

Professor Michael Pervan, Chief Executive Officer
Independent Health & Aged Care Pricing Authority
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Via Email: secretariatihpa@ihpa.gov.au

File reference
EDOC2023/175664

Dear Professor Pervan *MICHAEL*

RE: Round 26 National Hospital Cost Data Collections Data Quality Statement

I am pleased to provide the Northern Territory Data Quality Statement (see Attached) to be published as part of the Round 26 (2021-22) National Hospital Data Cost Data Collection (NHCDC) Cost Report, as requested in correspondence dated 20 March 2023.

I confirm that data provided by the Northern Territory to Round 26 (2010-22) 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 4.1 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.

I note IHACPA will not be undertaking the independent financial review on the 2021-22 NHCDC, instead assessing the quality of the NHCDC through reviewing the Data Quality Statement, and other information provided by jurisdictions. Please contact Kirsty Annesley, Director Financial Modelling and Analysis via kirsty.annesley@nt.gov.au, as the Northern Territory representative to provide further insight and understanding of the processes undertaken by NT Health when preparing the NHCDC.

Yours sincerely



Dr Marco Briceno
BMBS, MRSC (England), FACRRM
Chief Executive

23 June 2023

Data Quality Statement for Northern Territory

Round 26 (2021-22) National Hospital Cost Data Collection (NHCDC)

1. Overview of costing environment

The Northern Territory Department of Health (NT Health) undertakes patient level costing supported by external consultants who provide end-to-end costing services to deliver the costing study and analysis. NHCDC Patient level costing is undertaken bi-annually using the Power Performance Manager (PPM) costing platform. The NT Health successfully implemented six monthly costing in the 2021-22 financial year and migrated to PPM software version 3 to realise the improved functionality provided by the software upgrade.

The NT realised the following improvements in the 2021-22 Round 26 costing study:

- Enhanced engagement and governance processes through the establishment of formal Clinical, Finance and Data Reference groups.
- NT Health performed the linking of all services to episodes of care through the development of standardised business linking rules and procedures. Including additional quality assurance and validation processes enhancing linking confidence and as a result costing accuracy.
- Development of internal Costing and Results Dashboards to enhance visibility and use of costing data including services linking results to support clinical and operational needs and decision making.
- Improved cost allocations for admitted patients through the development of data driven relative value units and the alignment of speciality workforce profile at Royal Darwin Hospital. Efforts will be ongoing to further implement these processes across NT Hospital in Round 27

2. Submitted cost data

The NT submitted cost data from six facilities consistent with prior years. Costs submitted to NHCDC in Round 26 total \$1.29 billion, which is an increase of 2 per cent compared to Round 25. The ongoing impacts of the COVID-19 pandemic, including reduced hospital activity levels and changed clinical and patient flow pathways continues to impact Round 26 results.

The bi-annual NT Health costing exercise involves data acquisition, processing, validation and reporting. The NT Health coordinates each stage, implementing continuous refinements in consultation with clinical and hospital 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 26 of the NHCDC has been prepared in adherence with Australian Hospital Patient Costing Standards (AHPCS) version 4.1 qualified by the following items:

- NT includes medical costs reported in the General Ledger, however expenses in trust accounts that sit outside the financial accounts have not been included. Further work is being undertaken to ensure expenses may be fully recognised where practicable and material.
- NT did not cost Mental Health Care at the phase of care level as phase level activity data was not available in 2021/22 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

In Round 26 the Northern Territory performed the NHCDC costing at the hospital level applying a consistent methodology across all facilities that is compliant with the national costing standards and guidelines.

At the hospital level, the cost data is used for benchmarking and trend analysis with Health Round Table membership providing additional opportunities for clinical engagement and collaboration to drive innovation and efficiencies.

Results workshops incorporating IHPA's quality assurance reports were facilitated by external consultants providing stakeholder and opportunity to review and refine the costing outputs and ensure reasonableness. Issues identified were review and addressed collectively by participants before the final results are approved by the Chief Finance Officer.