

Service Agreement Mid-Year Review Deed of Amendment (Abridged)

An agreement between:

Department of Health Chief Executive Officer

And

North Metropolitan Health Service

for the period

1 July 2017 – 30 June 2018

CONTENTS

BACKGROUND	3
DEFINED TERMS.....	4
1. OPERATION OF AMENDMENTS	5
2. ENTIRE AGREEMENT	5
3. AMENDMENTS TO SERVICE AGREEMENT	5
4. PUBLICATION OF DEED	6
Annexure 1	8
A: NMHS Summary of Activity and Funding	8
Annexure 2	9
C: Dental Health Services Summary of Activity and Funding	9
NMHS Commonwealth Specific Purpose Payment Activity and Funding	10

BACKGROUND

- A. On 1 July 2017, pursuant to section 46 of 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 will purchase from the North Metropolitan Health Service and the health services the North Metropolitan Health Service will deliver during the 2017-18 financial year.
- C. The State budget delivered in September 2017 changed the funding set out in the Service Agreement. After September 2017, the Parties agreed to changes to the Service Agreement and executed the Budget Deed of Amendment.
- D. The State Mid-Year Review published on 20 December 2017 changes the funding set out in the Service Agreement and the Budget Deed of Amendment and an amendment to these is required.
- E. Section 50 of the Act stipulates that a Party that wants to amend the terms of the Service Agreement must provide written notice of the proposed amendment to the other party.
- F. This Mid-Year Review (MYR) Deed is executed in accordance with section 50 of the Act.

DEFINED TERMS

In this Deed:

1. **Act** means the *Health Services Act 2016*.
2. **Budget Deed of Amendment** means the Deed of Amendment signed by the Parties after the State budget delivered in September 2017
3. **Deed** means this Deed of Amendment
4. **Parties** means the parties to the Service Agreement and to the Deed and to the Budget Deed of Amendment and “Party” means any one of them
5. **Policy Framework** means a policy framework issued under section 26 of the Act.
6. **Service Agreement** means the Health Service Provider Service Agreement 2017–18 between the Parties and as amended from time-to-time including all schedules and annexures
7. **Schedule** means a schedule to the Service Agreement.

1. OPERATION OF AMENDMENTS

The Service Agreement and the Budget Deed of Amendment will be read and construed subject to this Deed, and in all other respects the provisions of the Service Agreement and the Budget Deed of Amendment are confirmed, and subject to the terms of the amendments contained in this Deed, the Service Agreement and the Budget Deed of Amendment 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 Service Agreement and the Budget Deed of Amendment 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 Service Agreement is varied so that:

- (a) Clause 7 is amended to insert the following new subclause:

“7.6 National Partnership Agreement on Public Dental Services for Adults

The National Partnership Agreement on Public Dental Services for Adults (NPA) runs from 1 January 2017 to 30 June 2019. The NPA will assist to improve the oral health of adult patients in WA who are eligible for public dental services.

In 2017–18, the NMHS will be required to deliver a minimum of 9,830 Dental Weighted Activity Units (DWAUs) up to a maximum of 15,122 DWAUs.

The NPA funding is calculated on the basis of \$640 per DWAU delivered. In order to receive any payment, NMHS must at least achieve the specified minimum target. Additional activity above the specified minimum target and up to 15,122 DWAUs will be paid on a pro rata basis.

If the maximum DWAU target is exceeded, activity may only be rolled over and carried into the next financial year up until 31 March 2019. No additional funding in 2017-18 is available over the maximum of \$9,686,000.

NPA funds must be used in accordance with the intent of the NPA and undertaken in accordance with the Project Plan agreed to by the Commonwealth and State Ministers for Health.

NMHS must comply with all performance monitoring and reporting requirements as outlined in the NPA and/or requested by the Department CEO.”

- (b) The schedule A: Summary of Activity and Funding table at page 18 of the Service Agreement is amended. This amendment is attached hereto and marked as Annexure 1.
- (c) The schedule C: Dental Health Services Summary of Activity and Funding table at page 30 of the Service Agreement 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 Deed on the WA health system 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.

