

NATIONAL PARTNERSHIP AGREEMENT ON THE ELECTIVE SURGERY WAITING LIST REDUCTION PLAN

Council of
Australian
Governments

An agreement between

- the **Commonwealth of Australia** and
- the **States and Territories**, being:
 - ◆ the State of New South Wales
 - ◆ the State of Victoria
 - ◆ the State of Queensland
 - ◆ the State of Western Australia
 - ◆ the State of South Australia
 - ◆ the State of Tasmania
 - ◆ the Australian Capital Territory
 - ◆ the Northern Territory of Australia

This Agreement will reduce the number of Australians waiting longer than clinically recommended times for elective surgery by improving efficiency and capacity in public hospitals.

National Partnership Agreement on the Elective Surgery Waiting List Reduction Plan

PRELIMINARIES

1. This Agreement is created subject to the provisions of the *Intergovernmental Agreement on Federal Financial Relations* and should be read in conjunction with that Agreement and subsidiary schedules. In particular, the schedules include direction in respect of performance reporting and payment arrangements.
2. The Parties are committed to addressing the issue of social inclusion, including responding to Indigenous disadvantage. That commitment is embodied in the objectives and outcomes of this Agreement. However, the Parties have also agreed other objectives and outcomes - for example, in the National Indigenous Reform Agreement - which the Parties will pursue through the broadest possible spectrum of government action. Consequently, this Agreement will be implemented consistently with the objectives and outcomes of all National Agreements and National Partnerships entered into by the Parties.
3. This Agreement will provide funding of up to \$300 million to reduce the number of Australians waiting longer than clinically recommended times for elective surgery by improving efficiency and capacity in public hospitals. The initiative will be split into three parts:
 - Part 1** - Meeting jurisdiction specific elective surgery volume targets;
 - Part 2** - Exceeding the jurisdiction specific elective surgery volume targets set in Part 1; and
 - Part 3** - Improved elective surgery waiting list management.
4. Funding under this Agreement will form Stage Three of the Elective Surgery Waiting List Reduction Plan.
 - Stage One provided \$150 million to bring about an immediate reduction in the number of people waiting longer than the clinically recommended time for elective surgery.
 - Stage Two provided \$150 million for system and infrastructure improvements that will improve elective surgery performance in the long-term.

PART 1 – FORMALITIES

Parties to this Agreement

5. In entering this Agreement, the Commonwealth and the States and Territories recognise that they have a mutual interest in reform and improving outcomes in the area of elective surgery waiting lists, and need to work together to achieve those outcomes.

Term of the Agreement

6. This Agreement will commence as soon as the Commonwealth and one other Party signs the Agreement and will expire on 31 December 2011, or earlier termination as agreed in writing by the Parties.

Delegations

7. The Commonwealth Minister for Health and Ageing is authorised to agree Schedules to this Agreement on behalf of the Commonwealth.
8. The Minister for Health in a relevant State or Territory is authorised to agree Schedules to this Agreement on behalf of their State or Territory.

Interpretation

9. Unless otherwise specified, terms used throughout this Agreement will be as defined in the most recent version of the *National Health Data Dictionary*.

PART 2 – OBJECTIVES, OUTCOMES AND OUTPUTS

Objectives

10. The Agreement will contribute to the following objectives:
 - a) an efficient and effective public hospital system that is able to adapt to the pressures of rising health costs and increasing demand;
 - b) improved health outcomes and patient experience and satisfaction;
 - c) integration between the hospital system and other health services;
 - d) targeting of services; and
 - e) smooth patient transitions between health settings through assessment, referral and follow up at key points throughout the healthcare system.

Outcomes

11. The outcome of this Agreement will be a reduction in the number of Australians waiting longer than clinically recommended times for elective surgery by improving efficiency and capacity in public hospitals.

Outputs

12. The objectives and outcomes of this Agreement will be achieved by:
 - a) reducing waiting times for elective surgery in public hospitals; and
 - b) increasing the number of elective surgery procedures undertaken in public hospitals.

PART 3 - ROLES AND RESPONSIBILITIES

13. To realise the objectives and commitments in this Agreement, each Party has specific roles and responsibilities in implementing the reform outlined below.

