



NSW Health

2023-24 Service Agreement Purchasing Discussion

St Vincent's Health Network

27 July 2023



Agenda



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- 1** Update on Service Agreement Process

 - 2** Actions from previous meeting

 - 3** Budget pressures and enhancements

 - 4** Non-admitted patient activity performance and stream allocation

 - 5** Preliminary purchasing model

 - 6** Network questions

 - 7** Summation of actions and next steps

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Update on Service Agreement process

Update on 2023-24 Service Agreement process



- Government has issued an Economic Statement outlining issues facing the NSW budgetary position.
- No appropriations act was passed, instead instruments were issued enabling a portion of the *Appropriations Act 2022* to be allocated for the first quarter.
- Indications are that at least some new programs and initiatives will need to be funded from within existing funding envelopes.
- This means that funding needs to be carefully considered and allocated to achieve priority outcomes.
- The Final Service Agreement will be issued in September, with Boards needing to execute and return in October 2023.



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Actions from previous meeting



Actions from purchasing roadshow

Action	Responsibility	Outcome
Confirm how resilience funding will be annualised	Ministry	Closed
Update to be provided to Ministry of Health Finance on Commonwealth Home Support Programme transfer	District	Open
Confirm how Medicare ineligible patients are considered in the equity adjustor, and whether there is evidence SVHN treats a larger proportion compared to other LHDs/SHNs	Ministry	Closed
Investigate the classification of Mental Health Beds as a statewide service	Ministry	Closed
Letter from eHealth stating the intention to include SVHN in the rollout of the Single Digital Patient Record	Ministry	Closed

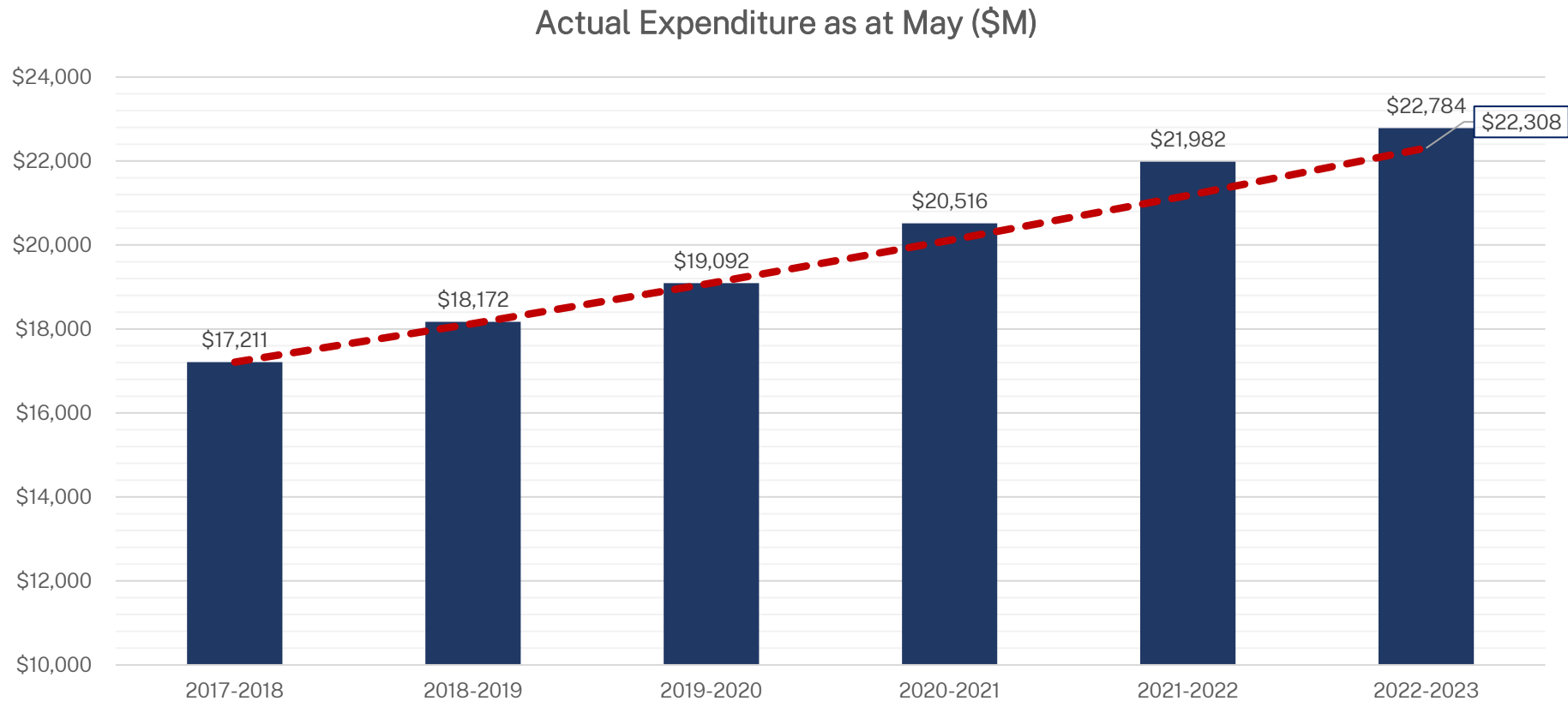
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Budget pressures and enhancements



