

# **Service Agreement Deed of Amendment (Abridged)**

An agreement between:

**Department of Health Chief Executive Officer**

and

**North Metropolitan Health Service**

for the period

1 July 2021 – 30 June 2022

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## BACKGROUND

- A. With effect from 1 July 2021, pursuant to section 46 of the *Health Services Act 2016* (the Act) the Parties entered into a 2021-22 Service Agreement (Interim). Section 46(4) of the Act provides that the 2021-22 Service Agreement (Interim) is binding on the Parties.
- B. The 2021-22 Service Agreement (Interim) details the health services that the Department CEO will purchase from the North Metropolitan Health Service (NMHS) and the health services NMHS will deliver during the 2021-22 financial year.
- C. The 2021-22 Service Agreement (Interim) was issued on an interim basis due to delivery of the 2021-22 State Budget being delayed to 9 September 2021, following the 13 March 2021 State election.
- D. Updated 2021-22 budget allocations have been advised by letter to NMHS where applicable since 1 July 2021.
- E. This Deed of Amendment reflects adjustments to the 2021-22 Service Agreement (Interim) resulting from the 2021-22 State Budget, the 2021-22 Mid-year Review, the 2022-23 budget process and other WA health system allocation adjustments since the 2021-22 Service Agreement (Interim) was issued.
- F. Section 50 of the Act stipulates that a Party that wishes to amend the terms of the Service Agreement must provide written notice of the proposed amendment to the other party. This written notice was provided to NMHS on 16 December 2021.
- G. This Deed is executed in accordance with section 41 of the Act.

## DEFINED TERMS

In this Deed:

1. **Deed** means the 2021-22 Deed of Amendment.

## 1. OPERATION OF AMENDMENTS

The 2021-22 Service Agreement (Interim) will be read and construed subject to this Deed, and in all other respects the provisions of the 2021-22 Service Agreement (Interim) are confirmed, and subject to the terms of the amendments contained in this Deed, will continue in full force and effect in accordance with its terms.

Each Party will promptly do and perform all further acts and execute and deliver all further documents (in form and content reasonably satisfactory to that Party) required by law or reasonably requested by any other Party to give effect to this Deed.

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

## 2. ENTIRE AGREEMENT

This Deed together with the 2021-22 Service Agreement (Interim) constitutes the entire agreement between the Parties and supersedes any previous agreement between the Parties as to the subject matter of this Deed.

## 3. AMENDMENTS TO SERVICE AGREEMENT

With effect from the date of this Deed the Parties agree that the 2021-22 Service Agreement (Interim) is varied so that:

- (a) The following paragraphs are included under Section 5 “Funding and Purchasing” of the 2021-22 Service Agreement (Interim) as follows:

### Living with COVID-19

Additional beds and funding have been approved by Government under the “Living with COVID-19” initiative for 2021-22 and 2022-23. The funding (which represents 70% of total bed-day cost) is for the purpose of ensuring the additional 270 beds across the WA health system announced on 3 November 2021 to support COVID-19 preparedness are staffed and ready to operate and can also be utilised to cover costs associated with other initiatives such as “Call Care in ED”.

Should the additional beds be utilised as a result of COVID-19, funding will be provided for the remaining 30% non-fixed costs, where overall base activity levels are tracking above target. Monthly reporting to the System Manager of the status of the “Living with COVID-19” beds and associated utilisation is required. The funding is approved on a strictly time-limited basis covering 2021-22 and 2022-23 only and the Government has noted:

- Costs and any activity associated with the 270 beds will not be considered in the development of future base activity and funding requirements; and
- Measures will be implemented to support a return to a pre-COVID-19 cost and activity baseline accounting for natural base growth and any on-going COVID-19 impacts.

### General COVID-19 Allocations

Additional budget allocations for general COVID-19 related costs, excluding activity-based allocations (e.g. outpatient COVID clinics), are identified separately in the Schedule D: Health Allocation Adjustments (HAA). These COVID-19 allocations are provided specifically for the purpose of meeting COVID-19 costs and the budget amounts are to be quarantined for this purpose only. Underspent funds in 2021-22 are to be carried over and used to offset expenditure in 2022-23. An allocation for costs associated with PathWest services is included and this amount is to only to be used to pay for PathWest's COVID-19 related services.