Parties to the Agreement:

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

Parties to the Agreement:

Department CEO

Dr David J Russell-Weisz
Director General
Department of Health

Date: 1/5/18

Signed: [Signature]

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



Professor Bryant Stokes AM
Board Chair
North Metropolitan Health Service

Date: 7.3.18

Signed: [Signature]

Mr Wayne Salvage
Chief Executive
North Metropolitan Health Service

Date: 7.3.18

Signed: [Signature]

Annexure 1

A: NMHS Summary of Activity and Funding

OBM Service	2016-17		2017-18		2017-18		2018-19		2019-20		2020-21	
	Final Position		Deed of Amendment		Mid-Year Review DOA		Forward Estimate		Forward Estimate		Forward Estimate	
	WAUs	\$'000	WAUs	\$'000	WAUs	\$'000	WAUs	\$'000	WAUs	\$'000	WAUs	\$'000
01 Public Hospital Admitted Services	174,741	1,130,164	176,060	1,179,208	176,060	1,185,731	180,507	1,222,916	183,227	1,245,215	186,697	1,280,410
02 Public Hospital Emergency Services	25,810	159,598	26,342	169,265	26,342	169,757	27,441	178,346	28,535	186,429	29,630	195,597
03 Public Hospital Non-Admitted Services	37,995	239,458	35,949	235,253	35,949	236,092	36,511	241,059	37,152	245,591	37,836	252,672
04 Mental Health Services	25,847	246,999	26,260	251,904	26,260	252,890	25,979	166,889	25,949	169,083	26,012	172,046
05 Aged and Continuing Care Services	—	16,688	—	15,846	—	18,717	—	12,786	—	13,122	—	12,813
06 Public and Community Health Services	—	115,212	—	95,351	—	98,715	—	78,717	—	79,932	—	9,205
07 Community Dental Health Services	—	1,778	—	—	—	—	—	—	—	—	—	—
08 Small Rural Hospital Services	—	139	—	—	—	—	—	—	—	—	—	—
09 Health System Management - Policy and Corporate Service:	—	—	—	—	—	—	—	—	—	—	—	—
10 Health Support Services	—	—	—	—	—	—	—	—	—	—	—	—
<i>Expense Transfer</i>	—	2,180	—	—	—	—	—	—	—	—	—	—
<i>System Manager Initiatives</i>	—	110,424	—	28,566	—	28,567	—	12,873	—	15,775	—	12,140
Total	264,393	2,022,641	264,611	1,975,393	264,611	1,990,469	270,438	1,913,585	274,863	1,955,147	280,175	1,934,883

Notes

- The figures in all schedules include an allocation for Financial Products and HSS Resources Received Free of Charge. These may be subject to change.
- Refer to Schedule C Dental Health Services Summary of Activity and Funding.
- The 2016-17 allocation for *OBM 8 Small Rural Hospital Services* is a result of a budget transfer from WACHS on 19 May 2017 related to Telehealth.

Annexure 2

C: Dental Health Services Summary of Activity and Funding

OBM Service	2016-17	2017-18	2017-18	2018-19	2019-20	2020-21
	Final Position \$'000	Deed of Amendment \$'000	Mid-Year Review DOA \$'000	Forward Estimate \$'000	Forward Estimate \$'000	Forward Estimate \$'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 Community Dental Health Services	100,511	92,124	101,560	100,201	92,918	89,113
08 Small Rural Hospital Services	—	—	—	—	—	—
09 Health System Management - Policy and Corporate Service:	—	—	—	—	—	—
10 Health Support Services	—	—	—	—	—	—
<i>System Manager Initiatives</i>	<i>(777)</i>	<i>(5,945)</i>	<i>(5,944)</i>	<i>(6,321)</i>	<i>(4,142)</i>	<i>(3,949)</i>
Total Expense Limit	99,734	86,179	95,615	93,880	88,775	85,165

Notes

- a. The figures in all schedules include an allocation for Financial Products and HSS Resources Received Free of Charge. These may be subject to change due to changes in the budget.

NMHS Commonwealth Specific Purpose Payment Activity and Funding

ABF Service group	National Efficient Price (NEP \$) (as set by IHPA)	Total Expected NWAUs (#)	Commonwealth	
			Funding Rate (%)	Contribution (\$)
Acute Admitted	4,910	154,078	43.1	326,201,099
Admitted Mental Health	4,910	22,746	38.3	42,723,661
Sub-Acute	4,910	12,492	35.6	21,812,597
Emergency Department	4,910	24,203	42.4	50,394,071
Non Admitted	4,910	32,284	51.4	81,477,637
ABF Total	4,910	245,803	43.3	522,609,065

Non-ABF Service group	Total	Commonwealth		State
	Contribution (\$)	Contribution (\$)	Funding Rate (%)	Contribution (\$)
Non Admitted Mental Health	82,175,536	24,085,140	29.3	58,090,396
Other "In scope" Program Services	—	—	—	—
Rural CSO sites	—	—	—	—
Teaching, Training and Research	86,668,936	32,963,587	38.0	53,705,349
Total Block Funding	168,844,472	57,048,727	33.8	111,795,744

Note:

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