



St Vincent's Public Hospital Sydney

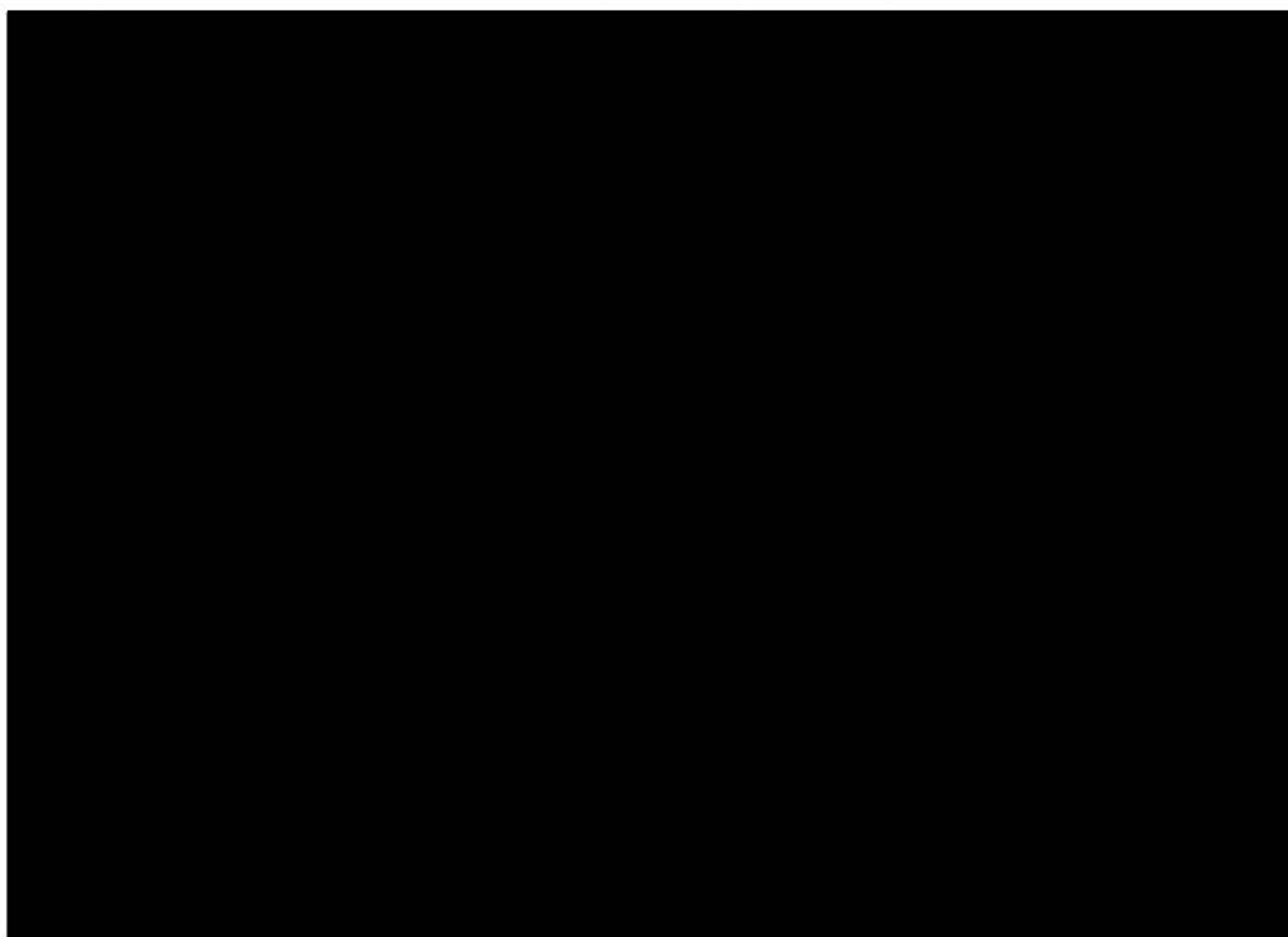
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St Vincents Network Narrative – May 24



HIGH LEVEL SUMMARY

The May24 YTD EBITDAR is \$6.8m unfavourable to budget, driven by unfavourable performance in salaries (\$29.6m unfavourable) and goods and services (\$6.1m unfavourable). This has been partially offset by increased income of \$23.4m mainly due to increases in Private Patient billing and one off catch-up in SydPath billing in Aug23 and the additional cash funding from MoH.

