

Independent Hospital Pricing Authority

National Efficient Cost Supplementary Determination 2019-20

December 2019



IHPA

National Efficient Cost Supplementary Determination 2019-20 – December 2019

© Independent Hospital Pricing Authority 2019

This publication is available for your use under a [Creative Commons BY Attribution 3.0 Australia](#) licence, with the exception of the Independent Hospital Pricing Authority logo, photographs, images, signatures and where otherwise stated. The full licence terms are available from [the Creative Commons website](#).



Use of Independent Hospital Pricing Authority material under a [Creative Commons BY Attribution 3.0 Australia](#) licence requires you to attribute the work (but not in any way that suggests that the Independent Hospital Pricing Authority endorses you or your use of the work).

Independent Hospital Pricing Authority material used 'as supplied'.

Provided you have not modified or transformed Independent Hospital Pricing Authority material in any way including, for example, by changing Independent Hospital Pricing Authority text – then the Independent Hospital Pricing Authority prefers the following attribution:

Source: The Independent Hospital Pricing Authority

This determination is made by the Independent Hospital Pricing Authority under subsection 131(1) of the *National Health Reform Act 2011* (Cth).

Dated: 27 November 2019



Shane Solomon

Mr Shane Solomon
Chair

[Signature]

Mr James Downie
Chief Executive Officer

SEAL OF INDEPENDENT HOSPITAL
PRICING AUTHORITY

Contents

1. Overview.....	4
2. Block funded services.....	5
3. Back-casting.....	7

1. Overview

The *National Efficient Cost Supplementary Determination 2019-20* supplements the *National Efficient Cost Determination 2019-20* issued by the Pricing Authority on 27 February 2019.

This Determination includes additional block funded services information regarding the efficient cost of these services following the receipt of updated advice from states and territories after the finalisation of state and territory government budgets.

2. Block funded services

Table 1 in this Determination replaces Table 2 on page 11 in Chapter 5 of the *National Efficient Cost Determination 2019-20* issued on 27 February 2019.

Table 1: Block funded services

State / Territory	Teaching, Training and Research	Non-admitted Mental Health (excl. CAMHS) ¹	Non-admitted CAMHS ²	Non-admitted Home Ventilation	A17 List ³	Other public hospital programs ⁴
NSW	\$646,816,162	\$593,063,985	N/A	\$19,860,236	N/A	N/A
Vic	\$355,154,317	\$795,844,460	\$101,398,883	\$10,980,000	\$21,235	\$158,600,000
Qld	\$370,213,144	\$503,809,568	\$164,713,709	\$15,992,388	\$7,549,634	N/A
SA	\$113,058,632	\$127,681,881	\$31,588,761	\$2,479,000	\$6,715,195	N/A
WA	\$279,055,380	\$275,817,186	\$62,018,335	\$12,766,628	N/A	N/A
Tas	\$45,101,224	\$47,691,802	\$10,725,686	\$2,636,813	N/A	N/A
NT	\$28,853,000	\$27,723,000	\$4,090,000	\$80,000	N/A	N/A
ACT	\$53,765,879	\$45,854,363	\$9,877,637	\$1,334,190	N/A	N/A

¹ NSW non-admitted mental health services include child and adolescent mental health services, which were previously included on the A17 List.

² For the purposes of calculating Commonwealth growth funding for 2019-20, IHPA and the Administrator of the National Health Funding Pool will work with jurisdictions to determine the base amount for child and adolescent mental health services in 2018-19.

³ Under Clause A17 of the NHRA, IHPA has determined a list of services (the 'A17 List') which IHPA is satisfied were provided by a particular hospital in 2010. These services are eligible for Commonwealth funding at the Local Hospital Network indicated in the list at Appendix A of the National Efficient Price Determination 2019-20.

⁴ Programs as approved by the Pricing Authority for inclusion on the 2019-20 General List of In-Scope Public Hospital Services.

Funding arrangements for CAR-T therapy

In July 2019, the Commonwealth, New South Wales and Victoria agreed funding arrangements for the provision of CAR-T therapy (Kymriah) to treat acute lymphocytic leukaemia in children and young adults.

The Commonwealth agreed to block fund the cost of the treatment for a period of two years commencing in 2019-20 due to the high cost and potential variation in resource utilisation. The activity and associated National Weighted Activity Units (NWAU) will be excluded from the 6.5% cap in overall growth calculation for 2019-20 and 2020-21.

The actual number of patients treated and associated costs will be reconciled by the Administrator of the National Health Funding Pool at the end of the 2019-20 funding period.

The indicative costs for Kymriah treatment is based on three key costs:

- fixed component for costs associated with maintaining service capability;
- variable component for costs associated with patient care; and
- accommodation and transport costs associated with accommodating the patient and carer close to the treating hospital for the treatment period.

Table 2: Funding arrangements for Kymriah

State / Territory	Kymriah amounts
NSW	\$11,015,371
Vic	\$19,968,000

3. Back-casting

Table 3 in this Determination replaces Table 3 on page 12 in Chapter 6 of the *National Efficient Cost Determination 2019-20* issued on 27 February 2019.

Table 3: Block funded back-casting multiplier by jurisdictions in 2019-20

State / Territory	Small Rural Hospital	Teaching, Training and Research	Non-admitted Mental Health (excl. CAMHS) ⁵	Non-admitted CAMHS ⁶	Non-admitted Home Ventilation	A17 List ⁷	Other public hospital programs ⁸
NSW	0.9966	1.0000	1.0000	N/A	1.0000	N/A	N/A
Vic	0.9870	1.0000	0.9672	N/A	1.0000	1.0000	0.9251
Qld	0.9868	1.0012	1.0000	N/A	1.0000	1.0000	N/A
SA	0.9953	1.0000	1.0000	N/A	1.0000	1.0514	N/A
WA	1.0208	1.0000	1.0000	N/A	1.0000	N/A	N/A
Tas	1.0548	1.0000	1.0000	N/A	1.0000	N/A	N/A
NT	N/A	1.0000	1.0000	N/A	1.0000	N/A	N/A
ACT	N/A	1.6175	1.1364	N/A	1.0000	N/A	N/A

⁵ NSW non-admitted mental health services include child and adolescent mental health services, which were previously included on the A17 List.

⁶ For the purposes of calculating Commonwealth growth funding for 2019-20, IHPA and the Administrator of the National Health Funding Pool will work with jurisdictions to determine the base amount for child and adolescent mental health services in 2018-19.

⁷ Under Clause A17 of the NHRA, IHPA has determined a list of services (the 'A17 List') which IHPA is satisfied were provided by a particular hospital in 2010. These services are eligible for Commonwealth funding at the Local Hospital Network indicated in the list at Appendix A of the National Efficient Price Determination 2019-20.

⁸ Programs as approved by the Pricing Authority for inclusion on the 2019-20 General List of In-Scope Public Hospital Services.

Independent Hospital Pricing Authority

Level 6, 1 Oxford Street
Sydney NSW 2000

Phone 02 8215 1100
Email enquiries.ihpa@ihpa.gov.au
Twitter [@IHPAnews](https://twitter.com/IHPAnews)

www.ihpa.gov.au



IHPA