Department of Health

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Tasmanian Government

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James Downie
Chief Executive Officer
Independent Hospital Pricing Authority
Level 6, 1 Oxford Street
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Dear James

Subject: Data quality statement for the Round 23 National Hospital Cost Data Collection

I refer to your letter of 3 July 2020, requesting a data quality statement to accompany Tasmania's National Hospital Cost Data Collection.

As requested, attached is Tasmania's data quality statement for the Round 23 National Hospital Cost Data Collection (NHCDC).

All data provided by Tasmania to Round 23 (2018-19) of the 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 the attached data quality statement.

Data provided to this submission has been reviewed for adherence to the AHPCS Version 4.0 and is complete and free of known material errors.

The attached data quality statement provides details of any qualifications to Tasmania's adherence to the AHPCS Version 4.0.

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.

Should you require any further information, please contact Mohammed Huque, Manager Health Informatics, Information Governance and Clinical Costing on email mohammed.huque@health.tas.gov.au or by calling (03) 6166 1096.

Yours sincerely

Ross Smith
Deputy Secretary, PPPR

31 July 2020

Overview

Tasmania's 2018-19 submission of the Round 23 National Hospital Cost Data Collection (NHCDC) was produced by the Department of Health based on advice from appropriate Local Hospital Network (LHN) staff.

Data submitted as part of the NHCDC covered 23 hospitals, consisting of 4 major hospitals, 18 rural hospitals and 1 multi campus state-wide mental health facility.

There were no significant changes to non-admitted or admission policies during 2018-19. Activity reported aligns to the 2018-19 Independent Hospital Pricing Authority (IHPA) patient level activity based funding data collections.

Expenditure used in the costing process aligns with the Department of Health's Annual Report 2018-19.

Round 23 costing was undertaken using the Department's best efforts in accordance with the Australian Hospital Patient Costing Standards Version 4.0.

Tasmania's Round 23 cost data has been impacted by the industrial action of allied health professionals which occurred during 2018-19. During this period of industrial action allied health activity was not recorded at two of Tasmania's major hospitals. This has resulted in an underreporting of allied health non-admitted service events. Consequently, these service events could not be quantified which has resulted in a corresponding increase in the average outpatient cost at these facilities.

Consistent with prior years, Teacher Training and Research while produced at the virtual product level was not included as part of the 2018-19 NHCDC Round 23 submission.

Data was extensively reviewed over the submission period by the Department's Clinical Costing Unit and relevant LHN staff. The Clinical Costing Unit conducts data quality checks of all data to identify potential including missing and incomplete or inaccurate data and takes appropriate action to have data reviewed and corrected as required. In particular, prior year comparison is considered as an ongoing process to check for:

- High Cost / Low Cost episodes that can't be reasonably explained;
- Significant cost variation at the product level between study years;
- Cost Bucket analysis between both national buckets and the prior years;
- Volume analysis to ensure RVU costs were as expected; and
- Finance general ledger is not used as part of the costing process until such time as the ledger has been closed and audited.

Tasmania has made improvements to the costing process and methodology from the 2017-18 Round 22 NHCDC. This has included:

- Pharmacy data, in particular improved matching of prescriptions to the originating episode. This has resulted in high cost drugs being assigned to the correct episode despite the dispensing date.
- Palliative Care costing, in particular introduction of phases of care level costing rather than costing episodes of care.

Tasmania has also addressed areas identified in the 2017-18 Round 22 NHCDC submission. In particular:

- Mental Health – Admitted Mental Health (MC) was submitted for the 2017-18 NHCDC but did not include phase of care costing. The 2018-19 NHCDC submission has included phase of care costing.
- Work in Progress – Episodes that were admitted prior to the 30 June 2017 and discharged in 2017-2018 were included in the Round 22 submission, however episodes admitted in 2017-2018 were costed and identified for inclusion in the Round 23 submission. not included. The 2018-19 NHCDC submission has included these costings.

Adherence to the Australian Hospital Patient Costing Standards (AHPCS)
Tasmania continues to make all best efforts to adhere to the AHPCS Version 4.0. Areas where Tasmanian is transitioning to AHPCS compliance are as follows:

- **Third Party Expenses (AHPCS 1.2.1.1.)**. The Clinical Costing Unit will be refining the cost allocation process in the Round 24 cost study to ensure third party provider charges for public events and accommodation are not allocated to private and compensable patients.
- **Data Quality Framework (AHPCS 6.1.1.3.3 and 6.1.3.5)**. Tasmania has significant data quality assurance processes in place, however costing data is not currently formally reviewed by an independent body.
- **Research costs (CG 5.1)**. These activities and costs can be difficult to identify in the Tasmanian source data sets. The Clinical Costing Unit will be refining the cost allocation process in future cost studies.
- **Teaching and Training costs (CG4.1, CG4.2, CG4.3)**. Tasmania's approach to teaching and training costs includes identifiable expenditure and a percentage-based allocation. Specificity of current internal data systems do not allow a wholly identifiable expenditure and activity approach. Tasmania is currently working to develop the Teaching and Training data set and the capability to report costs against these data sets in future submissions.
- **Allocation of Medical costs for private and public patients (Business Rule 1.1A)**. Allocation of medical costs does not currently distinguish between private and public patients. The Round 23 submission includes known expenditure reported in the Private Practice Scheme. The Clinical Costing Unit will be refining the cost allocation process in future cost studies.