



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

Your Ref: D23-3261
Our Ref: F-AA-88262-177
Contact: Michael Winter 9222 0309

Prof Michael Pervan
Chief Executive Officer
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Via email: secretariatihacpa@ihacpa.gov.au

Dear Professor Pervan

NATIONAL HOSPITAL COST DATA COLLECTION 2021-22 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 26 National Hospital Cost Data Collection submission.

Yours sincerely

A handwritten signature in black ink, appearing to read 'Giulia Clifford'.

Giulia Clifford
**A/ASSISTANT DIRECTOR GENERAL
PURCHASING AND SYSTEM PERFORMANCE**

21 April 2023

Att: WA Data Quality Statement

2021-22 Data Quality Statement for Western Australia

1. Governance processes and results

1.1. Governance arrangement

Western Australia's Round 26 National Hospital Cost Data Collection (NHCDC) submission was based on the individual submissions from the five Health Service Providers (HSP)/Local Health Networks (LHN).

These are:

North Metropolitan Health Service (6 hospitals)

South Metropolitan Health Service (4 hospitals)

East Metropolitan Health Service (4 hospitals)

Child and Adolescent Health Service (1 hospital)

WA Country Health Service (21 hospitals)

The number of participating sites remains unchanged from the previous round.

Patient level costing is undertaken by costing teams at a HSP level. This cost data was completed in compliance with the Australian Hospital Patient Costing Standards (AHPCS) version 4.1 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 of Health (the Department). Reconciliation statements were supplied for each participating HSP at site level.

On submission to the Department, the HSP costs were further tested and reconciled, with HSPs making further refinements if required. The Department adjusted the data to incorporate Work in Progress (WIP) from previous rounds and transformed the data in accordance with the Independent Health and Aged Care Pricing Authority (IHACPA) specifications. Data matching and validation also occurred to ensure the costed data sets aligned with the activity data submitted to IHACPA for other patient collections.

Costing is undertaken annually for the NHCDC submission but HSPs will generally undertake quarterly costing to meet their individual requirements. These include submitting patient cost data to Children's Healthcare Australasia (CHA), Women's Healthcare Australasia (WHA), Health Roundtable and Australian Institute of Health and Welfare (AIHW) Public Health Expenditure (PHE).

Costing is undertaken in a consistent manner throughout WA Health via a single instance of the Power Performance Management 2 (PPM) patient costing system. 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. These groups also work towards developing uniform practices and a common understanding of local and national costing issues. In addition to the single state-wide instance of PPM, utilisation of a common chart of accounts, and single sources of data for components such as pathology all contribute towards the standardisation of WA Costing.

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.

From Round 25, the Department has introduced a suite of quality assurance tests that the HSP's undertake prior to delivering their data. These tests, as well as a central financial reconciliation to the audited financial statements, are signed off at Chief Financial Officer/Executive Director level for each HSP and submitted to the Department as part of their NHCDC submission.

Conducting further testing at an HSP level serves to streamline the submission process. The Department continues to test the integrity of the data submitted, and reviews and measures hospital, HSP and state-wide trends and changes between annual NHCDC rounds.

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.

1.2. Summary of 2021-22 results

WA contributed patient level data for 36 public hospital sites, from five HSPs, for Round 26 (2021-22) of the NHCDC. All hospitals that are considered in scope for Activity Based Funding are currently part of the NHCDC submission for WA.

Costs submitted to NHCDC in Round 26 were \$6,343,782,383 which represents a 9.8% increase from the Round 25 submission of \$5,777,003,150. There was a 3% decrease in inpatient activity between rounds and a small increase (0.57%) in emergency episodes. There was a significant 18.75% increase in non-admitted episodes due to refinements made to activity inclusion criteria, with a corresponding rise in costs.

WA has continued costing for mental health at the phase of care level. This process has not fully matured, and costs were submitted to IHACPA at an episode level with work ongoing with aims to submit at phase level Round 27. A significant amount of work has been undertaken around contracted care and work with IHACPA is ongoing for the inclusion of these costs and activity in the current round. 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 26 submission.

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

The WA Round 26 NHCDC submission has been prepared in adherence with the Australian Hospital Patient Costing Standards (AHPCS) version 4.1. with the exceptions of teaching and research, and blood products.

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 IHACPA. WA does not currently include the costs of blood products.

All relevant expenses have been identified and included in the NHCDC submission. These expenses reconcile back to the general ledger and audited financial statements. Activity data is reconcilable back to the central data sources that the centralised Health Support Services provide to the Health Services.

2. Other relevant information

WA Costing guidelines and practices were relatively unchanged since 2020-21. There have been incremental improvements in quality assurance; adoption of the Round 26 IHACPA Data Request Specifications; and an expansion of non-Admitted data inclusion criteria for national submission.

There has not been a requirement to split the Costing submission into two periods to address COVID-19 related capacity issues as there was in Round 24 (2019-20).

3. NHCDC Declaration

All data provided by Western Australia to the 2021-22 NHCDC has been prepared in accordance with the Three-Year Data Plan 2021–22 to 2023–24, Data Compliance Policy June 2021 and the Australian Hospital Patient Costing Standards (AHPCS) Version 4.1.

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 4.1 and is complete and free of known material errors.

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 the development of the National Efficient Price.

Signed:



Guilla Clifford
**A/ASSISTANT DIRECTOR GENERAL
PURCHASING AND SYSTEM PERFORMANCE**

21 April 2023