

## ATTACHMENT H

**Table H-1 HOSPITAL FUNDING ALLOCATION METHODS BY STATE**

State	Resources Allocation Method
NSW	A population-based funding model is used to allocate funding to health services districts. The formula for outpatient services includes factors such as Aboriginality, geographical location and a general need index (premature mortality, socioeconomic status and geographic location). The inpatient services formula includes factors such as dispersion cost, type of service, public/private mix, IPTAAS/ ambulance and patient severity.
VIC	A fixed annual grant and variable casemix payments. Variable payments include a casemix (discounted for private medical costs), rural/isolated, non-admitted patient for the larger hospitals, and nursing home type. Casemix payments factor in DRG classification, co-payments for certain conditions, length of stay and 10 per cent Indigenous loading. The fixed grant includes a non-admitted patient grant for smaller hospitals.
Qld	A fixed annual grant and variable casemix payments. Variable components include a casemix payment (that factors in hospital type, average weighted separation price, the target number of weighted separations and length of stay for each DRG), and factors in the public/non public mix. Hospitals with budgets below \$2m are excluded from casemix funding arrangements. Rural health services may also fund rural and remote hospitals, attributing to Aboriginality a weight of 3 times the cost.
WA	Fixed grants and variable casemix payments. The funding model considers 10 health condition groups, 3 levels of intervention (prevention/promotion, diagnosis/treatment, and continuing care) and client demographics (including geographic location, Aboriginality and socio-economic status).
SA	A fixed annual grant together with variable casemix payments. The annual grant reflects the fixed cost of operating a hospital while the activity payment reflects the variable cost of providing care to patients according to a DRG classification. Indigenous patients have an additional loading in casemix payments.
Tas	Fixed, variable casemix, site specific, special purpose and transition payments. Casemix payments include factors such as admitted patients and nursing home type patients. Payments do not factor in Aboriginality.
ACT	Casemix payments and a payment for teaching and research. Patient-related services are split into acute admitted, non-admitted and non-acute admitted categories. Acute services are purchased according to DRGs and non-admitted services are purchased using an ambulatory classification. Non-acute inpatients are funded on a bed day basis. Aboriginality is not factored in..
NT	Casemix funding. Adjustments are made for the Indigenous population, geographic dispersion, cost of providing services to a small population, reliance upon inter state transfers, remoteness, and hospital provision of non-core hospital functions.