Government of **Western Australia**
Department of **Health**

Our Ref: *F-AA-73495-566*
Contact: *Kevin Frost, 6373 1842*

Mr James Downie
Chief Executive Officer
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Via email: James.Downie@ihpa.gov.au

Dear Mr Downie James

ROUND 24 NATIONAL HOSPITAL COST DATA COLLECTION DATA QUALITY STATEMENT

Please find a Data Quality Statement including a sign off declaration attached. The Data Quality Statement serves to accompany the WA Round 24 National Hospital Cost Data Collection submission.

Yours sincerely

Angela Kelly
A/DIRECTOR GENERAL

8 July 2021

Att: *WA Data Quality Statement*

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Data Quality Statement for Western Australia

1. Overview of costing environment

1.1 Who undertakes patient costing in your jurisdiction?

Patient costing is undertaken by Costing Teams at a Health Service Provider (HSP)/ Local Health Network (LHN) level. WA's Round 24 NHCDC submission was based on the individual submissions from the five HSPs. This cost data was completed in compliance with the Australian Hospital Patient Costing Standards Version (AHPCS) version 4.0 and reconciles to each HSP's audited financial statements. Data submissions were extensively reviewed by the HSPs, prior to official sign off and submission to the Department. Reconciliation statements were supplied for each site.

On submission to the Department, the HSP costs were further tested and reconciled, with HSPs making further refinements if required. The Department then made adjustments to the data including incorporating Work in Progress (WIP) from previous rounds, limiting the data to ABF in-scope costs, and transforming the data in accordance with the IHPA specifications. Data matching and validation also occurred to ensure the costed data sets aligned with the activity data submitted to IHPA for other patient collections.

1.2 How often is costing undertaken?

Costing is undertaken annually for the NHCDC submission but HSPs will generally undertake quarterly costing in order to meet their individual requirements. For Round 24 (2019/20) there were two formal costing submissions made by HSPs to address the onset of Covid-19. "Pre-Covid" submissions for the period July 2019 - February 2020, and "Covid" submissions for the period March 2020 – June 2020 were received from all WA HSPs.

1.3 Which costing systems are in use?

All WA costing is conducted using a single instance of the Power Performance Management 2 patient costing system.

1.4 Is there any jurisdiction-wide training/support for costing practitioners? If so, provide details.

There is a network of Costing staff within WA Health with representation from the HSPs, the Department and Health Support Services (HSS) who administer and provide technical support for the clinical costing system. Representatives of these groups meet regularly as part of a Business User Group, and intermittently as the WA Clinical Costing Standards Committee (WACCSC). Furthermore, training and support is undertaken at, or across individual HSP costing units depending on levels of staffing.

1.5 Provide details of any changes from previous year specifically details of improvements in costing process and methodology.

As mentioned at 1.2 WA HSPs replaced the annual costing submission with two separate submissions to more accurately report and better understand the impact of the onset of Covid-19 in March 2020. WA has not had any other major changes in the overall costing process however work has been ongoing at both HSP and Departmental levels in terms of enhancing data quality and standardisation.

2. Submitted cost data

2.1 How many hospitals provided cost data for the Round 24 NHCDC? Provide details about the number of submitting facilities and the changes from prior year (state movement in number of facilities and costs submitted)

WA contributed patient level data for 36 public hospital sites, from five HSPs, for Round 24 (2019-20) of the NHCDC. All hospitals that are considered in scope for Activity Based Funding are currently part of the NHCDC submission for WA.

2.2 Provide explanation of costed results with explanation of significant movements from prior year.

Costs submitted to NHCDC in Round 24 were $5,424,501,560 which represents a 4% increase from the Round 24 submission of $5,231,556,875. These total cost increases correspond with state wide activity increases across Inpatient, and Outpatient products although there is a slight decrease in Emergency episodes.

2.3 Are there any significant factors which influence the jurisdiction's Round 24 cost data (i.e. jurisdiction wide admission policies, etc). If so, what is the impact on costed output?

The Covid-19 pandemic has significantly impacted jurisdictional activity and cost data. This resulted in WA HSPs undertaking separate costing exercises for the eight months prior to the onset of Covid-19, and for the four subsequent months where hospital practices and activity profiles underwent considerable change. There have not been any other significant factors impacting Round 24.

