

# **Service Agreement End-of-year Final Allocations (Abridged)**

An agreement between:

**Department of Health Chief Executive Officer**

And

**North Metropolitan Health Service**

for the period

1 July 2019 – 30 June 2020

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## BACKGROUND

- A. On 1 July 2019, pursuant to section 46 of the *Health Services Act 2016* (the Act) the Parties entered into a Service Agreement. Section 46(4) of the Act provides that the Service Agreement is binding on the Parties.
- B. The Service Agreement details the health services that the Department CEO undertook to purchase from the North Metropolitan Health Service (NMHS) and the health services NMHS undertook to deliver during the 2019-20 financial year.
- C. The State Mid-Year Review handed down on 18 December 2019 changed the funding set out in the Service Agreement and an amendment to these was executed through a Mid-year Review Deed of Amendment.
- D. Since the State Mid-year Review and up to 30 June 2020 changes to the funding set out in the Mid-year Review Deed of Amendment have occurred and an amendment to these is required.
- E. This document is not required to be executed in accordance with section 41 of the Act as all amendments have been approved through other processes.

## DEFINED TERMS

In this Deed:

1. **EOY** means End-of-year and refers to the 2019-20 Financial year
2. **EOY Final Allocations** means this document
3. **MYR Deed** means the Health Service Provider Mid-Year Review Deed of Amendment 2019-20 between the Parties

## **1. OPERATION OF AMENDMENTS**

The Service Agreement, including amendments contained in the MYR Deed, will be read and construed subject to this EOY Final Allocations, and in all other respects the provisions of the Service Agreement are confirmed, and subject to the terms of the amendments contained in this EOY Final Allocations and the Service Agreement will continue in full force and effect in accordance with its terms.

This EOY Final Allocations is governed by and will be construed according to the laws in force in Western Australia.

## **2. ENTIRE AGREEMENT**

This EOY Final Allocations together with the Service Agreement, including amendments contained in the MYR Deed, constitutes the entire agreement between the Parties and supersedes any previous agreement between the Parties as to the subject matter of this EOY Final Allocations.

## **3. AMENDMENTS TO SERVICE AGREEMENT**

With effect from the date of this EOY Final Allocations the Service Agreement is varied so that:

- (a) The Schedule B: Summary of Activity and Funding table at page 24 of the Service Agreement, as amended by MYR Deed, is amended. This amendment is attached hereto and marked as Annexure 1.
- (b) The Schedule E: Dental Health Service Summary of Activity and Funding table at page 38 of the Service Agreement, as amended by MYR Deed, is amended. This amendment is attached hereto and marked as Annexure 2.

## **4. PUBLICATION OF DEED**

The Department will publish an abridged version of this EOY Final Allocations on the WA health system internet site, in accordance with Schedule D9 of the National Health Reform Agreement.

In accordance with Schedule D8(a) and D8(c), included with the abridged version of this EOY Final Allocations is an additional schedule that provides a calculation of the Commonwealth and State contributions to the National Health Funding Pool under this Agreement.

## Annexure 1

### B: NMHS Summary of Activity and Funding

OBM Service	2019-20		2019-20		2019-20		2019-20		2019-20	
	Executed Service Agreement		Changes from SA to MYR DOA		Mid-Year Review Deed of Amendment		Changes MYR DOA to EOY Final Alloc.		End-of-Year Final Allocations	
	WAOs	\$'000	WAOs	\$'000	WAOs	\$'000	WAOs	\$'000	WAOs	\$'000
01 Public Hospital Admitted Services	173,193	1,176,094	737	11,118	173,930	1,187,212	(417)	6,401	173,513	1,193,613
02 Public Hospital Emergency Services	26,753	176,770	—	601	26,753	177,371	—	386	26,753	177,758
03 Public Hospital Non-Admitted Services	35,486	246,841	—	1,469	35,486	248,310	62	1,336	35,548	249,645
04 Mental Health Services	25,950	256,216	317	2,541	26,267	258,757	26	943	26,293	259,700
05 Aged and Continuing Care Services	—	21,945	—	86	—	22,031	—	700	—	22,730
06 Public and Community Health Services	—	91,067	—	(1,307)	—	89,760	—	2,312	—	92,072
07 Pathology Services	—	—	—	—	—	—	—	—	—	—
08 Community Dental Health Services	—	—	—	—	—	—	—	—	—	—
09 Small Rural Hospital Services	—	416	—	—	—	416	—	1	—	417
10 Health System Management - Policy and Corporate S	—	—	—	—	—	—	—	—	—	—
11 Health Support Services	—	—	—	—	—	—	—	—	—	—
Government Corrective Measures	—	(54,336)	—	(6)	—	(54,342)	—	—	—	(54,342)
Health Allocation Adjustments	—	117,558	—	13,539	—	131,097	—	(3,283)	—	127,814
<b>Total</b>	<b>261,382</b>	<b>2,032,571</b>	<b>1,054</b>	<b>28,040</b>	<b>262,436</b>	<b>2,060,612</b>	<b>(329)</b>	<b>8,797</b>	<b>262,107</b>	<b>2,069,408</b>

