

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

An agreement between:

**Department of Health Chief Executive Officer**

And

**South Metropolitan Health Service**

for the period

1 July 2018 – 30 June 2019

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## BACKGROUND

- A. On 1 July 2018, 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 will purchase from the South Metropolitan Health Service (SMHS) and the health services SMHS will deliver during the 2018-19 financial year.
- C. The State Mid-Year Review handed down on 20 December 2018 changes the funding set out in the Service Agreement and an amendment to these is required.
- D. 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. This was provided to SMHS on 19 December 2018.
- E. This Deed is executed in accordance with section 41 of the Act.

## DEFINED TERMS

In this Deed:

1. **Deed** means this Deed of Amendment
2. **Parties** means the parties to the Service Agreement and to the Deed and “Party” means any one of them
3. **Relevant Health Service Providers (HSP)** means Child and Adolescent Health Service (CAHS); East Metropolitan Health Service (EMHS); North Metropolitan Health Service (NMHS); WA Country Health Service (WACHS); PathWest Laboratory Medicine WA (PathWest) and Quadriplegic Centre.
4. **Service Agreement** means the Health Service Provider Service Agreement 2018–19 between the Parties and as amended from time-to-time including all schedules and annexures
5. **Schedule** means a schedule to the Service Agreement.

## **1. OPERATION OF AMENDMENTS**

The Service Agreement will be read and construed subject to this Deed, and in all other respects the provisions of the Service Agreement are confirmed, and subject to the terms of the amendments contained in this Deed and the Service Agreement 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 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 7.5 at page 11 of the Service Agreement is deleted and replaced. This amendment is attached hereto and marked as Annexure 1.
- (b) The Schedule B: Summary of Activity and Funding table at page 21 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:**

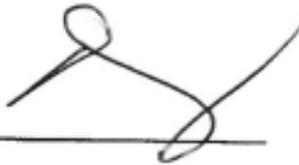
Executed as a Deed of Amendment in the state of Western Australia.

**Parties to the Agreement:**

Department CEO

Angela Kelly  
A/Director General  
Department of Health

Date: 1/2/19

Signed: 

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

)  
)  
)



Mr Robert McDonald  
Board Chair  
South Metropolitan Health Service

Date: 22/1/19

Signed: 

Mr Paul Forden  
Chief Executive  
South Metropolitan Health Service

Date: 22/1/19

Signed: 

## Annexure 1

### 7.5 Agreements with other Health Service Providers

For the purpose of section 48(1)(b) of the Act, SMHS may agree with:

- (1) any HSP for that HSP to provide services for SMHS according to SMHS business needs.
- (2) The relevant HSPs for those HSPs to provide clinical incident investigation services including Root Cause Analysis (RCA), for SMHS in the following circumstances:
  - a. Where the patient, who is the subject of the clinical incident investigation, has received health services from multiple HSPs and those HSPs agree that a joint review of the multi-site clinical incident is to be undertaken by more than one of the HSPs that treated the patient;
  - b. Where the patient, who is the subject of the clinical incident investigation, has received health services from multiple HSPs and those HSPs agree that a multi-site clinical incident investigation is to be undertaken by one of the HSPs that treated the patient;
  - c. Where the patient, who is the subject of the clinical incident investigation, has received health services from multiple health service providers and those HSPs agree that an independent multi-site clinical incident investigation is to be undertaken by a HSP with no involvement in the patient's care; or
  - d. Where the patient, who is the subject of the clinical incident investigation, has only received health services at SMHS but SMHS determines that an independent clinical incident investigation, undertaken by a HSP with no involvement in the patient's care, is necessary.

All clinical incident investigation services must be performed in accordance with the Clinical Incident Management Policy issued by the Department CEO under the Clinical Governance, Safety and Quality Policy Framework.

The terms of an agreement made pursuant to section 48(1)(b) of the Act do not limit SMHS obligations under this Agreement, including the performance standards provided for in this Agreement.

