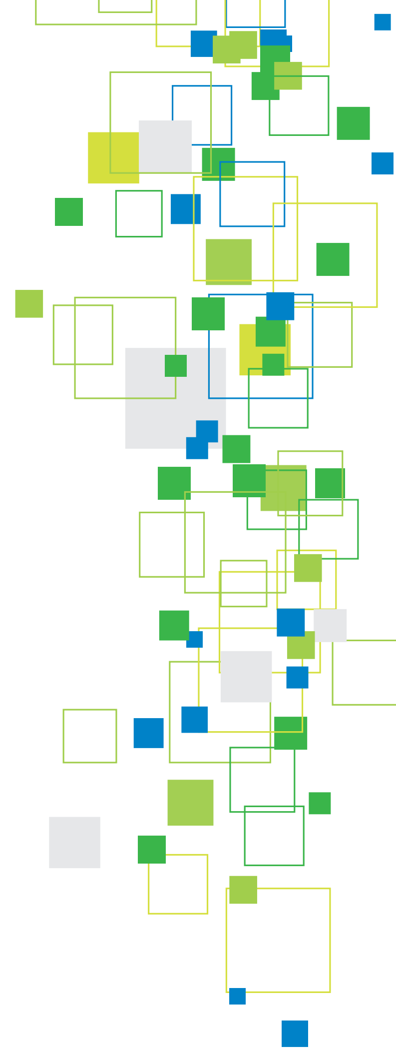

National Health Performance Authority

Hospital Performance:

Costs of acute admitted patients in public hospitals from 2011–12 to 2013–14

Technical Supplement

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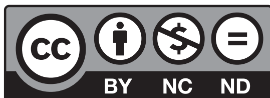

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Please check **www.myhospitals.gov.au** for any amendments.

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Summary

This Technical Supplement summarises methods used to calculate measures presented in *Hospital Performance: Costs of acute admitted patients in public hospitals from 2011–12 to 2013–14*. Due to the complexity of the methods used, this supplement is targeted at individuals with technical expertise in health informatics.

The report compares hospitals based on the costs of acute admitted patients. Admissions (same day and overnight) are weighted to account for the complexity of a patient's condition(s) and procedure(s) using the Australian Refined–Diagnosis Related Group (AR–DRG) patient classification system and adjusted for individual patient characteristics. The aim of this work is to assess the efficiency of public hospitals.

The following measure is described in this Technical Supplement:

- Cost per National Weighted Activity Unit (NWAU), including total NWAU.

The report includes new analyses for 2012–13 and 2013–14 along with results from the National Health Performance Authority's (the Authority's) earlier report *Hospital Performance: Costs of acute admitted patients in public hospitals in 2011–12*. The new analyses use a different method from the previous report and this is the focus of this Technical Supplement. For details on the 2011–12 data refer to *Hospital Performance: Costs of acute admitted patients in public hospitals in 2011–12, Technical Supplement*.[1]

To determine the validity of time series comparisons across multiple financial years, the Authority conducted analysis on the extent of changes between these two methods. This analysis is described on **page 6**.

Results for more than 100 major and large Australian public hospitals are available on **www.myhospitals.gov.au**

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Data sources

The Authority worked with the Independent Hospital Pricing Authority (IHPA) on the development of the report. Data outputs used for the report were prepared by the IHPA using specifications that were developed between the two agencies, using data from the National Hospital Cost Data Collection (NHCDC), the Admitted Patient Care National Minimum Data Set (APC NMDS), and the Hospital Casemix Protocol (HCP) data collection.

National Hospital Cost Data Collection

The NHCDC is a voluntary collection of public hospital costs, collected by financial year. It was established in 1996–97. More information can be found at: https://www.ihpa.gov.au/what-we-do/NHCDC

Hospitals allocated their costs for 2011–12 and 2012–13 to individual patient records according to the Australian Hospital Patient Costing Standards (AHPCS), version 2.0.[2] The AHPCS version 3.1 was used for 2013–14.[3]

The AHPCS version 3.1 contains four new standards. These relate to the distribution of clinical salary and wages, allocation of medical costs for private and public patients, intermediate product/service matching method and interpretation of product costs data. These new standards should improve the validity and completeness of the NHCDC.

For more information about the NHCDC see IHPA's *National Hospital Cost Data Collection Australian Public Hospitals Cost Report 2013–14*.[3]

Admitted Patient Care National Minimum Data Set

The APC NMDS was used to count the number of same-day and overnight separations at a hospital. For the purposes of this report, each separation represents, 'an episode of care' and an admission to hospital.

More information about the APC NMDS can be found at: http://meteor.aihw.gov.au/content/index.phtml/itemId/491555

Hospital Casemix Protocol

The HCP data collection has episodic benefit and charge data (that is, financial data) for privately insured admitted patients.

