

Senate Community Affairs Committee

ANSWERS TO ESTIMATES QUESTIONS ON NOTICE

HEALTH PORTFOLIO

Additional Estimates 2015 - 2016, 3 March 2016

Ref No: SQ16-000278

OUTCOME: 4 - Acute Care

Topic: Public Hospital Funding – CPI and Population

Type of Question: Hansard Page 10, 3 March 2016

Senator: Gallagher, Katy

Question:

What is the logic behind population and CPI based funding for a health agreement? What modelling has been done on what that looks like for jurisdictions?

Answer:

The decision to transition to a public hospital funding model based on CPI and population growth from 2017-18 was made as part of the 2014-15 Budget.

As part of the Council of Australian Governments (COAG) *Heads of Agreement between the Commonwealth and the States and Territories on Public Hospital Funding*, signed 1 April 2016, a decision was made to retain Activity Based Funding arrangements over the period 1 July 2017 to 30 June 2020 ahead of consideration of longer-term arrangements. The COAG Heads of Agreement retains important parts of the existing system, including 45 per cent efficient growth calculated at the National Efficient Price while being capped at an overall funding growth rate of 6.5 per cent per annum.

2015-16 MYEFO NHR and public hospital funding to the states and territories

<i>\$ million</i>	2014-15	2015-16	2016-17	2017-18	2018-19	Total increase in annual funding 2014-15 to 2018-19
NSW (\$m)	4,877.6	5,243.0	5,523.0	5,755.5	5,986.6	1,109.0
Annual Growth (% change)		7.5%	5.3%	4.2%	4.0%	22.7%
VIC (\$m)	3,851.0	4,134.1	4,331.4	4,533.4	4,734.3	883.3
Annual Growth (% change)		7.3%	4.8%	4.7%	4.4%	22.9%
QLD (\$m)	3,061.1	3,283.7	3,451.4	3,629.3	3,778.3	717.2
Annual Growth (% change)		7.3%	5.1%	5.2%	4.1%	23.4%
WA (\$m)	1,755.3	1,831.1	1,955.5	2,001.0	2,095.5	340.2
Annual Growth (% change)		4.3%	6.8%	2.3%	4.7%	19.4%
SA (\$m)	1,124.7	1,188.1	1,238.0	1,270.2	1,315.1	190.4
Annual Growth (% change)		5.6%	4.2%	2.6%	3.5%	16.9%
TAS (\$m)	333.7	349.1	358.8	378.1	388.2	54.5
Annual Growth (% change)		4.6%	2.8%	5.4%	2.7%	16.3%
ACT (\$m)	304.6	321.4	342.9	295.7	307.7	3.1
Annual Growth (% change)		5.5%	6.7%	-13.8%	4.0%	1.0%
NT (\$m)	158.0	174.3	192.7	183.7	190.5	32.5
Annual Growth (% change)		10.4%	10.6%	-4.7%	3.7%	20.6%
National (\$m)	15,466.0	16,524.7	17,393.9	18,047.0	18,796.2	3,330.2
Annual Growth (% change)		6.8%	5.3%	3.8%	4.2%	21.5%

Source: 2014-15 Final Budget Outcome. 2015-16 – 2018-19 MYEFO: Part 3: Fiscal Strategy & Outlook: Attachment D: Table A1: Estimated payments to support state health services, by year and state. For the period 2014-15 to 2016-17, figures are inclusive of public health component of NHR funding.

Notes: In the period 2014-15 to 2016-17, funding estimates incorporate Commonwealth cross-border payments to 'provider' jurisdictions that deliver services to residents of other states. For 2017-18 and 2018-19, state allocations of public hospital funding are shown on the basis of an equal per capita distribution of national funding and are not adjusted for cross-border activity. From 2017-18, states will be wholly responsible for the administration of cross-border funding transfers (i.e. the Commonwealth will not make these payments).