South Australia (SA Health)

National Hospital Cost Data Collection 2023-24 Data Quality Statement

1. Governance processes

- The Department for Health and Wellbeing (DHW) in South Australia (SA) has a dedicated Patient Costing team responsible for coordinating, processing, and supporting the annual costing process on behalf of South Australia's Local Health Networks (LHNs).
- The DHW Patient Costing team manages the major activity inputs - Inpatient, Outpatient, Emergency Department and Community Mental Health data - which are reviewed by each LHN to ensure accuracy. The team also develops the costing ledger, incorporating feedback from LHNs on any changes from previous years.
- DHW is also responsible for generating service files where data is available centrally including, blood products, imaging, and pharmacy.
- LHNs are responsible for the inputs related other feeder files or activity files, as well as for reviewing and validating the final results. This includes contracted care, where LHNs collaborate with external providers to obtain contracted care data where the LHN is financially responsible for the externally delivered services.
- Costing process guidelines followed by DHW are aligned with the Australian Hospital Patient Costing Standards (AHPCS) and ensure consistency across all LHNs. Where applicable, Relative Value Units (RVUs) are used to allocate costs based on the relative complexity or resource intensity of services provided.
- DHW collaborates closely with the LHNs to ensure that all cost and activity data are captured and processed in accordance with the AHPCS Version 4.2.
- All LHN costed data is processed centrally by the DHW Patient Costing team, which applies a standardised costing methodology across the system. While this overarching framework ensures consistency, Local Health Networks (LHNs) may apply different cost drivers in specific cases, depending on the availability and quality of feeder data.
- Some LHNs have more advanced and integrated feeder systems than others. Where feeder data is not available, alternative allocation methods, such as using coded procedures, transfer records, or encounter data, are employed to construct service events and allocate costs appropriately.
- Regular collaboration occurs through weekly costing team catch ups and also a monthly patient costing working group involving DHW and LHN representatives to identify and resolve issues and share updates.
- Each year, the DHW Patient Costing team undertakes a comprehensive patient-level activity review with each LHN. This review ensures data quality and addresses any discrepancies. Costing runs continue until the LHN is satisfied that their data is complete and accurate. Once approved, DHW prepares the final dataset for submission to the National Hospital Cost Data Collection (NHCDC).
- Costing data review conducted in November 2024 identified changes in total costs compared to the previous year, as well as variations in average costs across LHNs.

- Costing is performed at three key intervals throughout the year: at six months (YTD December), nine months (YTD March), and for the full financial year (to June).
- SA Health utilises Power Performance Manager (PPM) by Power Health Solutions as its patient costing system. PPM was used to prepare the 2023-24 NHCDC submission and continues to support consistent costing practices.
- Support for costing practitioners is provided at the local level by each LHN. Costing processes and methodologies remain aligned with prior years to ensure continuity.
- Costing data from public hospitals is used to benchmark against the National Efficient Price (NEP), compare performance between SA hospitals, monitor improvement initiatives, and support financial planning and forecasting. LHNs also use this data to identify opportunities for cost efficiency and to monitor service performance.
- Annually, LHNs submit data to the Health Round Table. These submissions are compiled from the data within PPM.

2. NHCDC 2023-24 result summary

- Data was submitted for 45 establishments. 21 new establishments were submitted, mainly community mental health (18) as this was the first time South Australia submitted phase level community mental health activity. 3 more establishments submitted non admitted data for 2023-24 compared to 2022-23.
- A total of 3,327,065 records at a cost of $6.23 billion were submitted for the 2023-24 NHCDC, this was compared to 2,931,574 records as a total cost of $5.43 billion in 2022-23.
- The table below shows the movement between 2022-23 and 2023-24 overall activity and costs.