The May 24 monthly EBITDAR delivered a \$1.1m favourable variance to budget (\$157k actual surplus against a budgeted \$982k deficit). This result was driven by a \$7.9m favourability in subsidy funding receipts due to the additional MOH funding (\$30M). The unfavourable variance in expenses is driven by the salary and wages, including nursing costs (\$0.9m), under-achievement of efficiency savings (\$2.9m), increased VMO expenses and unfavourable industry wide premium adjustment of workers compensation (\$527k) with further \$.5m adjustment to come in Jun-24. The favourable variance in revenue was driven by both MoH funding, private revenue, and facility fees. The favourable variance for private revenue is due to improved capture of day-only admissions and facility fees which are \$0.5m favorable in May24, largely attributed to increased Pathology and diagnostic billing.

Activity continues to be the main driver for financial performance of the Network. The Apr24 NWAU is 3.7% above the target and 3.8% above target YTD (activity reported one month in arrears to ensure coding is up to date).

Performance - May-24

Analysis of the results to date has identified the following:

- **Medical, Nursing and VMO salaries** –The actual FTE YTD May24 is below budget and FY23 actuals; however, this is offset by the increased agency during this time. Significant work is underway to reduce reliance on premium labour through a refreshed recruitment and retention campaign. Progress is being made with permanent vacancies in nursing reducing to 46 compared to 89 in Feb-24.
- **Heart Lung Operational Costs** - YTD May24 costs for organ retrieval is \$3.6m. Total Goods & Services (Prostheses, Medical and Surgical, Admin, etc) for Heart Lung, excl. organ retrieval,

is \$3.4m unfavourable as at YTD May 24. The full year unfavourability is expected to be approximately \$3.7m based on current trend.

- **Cath Lab Reconciliation \$550k** – An updated reconciliation indicated a Salaries and Wages adjustment for services provided by SVHNS to St Vincent’s Private Hospital Sydney of \$500k. This reconciliation is forming part of the price setting for FY24 in agreement with the private hospital.
- **PHI (Private Health Insurance)** Identified for the month is 24.60% and out of this percentage, the PHI conversion is 87.60% - improvement from previous month 85.6%. Target conversion rate for the state is 85%.

FULL YEAR PROJECTION

Based on current trajectories (including a \$30m cash injection by MOH), SVHNS is currently forecasting a full year deficit of \$12m against expenses budget. This is a deterioration to the prior month forecast of \$9m deficit. Items impacting this revised position are continued high activity, deterioration in workers compensation claims experience and various other one-off expenses. The forecast for a full year \$5m own sourced revenue favourability is unchanged. It should be noted that SVHNS has a target EBITDAR of \$5m profit which takes into account requirements to fund employee leave movements at year end.