2.4 At a jurisdiction level, did you experience any challenges with costing of specific products in Round 24?

WA commenced costing for palliative care and mental health at the phase of care level. This process has not fully matured and costs were submitted to IHPA at an episode level with a view to reporting at phase level for round 25.. The cost of blood products is not included in the WA submission. Work is ongoing with the aim of being able to include blood product costs in future rounds.

Cost for ancillary services including pharmacy, pathology and imaging that were not able to be matched or linked in the activity matching process have been excluded from the Round 24 submission.

2.5 Describe the quality assurance tests undertaken on the patient cost data.

Each of the HSPs undertake a range of review and assurance measures in the data preparation process, which have several layers of engagement including Finance and Business Officers, hospital based Clinical and Business managers, and HSP level Finance officers and Directors.

Inputs into the costing cycle such as patient fractions and feeder systems, and preliminary results are reviewed by the Costing Teams in conjunction with Finance and Business Officers on a regular basis.

The HSPs also undertake a rigorous quality assurance process prior to submitting their costed data. While no HSPs share identical regimens, there is a high degree of commonality in reviews undertaken and data testing. Each HSP has also developed their own applications to create visualisations and dashboards to aid analysis and benchmarking of results.

Each HSP performs central financial reconciliation to the Audited Financial Statements which is signed off at Chief Financial Officer/Executive Director level and submitted to the Department as part of their NHCDC submission.

The Department undertakes a series of quality assurance tests on the submitted data, however work is being undertaken to bring these into the HSP sphere in order to further streamline the submission process. In addition the Department will continue to review and measure hospital, HSP and state wide trends and changes across rounds.

3. Adherence to the Australian Hospital Patient Costing Standards

3.1 Describe the level of compliance against the Australian Hospital Patient Costing Standards – at the hospital and jurisdiction level.

The WA Round 24 NHCDC submission has been prepared in adherence with the Australian Hospital Patient Costing Standards (AHPCS) version 4.0. This statement is qualified by the exceptions below.

3.2 State any exceptions to AHPCS and explanations.

WA is not fully compliant with the costing guidelines for Teaching and Research as they are currently calculated utilising an established local methodology. The costs are assigned at a patient level but withheld from the annual submission to IHPA.

WA does not include the costs of blood products.

3.3 Provide details of any specific areas of deviation from the AHPCS and describe the alternative treatment used.

See above.

4. Governance and use of cost data

4.1 How is public hospital patient cost data used at the hospital/district or network and jurisdiction level?

Each HSP makes the costing data available to relevant users predominantly utilising their own internally developed cost/performance applications. These consolidate costing and funding information which enables a wide range of benchmarking and performance evaluation both within and across sites.

Local and national costing data are also used at a jurisdictional level for a variety of purposes including as an input into benchmarking exercises, development of contracts, business cases and research projects.

4.2 Do the LHNs or Jurisdiction submit patient cost data to any other jurisdictional or national collections? If so, provide details.

WA HSPs submit patient cost data to Children's Healthcare Australasia (CHA), Women's Healthcare Australasia (WHA), Health Roundtable and AIHW Public Health Expenditure (PHE).

4.3 In terms of costing practices, what is the level of consistency and standardisation across the jurisdiction?

There is an increasingly high level of consistency and standardisation in costing practice across WA which is enhanced by the two working committees in which representatives of all HSPs and the Department work towards developing uniform practices and common understanding of local and national costing issues. Utilisation of a common Chart of Accounts, a single state wide instance of PPM, and single sources of data for components such as pathology all contribute towards the standardisation of WA Costing.

WA costing is also supported by tools such as the WA Costing Guidelines publication and the "Clinical Costing QA and Reasonability" application that demonstrates that costing methodologies work as intended. Prior round costing audits also feed into the local processes helping achieve consistency.

4.4 What is the process for review and approval the data before submission to NHCDC?

WA HSPs conduct extensive quality assurance checks throughout the submission preparation process to ensure their cost data is valid, reliable and fit for purpose. In addition to the patient level costing submission, the HSPs provide detailed reconciliations to the source financial data. The data is also reviewed by relevant hospital and HSP staff prior to being endorsed at the HSP CFO and Executive Director levels. The HSP submissions undergo further review at the Departmental level and the data is transformed into the NHCDC specification format and delivered to IHPA.

Declaration

All data provided by Western Australia 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 this 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.

Section 3 provides details of any qualifications to our 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.

Signed:

Angela Kelly
A/DIRECTOR GENERAL

7 July 2021