## Annexure 2

### B: SMHS Summary of Activity and Funding

OBM Service	2017-18		2018-19		2018-19		2019-20		2020-21		2021-22	
	Final Advice		Service Agreement		Mid-Year Review DOA		Forward Estimate		Forward Estimate		Forward Estimate	
	WAs	\$'000	WAs	\$'000	WAs	\$'000	WAs	\$'000	WAs	\$'000	WAs	\$'000
01 Public Hospital Admitted Services	165,414	1,200,137	170,984	1,204,898	171,567	1,174,638	176,025	1,173,796	178,379	1,195,040	178,026	1,186,798
02 Public Hospital Emergency Services	26,448	188,577	27,794	190,095	27,794	185,774	28,885	188,899	29,989	197,186	30,260	197,795
03 Public Hospital Non-Admitted Services	35,752	263,621	38,925	278,996	38,925	268,745	39,825	267,596	40,788	275,280	41,836	280,609
04 Mental Health Services	10,482	131,847	10,327	128,926	10,577	130,990	10,558	69,287	10,729	70,852	10,634	70,747
05 Aged and Continuing Care Services	—	7,053	—	(823)	—	11,656	—	11,302	—	10,248	—	10,361
06 Public and Community Health Services	—	2,119	—	(4,391)	—	41,063	—	23,284	—	23,742	—	22,980
07 Community Dental Health Services	—	—	—	—	—	—	—	—	—	—	—	—
08 Small Rural Hospital Services	—	—	—	—	—	—	—	—	—	—	—	—
09 Health System Management - Policy and Corporate Service:	—	—	—	—	—	—	—	—	—	—	—	—
10 Health Support Services	—	—	—	—	—	—	—	—	—	—	—	—
<b>Total</b>	<b>238,096</b>	<b>1,793,354</b>	<b>248,030</b>	<b>1,797,701</b>	<b>248,863</b>	<b>1,812,867</b>	<b>255,293</b>	<b>1,734,165</b>	<b>259,885</b>	<b>1,772,348</b>	<b>260,756</b>	<b>1,769,289</b>

#### Notes

- The figures in all schedules include an allocation for Financial Products, HSS-RRFOC, PathWest-RRFOC and System Manager Initiatives. These may be subject to change.
- The System Manager Initiatives allocation across OBM service categories have been adjusted to match SMHS specifications.
- Mid-Year Review Deed of Amendment (MYR Deed) reflects adjustments endorsed by the WA State Government through the 2018-19 Mid-Year Review process as well as all other approved adjustments that have occurred since the release of the Service Agreement 2018-19 on 1 July 2018.

## SMHS 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	5,012	148,990	42.7	318,805,174
Admitted Mental Health	5,012	8,855	36.8	16,343,900
Sub-Acute	5,012	15,915	34.4	27,416,387
Emergency Department	5,012	25,017	40.9	51,259,318
Non Admitted	5,012	32,212	49.9	80,626,384
<b>ABF Total</b>	<b>5,012</b>	<b>230,989</b>	<b>42.7</b>	<b>494,451,163</b>

Non-ABF Service group	Total	Commonwealth		State
	Contribution (\$)	Contribution (\$)	Funding Rate (%)	Contribution (\$)
Non Admitted Mental Health	43,423,855	12,879,100	29.7	30,544,755
Other "In scope" Program Services	3,556,514	1,600,431	45.0	1,956,083
Rural CSO sites	—	—	—	—
Teaching, Training and Research	68,768,737	26,313,275	38.3	42,455,462
<b>Total Block Funding</b>	<b>115,749,106</b>	<b>40,792,806</b>	<b>35.2</b>	<b>74,956,300</b>

**Notes:**

1. This schedule relates to Commonwealth "in-scope" activity only and is a subset of the Summary of Activity and Funding Schedule
2. Other "In scope" Program Services includes Home Ventilation