Role of the Commonwealth

14. The Commonwealth will have responsibility for:
 - a) providing incentive based funding to reward improved performance, as outlined in this Agreement;
 - b) national leadership and coordination in national monitoring and reporting progress of Stage Three of the Elective Surgery Waiting List Reduction Plan.

Role of the States and Territories

15. The States and Territories will have responsibility for:
 - a) implementation of Stage Three of the Elective Surgery Waiting List Reduction Plan, as outlined in this Agreement;
 - b) ensuring that the data provided to the Commonwealth under this Agreement is of the highest accuracy and quality, as well as being provided in a timely manner - noting that the competitive element of Part 2 means that any erroneous data will impact each jurisdiction.

PART 4 – PERFORMANCE BENCHMARKS AND REPORTING

Performance benchmarks and indicators

16. The Parties agree to strive to meet the performance benchmarks in Schedule A.
17. The performance benchmarks will be monitored and independently assessed for each State and Territory by the COAG Reform Council.

Reporting

18. The States and Territories will each provide a report to the Commonwealth, on a quarterly basis, against the performance indicators in Schedule B. States and Territories will use the best available data at the time to complete their report.
19. The assessment and reporting periods are shown in the following table:

| Assessment Periods | | |
|---------------------------|----------------|------------------|
| | From | To |
| Period 1 | 1 July 2009 | 31 December 2009 |
| Period 2 | 1 January 2010 | 30 June 2010 |
| Period 3 | 1 July 2010 | 31 December 2010 |

20. Reporting requirements under this National Partnership should be read in conjunction with the provisions in Schedule C to the *Intergovernmental Agreement on Federal Financial Relations*.

PART 5 – FINANCIAL ARRANGEMENTS

21. The maximum amount of funding available from the Commonwealth to the States and Territories will be \$300 million. The payment arrangements under this Agreement are set out in Schedule A.

PART 6 – GOVERNANCE ARRANGEMENTS

Dispute resolution

22. Any Party may give notice to other Parties of a dispute under this Agreement.
23. The relevant delegates will attempt to resolve any dispute in the first instance.
24. If a dispute cannot be resolved between the relevant delegates, it may be escalated to the relevant Ministerial Council for consideration.
25. If a dispute cannot be resolved by the relevant Ministerial Council, it may be referred by a Party to COAG for consideration.

Variation of the Agreement

26. The Agreement may be amended at any time by agreement in writing by all the Parties and under terms and conditions as agreed by all the Parties.
27. A Party to the Agreement may terminate their participation in the Agreement at any time by notifying all the other Parties in writing.

The Parties have confirmed their commitment to this agreement as follows:

Signed for and on behalf of the Commonwealth of Australia by



The Honourable Kevin Rudd MP
Prime Minister of the Commonwealth of Australia
7 December 2009

Signed for and on behalf of the State of New South Wales by



The Honourable Kristina Keneally MP
Premier of the State of New South Wales
7 December 2009

Signed for and on behalf of the State of Victoria by



The Honourable John Brumby MP
Premier of the State of Victoria
7 December 2009

Signed for and on behalf of the State of Queensland by



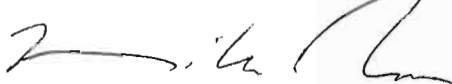
The Honourable Anna Bligh MP
Premier of the State of Queensland
7 December 2009

Signed for and on behalf of the State of Western Australia by



The Honourable Colin Barnett MLA
Premier of the State of Western Australia
7 December 2009

Signed for and on behalf of the State of South Australia by



The Honourable Mike Rann MP
Premier of the State of South Australia
7 December 2009

Signed for and on behalf of the State of Tasmania by



The Honourable David Bartlett MP
Premier of the State of Tasmania
7 December 2009

Signed for and on behalf of the Australian Capital Territory by



Jon Stanhope MLA
Chief Minister of the Australian Capital Territory
7 December 2009

Signed for and on behalf of the Northern Territory by



The Honourable Paul Henderson MLA
Chief Minister of the Northern Territory of Australia
7 December 2009