- (b) The heading and text in Section 3.2.1.1 NPA on Public Dental Services for Adults of the 2021-22 Service Agreement (Interim) is replaced with the following:

#### 3.2.1.1 Federation Funding Agreement - Schedule on Public Dental Services for Adults

The Federation Funding Agreement – Schedule on Public Dental Services for Adults (Dental FFA) is a Commonwealth initiative that aims to improve the oral health of adults in WA eligible for public dental services.

In 2021-22 the NMHS will be required to deliver a maximum of 15,122 Dental Weighted Activity Units (DWAUs). The Dental FFA funding is calculated on the basis of \$640 per DWAU delivered. Activity will be paid on a pro rata basis up to 15,122 DWAUs. Activity above the maximum DWAU target will not receive additional funding.

No additional funding in 2021-22 is available over the maximum of \$9.7 million.

Dental FFA funds must be used in accordance with the intent of the Dental FFA and undertaken in accordance with the Project Plan from the previous National Partnership Agreement on Public Dental Services for Adults agreed by the Commonwealth and State Ministers for Health.

- (c) The text in Section 3.2.1.2 Child Dental Benefit Schedule of the 2021-22 Service Agreement (Interim) is replaced with the following:

The Child Dental Benefit Schedule (CDBS) is a Commonwealth initiative that aims to improve the oral health of eligible children in WA. The CDBS is a capped benefit entitlement for general dental services for children who meet a means test (Family Tax Benefit A) and can be used in either the public or private dental system. The benefit can be used over two calendar years and is capped at \$1,013 if year one is 2021 and \$1,026 if year one is 2022.

Dental Revenue from the CDBS is tied to 'recoveries revenue' for NMHS Dental Health Services. Surplus CDBS funds that exceed the recoveries revenue target must be used in accordance with the intent of the CDBS.

- (d) The Schedule B: NMHS Summary of Activity and Funding table at page 24 of the 2021-22 Service Agreement (Interim) is amended. This amendment is attached hereto and marked as Annexure 1.

(e) The Schedule E: Dental Health Service Summary of Activity and Funding table at page 38 of the 2021-22 Service Agreement (Interim) is amended. This amendment is attached hereto and marked as Annexure 11.

#### **4. PUBLICATION OF DEED**

The Department will publish an abridged version of this Deed on the WA Health internet site, in accordance with Schedule D9 of the National Health Reform Agreement. Any subsequent amendments to this Deed together with the Service Agreement will also be published in accordance with Schedule D9 of the National Health Reform Agreement.

## 5. EXECUTION

Executed as a Deed of Amendment in the State of Western Australia.

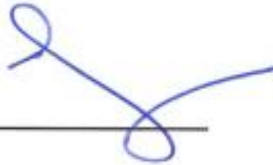
### Parties to the Agreement:

Department CEO

Dr D J Russell-Weisz  
Director General  
Department of Health

Date: 26/22

Signed: \_\_\_\_\_



The Common Seal of the  
North Metropolitan Health Service  
was hereunto affixed in the presence of:

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)  
)

Clinical Prof. David Forbes AM  
Board Chair  
North Metropolitan Health Service

Date: 25 May 2022

Signed: \_\_\_\_\_



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Dr Shirley Bowen  
Chief Executive  
North Metropolitan Health Service

Date: 25 May 2022

Signed: \_\_\_\_\_





## Annexure 1

### B: NMHS Summary of Activity and Funding

OBM Service	2021-22		2021-22		2022-23		2023-24		2024-25	
	Service Agreement (Interim)		Deed of Amendment		Forward Estimate		Forward Estimate		Forward Estimate	
	WALs	\$'000	WALs	\$'000	WALs	\$'000	WALs	\$'000	WALs	\$'000
1. Public Hospital Admitted Services	174,221	1,172,861	174,949	1,196,042						
2. Public Hospital Emergency Services	26,977	186,399	27,248	190,577						
3. Public Hospital Non-Admitted Services	38,113	251,972	39,313	262,466						
4. Mental Health Services	27,389	278,978	28,041	297,912						
5. Aged and Continuing Care Services	—	18,052	—	25,326						
6. Public and Community Health Services	—	78,510	—	94,506						
7. Pathology Services	—	—	—	—						
8. Community Dental Health Services	—	—	—	—						
9. Small Rural Hospital Services	—	444	—	856						
10. Health System Management - Policy and Corporate Services	—	—	—	—						
11. Health Support Services	—	—	—	—						
Government Corrective Measures	—	(1,854)	—	(1,854)						
Health Allocation Adjustments (HAA)	—	97,290	—	207,877						
<b>Total—Activity and Funding</b>	<b>266,701</b>	<b>2,082,652</b>	<b>269,551</b>	<b>2,273,709</b>						
Less Income	—	(1,049,399)	—	(173,091)						
<b>Net—Activity and Funding</b>	<b>266,701</b>	<b>1,033,253</b>	<b>269,551</b>	<b>2,100,618</b>						