	Total Activity			*Total Costs*			*Cost Per Episode*		
	2022-23	2023-24	Change	2022-23	2023-24	Change	2022-23	2023-24	Change
Acute	421,048	438,757	4.21%	$3,123,286,275	$3,391,615,617	8.59%	$7,418	$7,730	4.21%
Subacute Episodes	16,261	17,758	9.21%	$349,440,776	$432,521,890	23.78%	$21,490	$24,356	13.34%
Subacute Phases	3,397	4,088	20.34%	$25,461,223	$29,635,877	16.40%	$7,495	$7,249	-3.28%
Emergency Department	597,643	603,729	1.02%	$602,003,596	$642,877,284	6.79%	$1,007	$1,065	5.71%
Non-Admitted	1,878,609	2,176,597	15.86%	$1,018,436,690	$1,243,368,329	22.09%	$542	$571	5.37%
Admitted Mental Health Episodes	5,437	6,201	14.05%	$62,871,455	$69,945,106	11.25%	$11,564	$11,280	-2.46%
Admitted Mental Health Phases	9,139	10,387	13.66%	$247,915,124	$241,224,224	-2.70%	$27,127	$23,224	-14.39%
Community Mental Health Episodes	0	18,614		$0	$10,430,767			$560	
Community Mental Health Phases	0	50,890		$0	$171,719,046			$3,374	
Other Episodes	40	44	10.00%	$440,696	$321,442	-27.06%	$11,017	$7,306	-33.69%
Total NHCDC Submission	**2,931,574**	**3,327,065**	**13.49%**	**$5,429,855,833**	**$6,233,659,582**	**14.80%**	**1,852**	**1,874**	**1.16%**

- SA Health does not exclude activity that has not been matched to the IHACPA ABF activity submissions. A matching process is completed on the state record identifier before submitting activity. All activity is retained in the costing dataset, regardless of whether it is successfully linked to the ABF submission.
- The key change for South Australia between 2023-24 and 2022-23 is the submission of mental health phase community activity for the first time in 2023-24. No other major changes.
- SA Health have undertaken a major review of its local funding models, which has resulted in transition of funding for a number of historically blocked funded programs to activity based funded programs. This has resulted in better capture of both costs and the activity in the non-admitted and rural emergency care space.

3. Compliance to the Australian Hospital Patient Costing Standards (AHPCS) Version

- As part of its commitment to the Australian Hospital Patient Costing Standards (AHPCS) Version 4.2, SA Health regularly reviews and refines its costing processes to ensure the quality, accuracy, and completeness of submitted data. The following outlines key aspects of SA Health's compliance across each stage of the costing cycle:

- **Stage 1: Expense Identification and Completeness**: SA Health ensures that all relevant expenditure is captured through the general ledger and mapped to appropriate cost centres within the costing system. LHNs work collaboratively with DHW to confirm the accuracy and completeness of data inputs. Costing is undertaken in accordance with AHPCS principles and guidelines. SA Health does not cost private patient pathology at the patient level due to insufficient data linkage quality to support accurate allocation.

- **Stage 2: Validation Checks and Data Integrity**: PPM Quality Assurance (QA) reports, along with manual validation checks, are applied throughout the costing process to detect data anomalies, gaps, and inconsistencies. Identified issues are addressed through an iterative review process involving both the LHNs and the DHW Patient Costing Team, ensuring all discrepancies are resolved prior to final submission.

- **Stage 3: Cost Allocation Methodology**: Cost allocation is performed using allocation statistics, Relative Value Units (RVUs), and other appropriate cost drivers, as per AHPCS guidelines. These methods reflect the actual resource consumption associated with each service and patient episode.

- **Stage 4: Activity Inclusion and Exclusion**: All in scope activities are included in the costing process, with minimal exclusions limited to data not aligned to NHCDC reporting requirements. Exclusions are discussed with LHNs, supported by regular Power BI reporting to ensure transparency. SA Health's approach ensures that activity is fully captured in line with AHPCS standards.

- **Stage 5: Patient-Level Costing**: Costs are assigned at the patient level using PPM, integrating clinical, service, and financial data to generate detailed and accurate cost profiles for each patient episode. This approach supports robust internal analysis and national benchmarking.

- **Stage 6: Reconciliation of Cost and Activity**: Costed data is reconciled against financial and activity records through detailed comparisons, trend analysis, and LHN engagement. Variances are reviewed, and adjustments are made as needed to ensure internal consistency and alignment with source systems.

- SA Health confirms there are no other material deviations from the AHPCS Version 4.2.