Schedule A

Funding and Performance Benchmarks

DESCRIPTION

- A1. The objectives and outputs of this agreement will be achieved through three parts:
- Part 1** Increasing the volume of elective surgery admissions to meet individual jurisdiction targets;
 - Part 2** Increasing the cost weighted volume of elective surgery admissions above the targets specified under Part 1; and
 - Part 3** Improved elective surgery waiting list management to achieve the following outcomes:
 - a) a reduction in the number of patients ready for care who have waited longer than clinically recommended;
 - b) maintain or improve the median and 90th percentile; and
 - c) maintain or improve the percentage of patients seen within the clinically recommended time by urgency category.
- A2. The Commonwealth will provide a total of up to \$300 million for Stage Three, with up to \$96 million available in 2009-10 and up to \$204 million in 2010-11.
- A3. This Schedule sets out key performance benchmarks and funding for the three parts.
- A4. Reward funding set out in this Schedule will be paid following assessment and certification by the COAG Reform Council as set out in this Agreement.

Part 1

- A5. The Commonwealth will provide up to \$200 million for Part 1 of this initiative. This includes \$48 million in facilitation funding and \$152 million in reward funding.
- A6. Funding under Part 1 will reward States and Territories upon meeting elective surgery volume targets as set out in Table A1 below:

Table A1: Target Number of Elective Surgery Admissions

| State | Period 1 | Period 2 | Period 3 | Total |
|-------|----------|----------|----------|---------|
| NSW | 100,507 | 101,873 | 103,848 | 306,228 |
| VIC | 67,830 | 68,872 | 70,377 | 207,079 |
| QLD | 61,385 | 62,205 | 63,390 | 186,980 |
| WA | 35,662 | 36,074 | 36,670 | 108,406 |
| SA | 21,629 | 21,957 | 22,431 | 66,017 |
| TAS | 7,107 | 7,208 | 7,353 | 21,668 |
| ACT | 4,803 | 4,864 | 4,952 | 14,619 |
| NT | 2,760 | 2,793 | 2,839 | 8,392 |

Total is for the full 18 month period of Stage Three

The assessment periods are defined in clause 19

- A7. Facilitation funding will be provided to assist jurisdictions in their elective surgery activity. States and Territories will each receive facilitation payments as follows:

| Facilitation | Date Paid |
|--------------|---|
| \$4,000,000 | The next available pay date following signing of this Agreement by the relevant jurisdiction and the Commonwealth |
| \$2,000,000 | On 7 July 2010 |

- A8. Reward funding will be provided to States and Territories upon their achievement in meeting Part 1 Targets. The maximum reward funding available for each State and Territory is set out in Table A2 below:

Table A2: Maximum available Reward Funding for Volume Targets *(includes facilitation funding)*

| State | Period 1 | | Period 2 | Period 3 | | Total |
|------------------|---------------------|---------------------|---------------------|-------------------|---------------------|----------------------|
| | Facilitation | Reward | Reward | Facilitation | Reward | |
| NSW | \$4,000,000 | \$21,104,359 | \$14,509,247 | \$2,000,000 | \$14,509,247 | \$56,122,853 |
| VIC | \$4,000,000 | \$16,021,709 | \$11,014,925 | \$2,000,000 | \$11,014,925 | \$44,051,559 |
| QLD | \$4,000,000 | \$12,529,910 | \$8,614,313 | \$2,000,000 | \$8,614,313 | \$35,758,536 |
| WA | \$4,000,000 | \$6,284,992 | \$4,320,932 | \$2,000,000 | \$4,320,932 | \$20,926,856 |
| SA | \$4,000,000 | \$5,074,090 | \$3,488,437 | \$2,000,000 | \$3,488,437 | \$18,050,964 |
| TAS | \$4,000,000 | \$1,554,009 | \$1,068,382 | \$2,000,000 | \$1,068,382 | \$9,690,773 |
| ACT | \$4,000,000 | \$937,246 | \$644,356 | \$2,000,000 | \$644,356 | \$8,225,958 |
| NT | \$4,000,000 | \$493,685 | \$339,408 | \$2,000,000 | \$339,408 | \$7,172,501 |
| Australia | \$32,000,000 | \$64,000,000 | \$44,000,000 | 16,000,000 | \$44,000,000 | \$200,000,000 |
| Period Total | \$96,000,000 | | \$44,000,000 | \$60,000,000 | | |