#### Notes

- For the 2019-20 EOY Final Allocations, Government Corrective Measures (GCM) and Health Allocation Adjustments (HAA) are shown separately. Therefore, the figures in schedules 01-11 exclude GCM and HAA.
- For the 2019–20 EOY Final Allocations, the figures above include an allocation (apportioned across OBM service categories) for Financial Products, HSS-Resources Received Free of Charge (RRFOC) and PathWest-RRFOC.
- The new Accounting Standard "AASB 16 - Leases" was implemented by the Department of Health on the 1 July 2019. The 2019-20 Service Agreement incorrectly treated the AASB 16 – Lease, Borrowing Cost allocations as a Financial Product (i.e. non-cash). This was corrected in the 2019-20 MYR DOA, with the AASB 16 – Lease, Borrowing Costs treated as a Health Allocation Adjustment (HAA) (i.e. cash). This also now reflects the Funding Plan treatment. As the AASB 16 – Lease, Borrowing Costs are no longer treated as a Financial Product there are minor adjustments to OBM 01-11 and HAA (also reflected in OBM and HAA Schedules). These changes did not affect the expense limit of the 2019-20 Service Agreement.

## Annexure 2

### E: Dental Health Service Summary of Activity and Funding

OBM Service	2019-20	2019-20	2019-20	2019-20	2019-20
	Executed Service Agreement	Changes from SA to MYR DOA	Mid-Year Review Deed of Amendment	Changes MYR DOA to EOY Final Alloc.	End-of-Year Final Allocations
	\$'000	\$'000	\$'000	\$'000	\$'000
01 Public Hospital Admitted Services	—	—	—	—	—
02 Public Hospital Emergency Services	—	—	—	—	—
03 Public Hospital Non-Admitted Services	—	—	—	—	—
04 Mental Health Services	—	—	—	—	—
05 Aged and Continuing Care Services	—	—	—	—	—
06 Public and Community Health Services	—	—	—	—	—
07 Pathology Services	—	—	—	—	—
08 Community Dental Health Services	107,985	(188)	107,797	1,552	109,349
09 Small Rural Hospital Services	—	—	—	—	—
10 Health System Management - Policy and Corporate Services	—	—	—	—	—
11 Health Support Services	—	—	—	—	—
Government Corrective Measures	(6,296)	(5)	(6,301)	—	(6,301)
Health Allocation Adjustments	(649)	50	(599)	—	(599)
<b>Total</b>	<b>101,040</b>	<b>(142)</b>	<b>100,898</b>	<b>1,552</b>	<b>102,449</b>

## NMHS—Commonwealth and State contributions to the National Health Funding Pool

	National	Total	Total	Commonwealth		State
	Efficient Price	Expected	Contribution	Contribution	Funding	Contribution
	(as per IHPA)	NWAUs	(NEP \$)	(NEP \$)	Rate	(NEP \$)
	(NEP \$)	(#)	(NEP \$)	(NEP \$)	(%)	(NEP \$)
<b>ABF Service group</b>						
Acute Admitted	5,134	162,227	832,875,529	359,375,147	43.1	473,500,382
Admitted Mental Health	5,134	21,864	112,249,726	41,527,017	37.0	70,722,709
Sub-Acute	5,134	15,944	81,858,704	28,273,900	34.5	53,584,804
Emergency Department	5,134	24,082	123,634,523	50,085,267	40.5	73,549,255
Non Admitted	5,134	32,795	168,369,870	88,774,770	52.7	79,595,100
<b>Total ABF</b>	<b>5,134</b>	<b>256,912</b>	<b>1,318,988,351</b>	<b>568,036,101</b>	<b>44.7</b>	<b>750,952,250</b>
<b>Non-ABF Service group</b>						
Non Admitted Mental Health			81,459,095	25,231,283	31.0	56,227,812
Non Admitted CAMHS			1,088,106	102,464	9.4	985,643
Non Admitted Home Ventilation			—	—	—	—
Rural CSO sites			—	—	—	—
Teaching, Training and Research			87,195,539	33,579,725	38.5	53,615,814
<b>Total Block Funding</b>			<b>169,742,740</b>	<b>58,913,472</b>	<b>34.7</b>	<b>110,829,269</b>