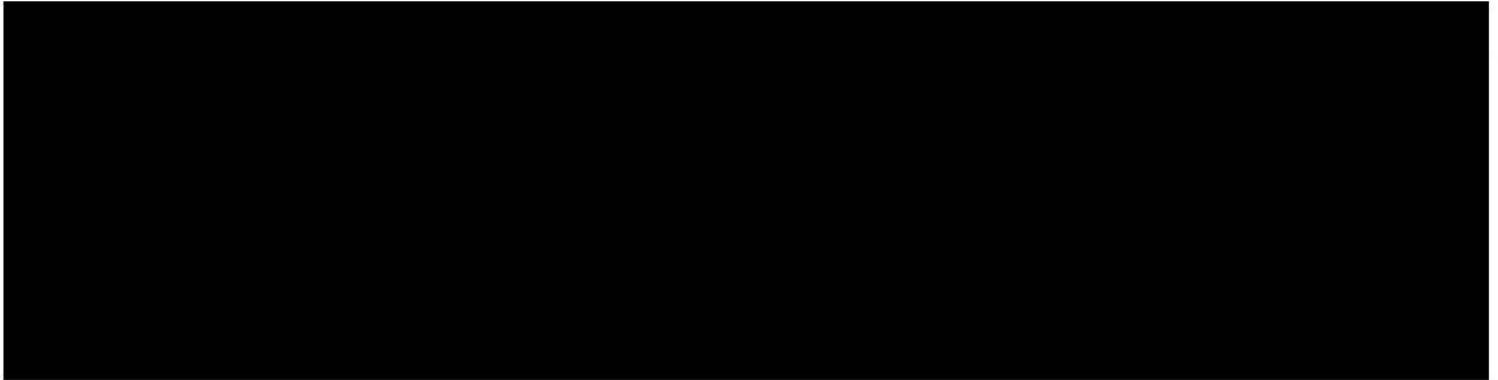
Management continues to focus on the Three Year Recovery Plan, which as noted previously includes three pillars: cost reduction, revenue optimisation and service realignment to purchased volumes. The initiatives captured in this Plan are being built into the FY25 SVHS budget.

Other active issues with MoH:

- Budget and reporting tools (as part of Oracle suite) – being finalised during June 24 with services and will be embedded into process to ensure strong control in all aspects of FTE management, expenditure and revenue.
- Procurement – project commenced and completed during May24.
- Procurement of clinical supplies through the Healthshare project - master catalogue migration occurred on 29th January and one link transition was completed on the 11th March 2024
- Review of local contracts, leases, and agreements

While significant progress has been made in FY24 to create efficiencies, and these will continue to be sustained and enhanced into FY25, it is not expected that these initiatives will be able to fully resolve the forecast budget deficit position.

OPERATING CASHFLOWS



The forecast cash position, based on latest information, including MOH \$30m cash injection and savings to be achieved for balance of financial year, is as per above table.

TRUST FUND PERFORMANCE

The net Trust Funds result for month of May-24 is a surplus of \$11.2m and \$13.6m favourable to budget. Trust Funds YTD May 24 position is \$22.6m favourable.

During May 24, Trust funds received \$7.9m from philanthropic sources, comprising of special grants and endowments from St Vincent's Curran Foundation and the annual grant from JW & M Cunningham Foundation. These grants support a range of equipment, innovation, and clinical research programs across the Network.

FTE PERFORMANCE

The table below compares the total May 24 FTE against the budget, rolling four-month average and prior year YTD May 23. The FTE numbers include all business as usual, supplementary nursing, including nurse agency, except staff that are not paid via the payroll. Overall, total FTE numbers increased by 12 FTE in May 24 compared to April 24 due to the increased activity.

Business as usual FTE totalled 3,004, which is 48 FTE below the budget of 3,052. It is mainly driven by vacant positions within nursing (31 FTE) and administration (39 FTE) and offset by junior medical officer which is above budget (46 FTE).

FTE by staff category	May-24			Rolling 4 month actual					
	Act	Bdgt fav/(unfav)	YTD	Last year	Feb-24	Mar-24	Apr-24	May-24	
Total	3,004	3,052	48	3,020	3,074	2,936	2,967	2,991	3,004
Admin and management	569	608	39	575	579	572	571	566	569
Ancillary support	176	181	5	179	180	178	179	180	176
Medical support	154	157	3	154	141	157	159	152	154
Junior medical staff	368	322	(46)	357	343	362	362	369	368
Senior medical staff	157	166	9	161	164	162	162	159	157
Nursing	1,188	1,219	31	1,154	1,140	1,126	1,154	1,177	1,188
Hotel and allied	391	398	7	379	365	379	381	388	391
St Joseph's Hospital	0	0	0	61	161	0	0	0	0

ACTIVITY PERFORMANCE (reported one month in arrears)

As can be noted in the below table, St Vincents Network activity continues at significant levels.