The assessment periods are defined in clause 19

- A9. If a jurisdiction does not meet their specified target, they will only receive reward funding consistent with the percentage of surgeries performed as compared to their target. Future targets will be increased to reflect the surgeries not performed and any unpaid reward funding will be rolled over to the following period. If a jurisdiction does not meet their target then the calculation of a jurisdiction's reward funding at the end of a given period is:

$$\left(\frac{\text{Elective surgeries performed in period}}{\text{Elective surgery target} + \text{Elective surgery deficit from previous periods}} \right) \times \left(\text{Potential reward payment} + \text{Reward payment rolled over from previous period} \right)$$

- a. For example, if the target is 10,000 surgeries, and a jurisdiction performs 6,000 surgeries (60 per cent of their target), they will receive 60 per cent of their reward funding allocation. In this case, the unpaid reward funding will be rolled over to the next performance period. The target number of surgeries for the next performance period will also increase by 4,000.
- A10. If any jurisdiction does not fully achieve their third period performance target, any unallocated reward funding will be rolled over into Part 2.
- A11. Under Part 1 there will be three payments. Each payment will be based on the performance achieved in each of the periods. Each payment will be made once the relevant data has been provided to the Commonwealth in accordance with Table B1 and following assessment by the COAG Reform Council.
- A12. A jurisdiction will receive no reward funding under this Part if their 2010 volume is lower than the 2007 baseline, as follows.

Table A3: Plan Baseline – Total Elective Surgery Admissions in 2007

| NSW | VIC | QLD | WA | SA | TAS | ACT | NT | AUS |
|---------|---------|---------|--------|--------|--------|-------|-------|---------|
| 194,024 | 130,335 | 118,577 | 69,216 | 41,580 | 13,700 | 9,293 | 5,355 | 582,080 |

Part 2

- A13. The Commonwealth will provide \$100 million in reward funding (and any unspent reward funding from Part 1) for Part 2 of this initiative. Reward funding under Part 2 will only be provided to jurisdictions that exceed their respective volume targets under Part 1 (as shown in Table A1).
- A14. Part 2 reward funding will be based on a proportionate share of the jurisdiction's respective contribution towards the national total Australian Refined Diagnostic Related Group (AR-DRG) cost weighted volume of elective surgery completed during the 18 months, from 1 July 2009 to 31 December 2010.
- A15. The calculation of a jurisdiction's share of reward funding at the end of the three periods is:

$$\frac{\text{State cost weighted volume of elective surgery over the period 1 July 2009 to 31 December 2010}}{\text{National cost weighted volume of elective surgery over the period 1 July 2009 to 31 December 2010}} \times 100 = \text{Proportion of notional funding}$$

- a. For example, if a jurisdiction performs a total of 120,000 surgeries between 1 July 2009 and December 2010 and the average DRG for the 120,000 surgeries is 1.5, the cost-weighted volume of elective surgery will be 180,000 (being 120,000 multiplied by 1.5). If nationally 360,000 cost weighted surgeries were undertaken, the above jurisdiction would receive 50 per cent of reward funding available under Part 2 – subject to their performance under Part 3.

A16. Under Part 2 there will be one payment based on the performance achieved between 1 July 2009 and 31 December 2010. The payment will be made once the relevant data has been provided to the Commonwealth in accordance with Table B1 and following assessment by the COAG Reform Council. The achievement or otherwise of targets under Part 3 may alter the amount of reward funding paid to jurisdictions under Part 2, consistent with Clause A23.

Part 3

- A17. States and Territories must manage their elective surgery waiting lists to achieve the volume targets under Part 1 and Part 2 while at the same time ensuring that Part 3 targets are achieved.
- A18. Part 3 consists of three components, 3A, 3B and 3C, aimed at reducing the number of patients who are waiting longer than clinically recommended. Part 3 requires that States and Territories manage their additional throughput to reduce overdue patients while maintaining or improving the indicator median and 90th percentile, and maintaining or improving the percentage of patients seen within clinically recommended times.
- A19. December 2008 and December 2010 will be used as baselines for Part 3A targets. December 2008 will be used for the baseline for Part 3B and 3C targets.
- A20. **Part 3A** requires States and Territories to reduce the number of patients ready for care who have waited longer than clinically recommended. Part 3A performance is assessed after December 2010. Where the Part 3A target is a percentage, December 2010 is the baseline. Where the 3A target is a number, December 2008 is the baseline. Where no target is set, a jurisdiction must still reduce the number of patients ready for care who have waited longer than clinically recommended compared to December 2008.

