

## INDEPENDENT HOSPITAL PRICING AUTHORITY (IHPA) DATA

### Introduction

- 1 After the new issues paper was released to States, Commission staff were advised by the Independent Hospital Pricing Authority (IHPA) that Public Hospitals Establishment (PHE) emergency departments (ED) data would not be available from 2014-15. This means that in future there will be no change to between the preliminary and final IHPA ED data.
- 2 A request was sent to States on 11 October 2016 asking for comments on the staff proposal for estimating ED occasions for facilities previously covered by the PHE collection. Submissions were due on 9 November 2016.

### Background

- 3 In the new issues paper released to States on 30 June 2016, Commission staff sought States' views regarding the use of preliminary 2015-16 IHPA data in the 2017 Update. The majority of States had no concerns with this proposal, provided our analysis of 2014-15 preliminary and final data was consistent with the analysis of 2013-14 data which showed the differences between preliminary and final data were not significant.
- 4 Recently the IHPA advised staff that there would be no change to the 2014-15 IHPA data which we received in January 2016 and that in future the data supplied by the IHPA in January would be the final data release for the previous financial year. The IHPA also advised that there would be a change to the coverage of ED data from 2014-15. This means that there will no longer be 'preliminary' and 'final' versions of the IHPA data related to the activity based funding and ED National Minimum Dataset (EDNMDS) activity.
- 5 The primary differences between the preliminary and final IHPA datasets in recent years related to the inclusion of ED occasions from the Australian Institute of Health and Welfare (AIHW) National Public Hospitals Establishment Database (NPHEDB). These data were not available in January (hence the IHPA data being preliminary) but were subsequently available by October (the final IHPA dataset).
- 6 Subsequent to the new issues paper released in June, staff have been informed by IHPA of an issue with the PHE data. The IHPA have advised that from 2014-15, at the request of State health authorities, the NPHEDB will no longer collect ED data meaning that PHE ED data will no longer be available.

## Analysis

- 7 Since the 2015 Review, the Commission has used IHPA data on ED activity to allocate national ED spending to each population sub-group. Prior to 2014-15 IHPA provided three categories of ED data:
- Emergency presentations (EP) data which are reported by principal referral and large hospitals with formal EDs and sourced from the ED National Minimum Dataset (EDNMDS)
  - Emergency services (ES) data which are reported by medium and small hospitals (mainly block funded hospitals) and sourced from the EDNMDS
  - Public Hospital Establishment (PHE) ED data which also relate to medium and small hospitals but sourced from the National PHE Database (NPHEDB).
- 8 In 2013-14, the EDNMDS provided information for 95% of ED occasions (ES and EP data contributing 86% and 9% respectively). The other 5% of ED occasions were sourced from the NPHEDB. Although the proportion of ED data previously sourced from the NPHEDB is small, it is not uniformly distributed across remoteness areas and ignoring this data would disproportionately exclude ED activity in remote and very remote areas. This would have a material effect on the GST distribution (see Table 1).

**Table 1 GST distribution for emergency department component in the 2016 Update**

	NSW	Vic	Qld	WA	SA	Tas	ACT	NT	Redist (a)
U2016 without PHE	-3	-39	-6	28	4	6	-4	15	53
U2016 (with PHE) (b)	-57	-99	36	42	4	25	-12	61	168
Difference \$m	53	60	-42	-13	-1	-19	8	-46	121
Difference \$pc	7	10	-9	-5	-1	-37	20	-184	136

Note: (a) Total GST revenue not distributed on an EPC basis as a result of this assessment.

(b) In the 2016 Update the Commission used final 2013-14 IHPA data in the health assessment.

Source: Commission calculation.

- 9 To estimate PHE ED activity for assessment years after 2013-14, staff have considered using either the proportion of overall ED occasions represented by the PHE ED occasions in 2013-14, or the actual number of PHE ED occasions. We have received advice from the IHPA that the proportion of PHE ED occasions would most likely have decreased as coverage of the EDNMDS improves. Therefore rather than using the proportion of PHE ED occasions in 2013-14, staff propose recommending that the Commission use the actual number of PHE occasions in 2013-14 for 2014-15 and future years. This approach means that as the EDNMDS captured activity increases, the proportion of overall activity represented by the PHE data will decrease.

## Recommendation

Staff propose to recommend that the Commission:

- use 2015-16 IHPA data in the 2017 Update when they become available in January 2017
- for the ED component in the Health category, use the number of PHE ED occasions in 2013-14 to estimate the number of ED occasions for hospitals not covered by the EDNMDS
- continue to use this estimate until the next methodology review or until IHPA advises that the EDNMDS data is sufficiently comprehensive.

10 The Commission welcomes States' comments on this issue. Comments should be provided by 9 November 2016 to [secretary@cg.gov.au](mailto:secretary@cg.gov.au). The contact officer for queries is Fan Xiang ([fan.xiang@cg.gov.au](mailto:fan.xiang@cg.gov.au) or 02 6229 8817).