

The Administrator of the National Health Funding Pool (the Administrator)

Friday, 19 January 2018

Statement on Commonwealth National Health Reform Funding

The Commonwealth National Health Reform funding, paid by the Commonwealth to States and Territories through the National Health Funding Pool, increased from \$15,463 million in 2014-15 to \$17,186 million in 2015-16.

Over the 2015-16 financial year payments were made to States and Territories for the estimated hospital activity as advised by States and Territories.

Advice was provided to the Commonwealth Treasurer on the reconciled amounts for 2015-16. The advice included an additional amount of Commonwealth National Health Reform funding payable by the Commonwealth to the States and Territories, for services delivered in 2015-16 above the States and Territories estimated hospital activity.

The 2015-16 reconciliation identified anomalies in the efficient growth in a small number of non-admitted services, in particular home delivered services such as ventilation and dialysis. The Independent Hospital Pricing Authority advised the Administrator and all Health Ministers that a pricing anomaly for the non-admitted home ventilation service was identified for the 2015-16 year. The Administrator was informed that the Independent Hospital Pricing Authority is working with all jurisdictions to understand the impact of the pricing anomaly and will provide updated pricing advice in coming weeks.

On receipt of the Independent Hospital Pricing Authority updated pricing advice, the Administrator will finalise the 2015-16 advice to the Commonwealth Treasurer.

The Administrator of the National Health Funding Pool is an independent statutory office holder, distinct from Commonwealth and State and Territory government departments, established under legislation of the Commonwealth and State and Territory governments.

Background

Public hospital funding is paid prospectively to States and Territories based on estimates of hospital activity that States and Territories provide at the start of each financial year. At the close of each financial year, the Administrator compares estimated activity with actual activity delivered, and advises the Commonwealth Treasurer of any reconciliation payments that may need to be made to States and Territories.

The Administrator of the National Health Funding Pool

The role of the Administrator, with support from the National Health Funding Body, is to administer the National Health Funding Pool according to the National Health Reform Agreement, to oversee payments into and out of the state pool account for each State and Territory, and to report on various funding and service delivery matters.

In addition, the Administrator is responsible for reconciling estimated and actual service volumes, authorising payment instructions, and reporting on all activities for the National Health Funding Pool. The National Health Funding Pool is the collective term for the state pool accounts of all States and Territories. A state pool account is a Reserve Bank account established by a State or Territory for the purpose of receiving all Commonwealth and activity based State and Territory National Health Reform funding, and for making payments under the Agreement.

For more information, please contact nhfa.administrator@nhfa.gov.au.