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File reference  
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Dear Mr Downie,

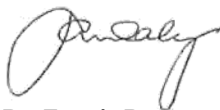
**Re: Round 24 National Hospital Cost Data Collection Data Quality Statement**

I am pleased to provide the Northern Territory Data Quality Statement (see Attached) to be published as part of the Round 24 (2019-20) National Hospital Data Cost Data Collection (NHCDC) Cost Report, as requested in correspondence dated 29 March 2021.

I confirm that data provided by Northern Territory to Round 24 (2019-20) of the National Hospital Cost Data Collection (NHCDC) submitted to the Independent Hospital Pricing Authority has been prepared in adherence with the Australian Hospital Patient Costing Standards (AHPCS) Version 4.0 as described in Section 3 of the attached Data Quality Statement for Northern Territory.

Assurance is given that to the best of my knowledge the data provided is suitable to be used for the primary purpose of the NHCDC, which includes development of the National Efficient Price and National Efficient Cost.

Yours sincerely



Dr Frank Daly  
Chief Executive  
24 August 2021

# Data Quality Statement for Northern Territory

## Round 24 (2019-20) National Hospital Cost Data Collection (NHCDC)

### 1. Overview of costing environment

The Northern Territory (NT) Department of Health undertakes patient level costing supported by external consultants who provide end-to-end costing services to deliver the costing study and analysis. Patient level costing is undertaken annually using the Power Performance Manager (PPM) costing platform. NT has long-term plans to move to half-yearly costing when appropriate systems and frameworks are in place.

The NT realised the following improvements in the 2019-20 Round 24 costing study:

- Implemented the new COVID-19 Costing Guidelines by splitting the 2019-20 year into two distinct periods; Business as Usual (BAU) and COVID-19 Response. This resulted in being able to highlight the different cost structure for the COVID period and enabled better comparison between periods.
- Refined the activity and cost structure of Palmerston Regional Hospital to separate out services and costs previously combined under the main tertiary hospital (Royal Darwin Hospital) to better reflect the “single hospital multiple site” arrangements in place.
- Improved accuracy of pathology service linking by utilising point of order date rather than point of service date.
- Costed Phase of Care for the Palliative Care activity stream.
- Improved the identification and categorisation of medical retrieval costs to bring appropriate costs in-scope as these costs are significant for the NT and play an integral role in access to patient care.

### 2. Submitted cost data

The NT submitted cost data from six facilities consistent with prior years. Costs submitted to NHCDC in Round 24 total \$1.13 billion, which is an increase of 5% per cent compared to Round 23. The reasons for the changes were due to the full impact of Palmerston Regional Hospital’s staged roll-out into 2019-20 as well as COVID-19.

COVID-19 impacted the patient flow in hospitals, which drove cost increases in the latter part of the year. This was dealt with by splitting the costing period into two; where changes to cost profiles are apparent.

NT’s annual costing exercise involves data acquisition, processing, validation and reporting. The Department coordinates each stage, implementing continuous refinements in consultation with Health Service stakeholders. A number of quality assurance tests are undertaken throughout the costing exercise with a focus on accuracy of costing methodology as well as completeness of activity and cost data utilised in the costing study.

### 3. Adherence to the Australian Hospital Patient Costing Standards

Data provided by the Northern Territory (NT) for Round 24 of the NHCDC has been prepared in adherence with Australian Hospital Patient Costing Standards (AHPCS) version 4.0, qualified by the following items:

- NT includes medical costs reported in the General Ledger (GL), however expenses in trust accounts that sit outside the GL have not been included, but further work is being undertaken to ensure expenses may be fully recognised where practicable and material.

- NT undertakes costing at the jurisdictional level and therefore undertakes review and reconciliation at this level also.
- NT did not cost Mental Health Care at the phase of care level as phase level activity data was not collected in 2019-20 and costs have been reflected at the episode level.
- NT does not follow the costing guideline set out for Teaching and Training, Research, Posthumous Organ Donation and Mental Health Services as these are not practicable to implement in the NT due to system and data limitations, noting that the principles in the Standards have been followed to allocate costs appropriately.

#### 4. Governance and use of cost data

NT's costing exercise is undertaken at a jurisdictional level using a methodology that is consistent across both Health Services and compliant with the national costing standards and guidelines. NT's cost data is not submitted to any other jurisdictional or national collections. At the hospital level, the cost data is used mainly for benchmarking purpose as well as to improve efficiencies of clinical areas.

The Department of Health engaged external costing consultants to facilitate a workshop with Health Service participants to review and refine the costing outputs and ensure reasonableness, which included the relevant Chief Financial Officers. The Department reviewed and addressed issues in consultation with Health Services identified through IHPA's quality assurance processes before the results are endorsed by Director, Activity Based Funding and signed off by Executive Director of Funding and Performance.