Table A4: Targets under 3A of Part 3

| Period | NSW | VIC | Qld | WA | SA | TAS | ACT | NT |
|---------------------------|-----|-------|-------|-------|-----|-------|-------|-----|
| First Period Performance | N/A | 20.0% | 20.0% | N/A | N/A | 3,557 | 1,509 | 777 |
| Second Period Performance | N/A | 15.0% | 15.0% | N/A | N/A | 2,668 | 1,132 | 583 |
| Third Period Performance | N/A | 10.0% | 10.0% | 10.0% | N/A | 1,334 | 566 | 291 |

- A21. **Part 3B** requires that the number of days patients have been waiting at the median and 90th percentile at removal from elective surgery waiting lists be maintained or improved compared to 2008. The baselines for this outcome are shown in **Table A5**.

Table A5: Median and 90th percentile – 2008 Baselines

| State | Median | 90 th Percentile |
|-------|--------|-----------------------------|
| NSW | 40 | 279 |
| VIC | 33 | 216 |
| QLD | 26 | 132 |

| | | |
|-----|----|-----|
| WA | 28 | 184 |
| SA | 39 | 218 |
| TAS | 48 | 491 |
| ACT | 73 | 377 |
| NT | 43 | 307 |

A22. **Part 3C** requires States and Territories to maintain or improve the percentage of patients seen within the clinically recommended time for each urgency category compared to 2008. The baselines for this outcome are shown in **Table A6**.

Table A6: Urgency by Category – 2008 Baselines

| State | Category 1 | Category 2 | Category 3 | Overall |
|-------|------------|------------|------------|------------|
| NSW | 93% | 79% | 96% | 90% |
| VIC | 100% | 70% | 91% | 84% |
| QLD | 83% | 82% | 89% | 84% |
| WA | 88% | 77% | 96% | 87% |
| SA | 80% | 78% | 89% | 83% |
| TAS | 72% | 46% | 62% | 60% |
| ACT | 94% | 45% | 74% | 66% |
| NT | 78% | 58% | 76% | 69% |

A23. Reward funding under Part 2 will be adjusted if a jurisdiction fails to meet its Part 3 targets.

- a. If a jurisdiction meets Part 3A targets the full allocation under Part 2 will be funded. Under this situation, the remaining Parts 3B and 3C will not be considered for the purposes of funding calculations and distribution.
- b. If a jurisdiction fails to meet its target under Part 3A but meets its Part 3C targets then 80% of Part 2 will be funded. Under this situation, Part 3B will not be considered for the purposes of funding calculations and distribution.
 - i. For the purposes of the funding calculation the urgency categories specified under Part 3C will not be considered, rather the total percentage of patients seen within clinically recommended times will be used.
- c. If Part 3A and Part 3C targets are not met then Part 3B will be used for calculating funds available for a jurisdiction.
 - i. If a jurisdiction meets their 90th percentile target they will receive 60% of their funding. Under this situation, the median target will not be considered for the purposes of funding calculations and distribution.
 - ii. If a jurisdiction fails to meet their 90th percentile target, but meets their median target, they will receive 40% of their funding.
- d. If all Part 3A, 3B and 3C targets are not met, no Part 2 reward funding will be made available to that jurisdiction.

- A24. Following receipt of an assessment from the COAG Reform Council, prior to a determination of a reward payment, the Commonwealth has discretion in the application of any adjustment having regard to any exceptional circumstances that may have impacted on a State or Territory's capacity to meet the performance indicators or targets.
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Performance Reporting