Actual year on year expenditure 3.7% higher

- YTD May actual expenditure is \$22.8 billion for Districts/Networks/Ambulance.
- This is \$802M (3.7%) higher than the prior year, April \$610M (3.1%) higher and \$489M (2.7%) in March
- NWAU activity is behind target





Financial landscape for 2023-24

What to expect

Some LHD/SHNs commencing 1 July with an underlying financial and productivity challenge:

- Expenditure growth 3.7% YoY embedding COVID costs when funding time limited – high risk
- Productivity turnaround required for cost, staffing and NWAU management
- EIPs to match the underlying challenge are critical

Whole of Government Savings defined in budgets:

- Travel, Advertising, Legal, Consultants, Contractors, Other Management Services
- Spend of \$30k or more requires CPO approval

Election Commitments and Extreme Risks to be supported by Comprehensive Expenditure Review:

- Absorb and re-alignment to Government policy priorities
 - PBO costings and nominated offsets
 - New funding (limited)
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Interim Budget Letter & Final Service Agreement



What's included and excluded

	Interim	Final
Specific Initiatives Items already approved	✓ ICE Inquiry, End of Life, Brighter Beginnings, Dental, Nurse Practitioner Rural positions, TMF	✓
NPP – Workforce Resilience	✓ One-off based on FY23 allocation whilst numbers are being finalised	✓ Annualisation of the commitment subject to attestation and Round 2 discussions
NPP – Deferred Care	✓ Refer to Technical Notes	✓
Savings	✓ Existing targets + 4 WOG savings	✓ + Other WOG savings & outcomes from the CER
Activity Growth	Refer to Purchasing model slide	
Election Policy Statements	✗	✓
Other Initiatives	✓ Voluntary Assisted Dying	TBD
General cost & wages CPI	✓ Note S&W at 3%	S&W % to be updated if there are further changes
Minor Works RMR (Capital)	✗	Prior to State Budget



Conditions of Subsidy

What's new

- Recognising Commonwealth Activity Based Funding (ABF) and block funding payments under the National Health Reform Agreement as own source revenue.
- Reinforcing conditions on terms of appointment for employees not exceeding applicable industrial instruments (including awards), policy directives and determinations of the Secretary.
- Clarifying approach and principles for entering into Service Agreements with AHOs. Cascade:
 - Expenditure, Revenue and NWAU budgets
 - Efficiency improvement initiatives
 - KPIs and performance thresholds
- Renewed focus on:
 - General Fund overseas travel within notional budgets
 - Reducing leave liability, including ADOs > 3 days

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Non-Admitted Patient activity trends

Non-admitted activity to target performance

	YTD June 2019	YTD June 2022	YTD May 2023
St Vincent's Hospital, Darlinghurst	6.1%	-9.7%	0.7%
St Joseph's Hospital, Auburn	-70.9%	-13.8%	-1.1%
St Vincent's Health Network	2.8%	-9.9%	0.6%



Non-admitted patient activity trends – Top 10

Tier 2	April 2018 - March 2019		April 2022 - March 2023		Variation	
	Service Events	NWAU22	Service Events	NWAU22	NWAU22 Change	% Change
20.08 - Genetics	1,908	351	872	182	-169	-48%
40.21 - Cardiac rehabilitation	4,422	212	1,665	68	-144	-68%
20.01 - Transplants	7,507	592	6,033	479	-113	-19%
40.12 - Rehabilitation	11,596	520	9,277	416	-103	-20%
10.02 - Interventional imaging	1,562	1,083	1,448	1,002	-80	-7%
20.17 - Ophthalmology	1,319	53			-53	-100%
20.19 - Respiratory	2,898	190	2,101	138	-52	-27%
10.16 - Renal dialysis - peritoneal dialysis - home delivered	282	271	250	240	-31	-11%
40.14 - Neuropsychology	409	44	126	14	-31	-69%
20.46 - Plastic and reconstructive surgery	1,884	76	1,366	55	-21	-27%
Contribution of top 10	33,787	3,392	23,138	2,594	-798	-24%

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Preliminary Purchasing Model

Purchasing model

MODEL COMPONENT	JUNE 2023	
	\$'000	NWAU23
Purchasing adjustors	-\$560	-
GROWTH		
Equity, Population, Ageing	-	TBC
OTHER		
Deferred Care	-	103
Huntington Disease	11	-
Allogenic Bone Marrow Transplant (10 procedures)	-	142
TOTAL	-\$549	TBC

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Network Questions

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Summation of actions / Next steps