**NOT APPLICABLE**

1. The allocations included in “Less Income” have been subject to a changed classification standard which means that significant items previously included in Own Source Revenue have been re-classified as sourced from the Government sector.

## Annexure 11

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

OBM Service	2021-22		2021-22		2022-23		2023-24		2024-25	
	Service Agreement (Interim)		Deed of Amendment		Forward Estimate		Forward Estimate		Forward Estimate	
	WALUs	\$'000	WALUs	\$'000	WALUs	\$'000	WALUs	\$'000	WALUs	\$'000
1. Public Hospital Admitted Services	—	—	—	—	<b>NOT APPLICABLE</b>					
2. Public Hospital Emergency Services	—	—	—	—						
3. Public Hospital Non-Admitted Services	—	—	—	—						
4. Mental Health Services	—	—	—	—						
5. Aged and Continuing Care Services	—	—	—	—						
6. Public and Community Health Services	—	—	—	—						
7. Pathology Services	—	—	—	—						
8. Community Dental Health Services	—	105,160	—	107,440						
9. Small Rural Hospital Services	—	—	—	—						
10. Health System Management - Policy and Corporate Services	—	—	—	—						
11. Health Support Services	—	—	—	—						
Government Corrective Measures	—	(1,180)	—	(1,153)						
Health Allocation Adjustments (HAA)	—	—	—	1,427						
<b>Total—Activity and Funding</b>	—	<b>103,980</b>	—	<b>107,715</b>						
Less Income	—	(12,117)	—	(12,117)						
<b>Net—Activity and Funding</b>	—	<b>91,863</b>	—	<b>95,597</b>						

Notes:

- a. The allocations included in “Less Income” have been subject to a changed classification standard which means that significant items previously included in Own Source Revenue have been re-classified as sourced from the Government sector.

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

	National Efficient Price	Total Expected NWAUs	Total Contribution	Commonwealth		State
				Contribution	Funding Rate	Contribution
<b>ABF Service group</b>	(NEP \$)	(#)	(NEP \$)	(NEP \$)	(%)	(NEP \$)
Acute Admitted	5,597	152,166	851,671,070	364,449,886	41.4	487,221,184
Admitted Mental Health	5,597	25,804	144,426,874	59,145,455	41.4	85,281,419
Sub-Acute	5,597	7,855	43,964,065	32,293,782	41.4	11,670,284
Emergency Department	5,597	25,075	140,347,484	59,684,348	41.4	80,663,136
Non Admitted	5,597	32,593	182,420,649	75,787,244	41.4	106,633,405
<b>Total ABF</b>	<b>5,597</b>	<b>243,493</b>	<b>1,362,830,142</b>	<b>591,360,715</b>	<b>41.4</b>	<b>771,469,427</b>
<b>Non-ABF Service group</b>			(\$)	(\$)	(%)	(\$)
Non Admitted Mental Health			95,563,625	31,748,343	33.2	63,815,282
Non Admitted CAMHS			1,419,245	223,475	15.7	1,195,769
Non Admitted Home Ventilation			—	—	—	—
Rural CSO sites			—	—	—	—
Teaching, Training and Research			93,300,462	36,435,564	39.1	56,864,898
<b>Total Block Funding</b>			<b>190,283,332</b>	<b>68,407,383</b>	<b>36.0</b>	<b>121,875,949</b>

**Note:**

This schedule relates to Commonwealth "in-scope" activity only and is a subset of the Summary of Activity and Funding Schedule

Commonwealth \$ contribution is inclusive of adjustments related to the 2020-21 annual reconciliation.