PERFORMANCE REPORTING

- B1. The Commonwealth and States and Territories agree to continue to provide the throughput, waiting list and Performance Indicator data and input to the Quarterly National Progress Report to the Australian Health Ministers' Conference, as agreed under Stage 1 of the Elective Surgery Waiting List Reduction Plan on a quarterly basis for all four years of the Plan (2008-2011). The agreed Performance Indicators are the:
- (a) number of additional patients receiving elective surgery from waiting lists;
 - (b) number of patients removed from waiting lists for reasons other than admission as elective patient;
 - (c) number and percentage of patients seen within the clinically recommended time;
 - (d) median waiting time for the 15 indicator procedures (including knee and hip replacements, cataract surgery, septoplasty, etc);
 - (e) median waiting times by urgency category;
 - (f) number of elective surgical episodes with one or more adverse events; and
 - (g) number of unplanned readmissions within 28 days of discharge from hospital following an episode of elective surgery.
- B2. The following documents issued by the Commonwealth provide detail on the scope, definition, format, data items and reporting requirements that apply to data referred to in this Schedule:
- (h) The latest version of *2008 Elective Surgery Waiting List Reduction Plan – Performance Reporting Specifications*; and
 - (i) The latest version of *Elective Surgery Waiting List Reduction Plan – Data Request Specifications and Edits*
- B3. The Commonwealth and States and Territories agree that the information reported to the Commonwealth will be made available on each jurisdiction's website and on a Commonwealth website with links to the individual jurisdictions, with the exception of date and reason for removal of individual patients.
- B4. The Commonwealth and States and Territories agree that the ongoing quarterly Plan performance and public reporting will be in accordance with the following timetable:

Quarterly Plan Performance and Public Reporting Timelines

Table B1 – Reporting Periods and Due Dates

| Year | Reporting Period | Supply by Jurisdictions of Quarterly Unit-Record Year-to-Date Plan Data | Public release by Jurisdictions of Quarterly Elective Surgery Reporting | Supply by Jurisdictions of Input to Quarterly Plan Report to AHMC |
|------|-------------------|---|---|---|
| 2009 | June Quarter | 31 July 2009 | 31 August 2009 | 31 August 2009 |
| | September Quarter | 31 October 2009 | 31 November 2009 | 31 November 2009 |
| | December Quarter | 31 January 2010 | 28 February 2010 | 28 February 2010 |
| 2010 | March Quarter | 30 April 2010 | 31 May 2010 | 31 May 2010 |
| | June Quarter | 31 July 2010 | 31 August 2010 | 31 August 2010 |
| | September Quarter | 31 October 2010 | 30 November 2010 | 30 November 2010 |
| | December Quarter | 31 January 2011 | 28 February 2011 | 28 February 2011 |
| 2011 | March Quarter | 30 April 2011 | 31 May 2011 | 31 May 2011 |
| | June Quarter | 31 July 2011 | 31 August 2011 | 31 August 2011 |
| | September Quarter | 31 October 2011 | 30 November 2011 | 30 November 2011 |
| | December Quarter | 31 January 2012 | 28 February 2012 | 28 February 2012 |

CALCULATION OF STAGE THREE PERFORMANCE MEASURES

B5. The following sections provide information on how the Commonwealth will calculate the measures for Stage 3 of the Elective Surgery Waiting List Reduction Plan:

Part 1 - Elective surgery volume;

Part 2 - Cost weighted volume of elective surgery admissions; and

Part 3 - Improved elective surgery waiting list management:

- a) the number of patients ready for care who have waited longer than clinically recommended;
- b) the median and 90th percentile waiting times for elective surgery; and
- c) the percentage of patients seen within the clinically recommended time by urgency category.

B6. For Part 1, assessment will be made against the targets shown in Schedule A, Table A1

B7. For Part 3A, assessment will be made against targets shown in Schedule A, Table A4.

B8. For Part 3B, assessment will be made against targets shown in Schedule A, Table A5.

B9. For Part 3C, assessment will be made against targets shown in Schedule A, Table A6.

B10. The assessment periods are shown under Clause 19 of this Agreement.

- B11. The performance measures will be calculated from unit level data provided by States and Territories for the Elective Surgery Waiting List Reduction Plan. States and Territories will submit the data within one month of the end of each quarter.
- B12. The unit level data must conform to the edit rules in the latest version of the *Elective Surgery Waiting List Reduction Plan – Data Request Specifications and Edits*.
- B13. The Stage 3 performance measures will be calculated in accordance with the latest version of the *Elective Surgery Waiting List Reduction Plan – Stage 3 Addendum to the Performance Reporting Specifications*.
- B14. The above documents are developed by the Commonwealth and agreed by States and Territories through the Elective Surgery Waiting List Reduction Plan Working Group.