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Dear Mr Downie

**Re: Round 23 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 23 (2018-19) National Hospital Data Cost Data Collection (NHCDC) Cost Report, as requested in correspondence dated 31 May 2019.

I confirm that data provided by Northern Territory to Round 23 (2018-19) 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 are 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



Professor Catherine Stoddart

Chief Executive

30 September 2020

# Data Quality Statement for Northern Territory

## 1. Overview of costing environment

NT Department of Health leads and performs patient level costing for the Territory's health services, and is responsible for the preparation and submission of the Northern Territory's contribution to the National Hospital Cost Data Collection (NHCDC). Patient level costing is undertaken annually, with long-term plans to move to half-yearly costing when appropriate systems and frameworks are in place. Power Performance Manager (PPM) costing platform is used by NT costing practitioners who are also supported by external consultants who provide end-to-end costing support to deliver the costing study and analysis.

Compared to the prior year's costing Round 22, the Round 23 NHCDC for hospital services provided in 2018-19, has been adapted to include the new Palmerston Regional Hospital. This facility opened on 27 August 2018 and is a 116 bed facility providing a staged roll-out of services including; Emergency services, subacute and general medical inpatient care, planned day and elective surgery, maternity services, telehealth and intensive rehabilitation services.

## 2. Submitted cost data

NT's annual costing exercise is staged and includes 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.

In Round 23, The NT contributed cost data from six facilities, including the newly opened Palmerston Regional Hospital, totalling \$1.08 billion in expenditure; an increase of 8.3 per cent compared to Round 22. The introduction of a new hospital has impacted the NT's costing results as the facility continues its staged roll-out of services. The staged roll-out has created challenges in the costing methodology, which will continue to be refined as Palmerston Regional Hospital's clinical, operation and information processes bed down over 2019-20.

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

Data provided by the Northern Territory (NT) for Round 23 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.

- NT does not currently cost at the phase of care level (palliative care and mental health care) and costs are 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 annual cost data is reviewed by NT's costing practitioners and external costing consultants to ensure reasonableness; including issues identified through IHPA's quality assurance processes. Identified issues are investigated and resolved by the NT's costing practitioners in consultation with the Health Services stakeholders before the results are endorsed by the relevant Chief Financial Officers and final sign off by NT Department of Health Director of Activity Based Funding.