_WAU	Generated Weighted Activity Unit system
HAC	Hospital Acquired Complication
HACC	Home and Community Care
HHS	Hospital and Health Service
HITH	Hospital In The Home
HoNOS	Health of the Nation Outcome Scales
HPM	Healthcare Purchasing Model

ICU	Intensive Care Unit
IHACPA	Independent Health and Aged Care Pricing Authority
MAIC	Motor Accident Insurance Commission
MAC	Monthly Activity Collection
MASS	Medical Aids Subsidy Scheme
MHCE	Mental Health Care Episode
MHCP	Mental Health Care Phase
MPHS	Multi-Purpose Health Services
NBA	National Blood Authority
NEC	National Efficient Cost
NEP	National Efficient Price
NGO	Non-Government Organisations
NHFP	National Health Funding Pool
NHRA	National Health Reform Agreement
NICU	Neonatal Intensive Care Unit
NIISQ	National Injury Insurance Scheme Queensland
NMDS	National Minimum Data Set
NWAU	National weighted activity unit
OSR	Own Source Revenue
PBS	Pharmaceutical Benefits Scheme
PICU	Paediatric Intensive Care Unit
QHAPDC	Queensland Hospital Admitted Patient Data Collection
QHEPS	Queensland Health Electronic Publishing Service (the Intranet)
QHNAPDC	Queensland Health Non-Admitted Patient Data Collection
QWAU	Queensland Weighted Activity Unit
RACF	Residential Aged Care Facility
RUG	Resource Utilisation Groups
SMF	State Managed Fund
SNAP	Sub and Non-Acute Patient
TTR	Teaching, Training and Research
UDG	Urgency Disposition Groups
WAU	Weighted Activity Unit

Appendix 10. References

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