Summarisation of general ledger reconciliation

LHN/ GL Reconciliation	Central Adelaide Health Network	Northern Adelaide Health Network	Southern Adelaide Health Network	Womens and Childrens Health Network	Country Health Networks (6)	Department (Contracted Care)	SA Health (Total)
General Ledger Total Expenses	$ 3,380,320,264	$ 1,109,846,539	$ 1,602,729,035	$ 691,931,272	$ 1,529,404,186	$ 27,878,758	$ 8,342,110,055
Adjustments to GL - Inclusions	$ 4,587,151	$ 30,521,912	$ 45,730,553	$ 17,244,088	-$ 12,472,572		$ 85,611,133
Adjustments to the GL - exclusions	-$ 785,022,084	-$ 4,724,450	-$ 8,453,972	-$ 6,617,567	-$ 2,912,212		-$ 807,730,284
Total Costing ledger	**$ 2,599,885,331**	**$ 1,135,644,001**	**$ 1,640,005,617**	**$ 702,557,793**	**$ 1,514,019,402**	**$ 27,878,758**	**$ 7,619,990,903**
NHCDC Submitted	$ 2,333,860,518	$ 1,002,695,824	$ 1,440,465,166	$ 584,993,224	$ 843,766,093	$ 27,878,758	$ 6,233,659,583
Variance to Costing Ledger	$ 266,024,813	$ 132,948,178	$ 199,540,451	$ 117,564,569	$ 670,253,309		$ 1,386,331,320
NHCDC Out of Scope Excluded Activity	$ 237,866,777	$ 105,557,299	$ 192,467,401	$ 117,064,206	$ 667,733,094		$ 1,320,688,777
Previous Year WIP Costs Included	-$ 41,767,542	-$ 22,353,569	$ 41,882,467	-$ 9,643,999	-$ 5,258,941		-$ 37,141,584
Current Year WIP Costs Excluded	$ 69,925,577	$ 49,744,448	-$ 34,809,416	$ 10,144,362	$ 7,779,156		$ 102,784,126
Variance Explained	$ 266,024,813	$ 132,948,177	$ 199,540,451	$ 117,564,569	$ 670,253,309	$ -	$ 1,386,331,319
Outstanding	**-$ 0**	**$ 0**	**$ 0**	**-$ 0**	**$ 0**	**$ -**	**$ 1**

4. Other relevant information

- Linking private patient pathology data to corresponding patient activity data remains a key area for improvement in 2024-25. Currently, patient-level data is not available for SA Pathology services provided to private patients, which prevents linkage between service-level data and patient encounters. As a result, these costs cannot be included in patient-level costing. Approximately $12 million in private pathology costs were excluded from pathology costing in 2023-24.

- Interhospital transfers involving aeromedical transport were also not included in the 2023-24 costing data. This continues to be an area of focus for improvement in 2024-25. Patient-level data is currently unavailable for aeromedical transport services. DHW is working closely with SA Ambulance Service (SAAS) to incorporate aeromedical transport costs into the 2024-25 costing process. Approximately $26.5 million in costs related to aeromedical transfers were excluded from the 2023-24 NHCDC submission due to these data limitations.

- SA was unable to reliably cost Emergency Virtual Care activity in 2023-24 due to data and system limitations. Work is currently underway to address this gap, with the aim of incorporating virtual care into the 2024-25 costing process.

5. For 2023-24, South Australia had a 9% increase in subacute episodes and 24% increase in subacute episode costs. This led to a 13% increase in the average cost per episode compared to 2022-23. Medical, Nursing, On-costs, and Clinical Supplies cost buckets for subacute episodes have increased by 10-28%.

SALHN context

- Over the last 2-3 years SALHN has made significant investment in various Sub-Acute inpatient Services which has altered the mix of cases i.e. changed proportions for Rehab, PC, GEM etc. As a result, comparisons between 2022–23 and 2023–24 are not strictly like-for-like as activity levels have net yet increased at the level of investment.

- Examples of programs include:

- Implementation of Sub-acute Access Plan, including:

    - +32 additional GEM and Psychogeriatric beds (Timor 5 & 6)

- +6 additional GEM beds (Banka)
- Virtual Rehab
- GEM in the Home
- Palliative Care Liaison

- Addition of 40 Maintenance Care beds (VITA)

CALHN context

- The primary driver of cost increases is maintenance care for older persons.
- Average Length of Stay (ALOS) has increased Maintenance Care which is driving up the cost per episode.

Government of South Australi

SA Health

NHCDC declaration – please ensure the below declaration is included.

All data provided by South Australia to the 2023-24 NHCDC has been prepared in accordance with the IHACPA's Three Year Data Plan 2023-24 to 2025-26, Data Compliance Policy June 2023, and the AHPCS Version 4.2.

Best endeavours were undertaken to ensure complete and factual reporting and compliance. Data provided in this submission has been reviewed for adherence to the AHPCS Version 4.2 and is complete and free of known material errors.

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 the development of the national efficient price.

Dr Robyn Lawrence

Chief Executive

SA Health

1.8.25