- Apr 24 NWAU is 3.7% above target for the month and YTD 3.8% above target.
- Full Year forecast 3.8% favourable - expected to be more than 2,900 NWAU above full year target.
- Drivers in activity are Acute services (cardio/surgery), Emergency and Non-Admitted demand.
- ED presentations continue to be higher than prior years with daily average presentations now greater than 150, compared with a daily average of 140 in 2018/19.
- Mental Health activity is an estimate only as the data has been delayed due to the EDW transition. There is a focus on activity capture in this stream..
- Drug Alcohol Non-Admitted Review of targets has commenced and will be addressed in activity negotiations process.

**St Vincent's Health Network 2023/24 NWAU 22 Update as at:
10 Months ending**

2024 St Vincent's Health Network Activity	Actual YTD NWAU Activity 2023-24	Budget YTD NWAU Activity 2023-24	Variance YTD NWAU Activity 2023-24	Var Fav / (unfav) % YTD NWAU Activity 2023-24
In-Scope for Commonwealth & State NHRA Contributions				
Emergency Department (NWAU 23)	6,912	6,343	570	9.0%
Acute Admitted (Excluding Drug & Alcohol & MH) (NWAU 22)	38,682	36,862	1,819	4.9%
Non Admitted Patients - Excluding D&A, MH & Dental (NWAU 23)	8,561	7,747	814	10.5%
Sub-Acute Services - Admitted (NWAU 22)	3,801	3,529	272	7.7%
Non Admitted- Dental (NWAU (DWAU*(615/5200)))	40	32	8	24.8%
Mental Health - Admitted (Acute and Sub-Acute)(NWAU 22)	3,368	3,330	38	1.1%
Drug Alcohol - Admitted Acute (NWAU 22)	1,321	1,298	23	1.8%
Non Admitted Patients - Drug & Alcohol (NWAU 23)	1,860	2,601	- 741	-28.5%
Total In-Scope for Commonwealth & State NHRA Contributions	64,545	61,742	2,803	4.5%
Mental Health - Non Admitted (Out of Scope)	1,164	1,534	- 370	-24.1%
Total State & Other Funding Contributions	1164	1,534	-370	-24.1%
St Vincent's Health Network Total	65,709	63,276	2,433	3.8%

CONCLUSION

SVHS is committed to transform its services so that it can continue to provide efficient, high quality and timely health care. Actions that will be taken in the coming months giving consideration to:

- **Governance & Leadership**
 - FY25 budget planning with clinical leaders
- **Workforces Efficiencies**
 - Recruitment to full staffing inc. branding of St Vincents as Employer of Choice, to reduce reliance on premium labour
 - Build strong process for Staffing Establishment/Rostering
 - Implement workforce restructure across corporate/nonclinical areas
- **Quality Improvements and Models of Care Initiatives**
 - Activity, Patient Flow and Access Committee commenced
 - Review of service provision in low value Care
 - Implement new Hospital in the Home model in partnership with St Vincent's Virtual and Home Health
- **Non-Workforce Efficiencies**
 - Procurement – complete move to State contracts for supplies
 - Review all major contracts with internal/external parties (inc. Cancer services)

- Own Source Revenue in Patient Fees/Medical Billing
- Accurate Coding and Data Capture across all ABF Streams

Certification

I certify that this narrative is reflective of the summary and detailed information contained in SMRS and that the "Official" for the month, YTD is truly reflective of the Health Entities YTD costs, budgeting and full year forecasts and agrees to the information provided to the Finance Committee.

All budgets received in the Top Level have been appropriately allocated down to cost centres and aggregated account groups in the submitted level and phased in accordance to anticipated expenditure and revenue generation.

Full Year forecast has been reviewed and devolved down to aggregated major accounting groups.



Anna Mc Fadgen
Chief Executive

Date: 3/7/2024



Barry Mitrevski
Director of Finance

Date: 3/7/24.