The HCP data collection was used to calculate a more accurate representation of hospital costs as some private patient costs are not reported to the NHCDC.[4] See **page 4** for more information on costs included.

Hospital results included in the report

To ensure robust comparable results, hospitals were reported in a specific financial year if the following criteria were met:

- The hospital was a major metropolitan, large metropolitan, major regional or large regional non-specialist public hospital with an emergency department, where costing and activity data were available for at least two full consecutive financial years (Note: emergency department costs are not included. See **page 4** for more information)
- At least 90% of patient unit records were included in the derived Cost per NWAU of all patient unit records (excluding error DRGs) that were recorded in the APC NMDS
- Where no anomalies were identified following triangulation analysis of cost data between the NHCDC and the National Public Hospital Establishments Database (NPHED). One hospital was suppressed in 2011–12 for not meeting this criteria
- Where a hospital had an intensive care unit (ICU) that was eligible for an NWAU ICU adjustment, the hospital must have recorded ICU hours greater than zero. Eight hospitals were suppressed for not meeting this criterion in 2012–13.

The number of major and large public hospitals for which a result is available on the MyHospitals website after inclusion and exclusion criteria were applied is:

	2011–12	2012–13	2013–14
Non-specialist major and large hospitals	114	115	115
Excluded	19	23	14
Hospital result included in report or on website*	95	92	101

*www.myhospitals.gov.au

Data supply

Data outputs used in this report were supplied to the Authority by IHPA on 18 and 28 October 2014 (2011–12 data) and 27 November 2015 (2012–13 and 2013–14 data). The Authority acknowledges that data provided to Commonwealth agencies may be updated as improvements are made in their collections.

Measures

The report presents data on the efficiency of Australia's largest public hospitals focusing on acute admitted patients using the measure Cost per National Weighted Activity Unit (NWAU), including total NWAU.

What is an admission?

The APC NMDS contains information about a patient's admission in hospital, termed 'episode of admitted patient care'.

An 'episode of admitted patient care' is defined as 'the period of admitted patient care between a formal or statistical admission, and a formal or statistical separation (that is, discharge), characterised by only one care type'.[5] For example, it defines the period between the patient's arrival and when the patient is discharged or moved to a ward for subacute care, such as rehabilitation.

The 'episode of admitted patient care' records information about the patient's characteristics, including their age and sex, information about the care they received in hospital such as diagnosis and any procedures they underwent during their admission and when they arrived and left hospital.

For the purposes of this report and the MyHospitals website, an 'episode of admitted patient care' is referred to as an 'admission', which is synonymous with a 'separation'.

What is a National Weighted Activity Unit?

Each 'admission' is allocated to an AR–DRG, allowing us to understand the mix and the relative complexity of patients admitted to a hospital.

The AR–DRG is derived from the codes allocated to diagnose(s) and procedure(s) that are recorded in the patient's medical record for each admission for acute care.

Each AR–DRG is allocated a defined 'cost weight', which is a relative measure of a patient's complexity, as measured by the relative cost of care as calculated as the ratio of the average cost of a given AR–DRG compared to the average cost of all AR–DRGs, for hospitals submitting data to the NHCDC.

After allocating each patient (that is, each individual patient unit record) a cost-weight based on its AR–DRG, the weight is adjusted according to individual patient characteristics which are known to lead to legitimate cost variations. The result is an NWAU.

This provides the basis for understanding the activity undertaken at a hospital during the financial year, a measure that represents the number of admissions, adjusted for the relative complexity of patients who were admitted to the hospital and their individual patient characteristics which may have led to legitimate cost variations.

More intensive and expensive activities receive multiple NWAUs and simpler and less expensive activities are allocated fractions of an NWAU.

For more information on the AR-DRG version used and the individual patient characteristic adjustments see **page 8**.

What is Cost per NWAU?

Cost per NWAU, developed by IHPA, measures the average cost of a notional 'average' public hospital service that was eligible for Activity Based Funding in a public hospital. This report compares the cost of acute admitted patients against an NWAU, a measure of hospital activity which takes into account the relative complexity of conditions as well as individual patient characteristics. See **page 5 and 8** for more information.

The Cost per NWAU measure excludes patients whose services are not eligible for Commonwealth funding under Activity Based Funding, such as patients funded by the Department of Veterans' Affairs (DVA) or motor vehicle accident insurance.

The Authority used this measure to compare 115 major and large public hospitals against their peers, based on the size and location of the hospital. Cost per NWAU results were published for:

	2011–12	2012–13	2013–14
Major metropolitan hospitals	46	46	47
Large metropolitan hospitals	13	14	14
Major regional hospitals	25	20	27
Large regional hospitals	11	12	13

For more information see the National Efficient Price Determination 2014–15 and 2015–16.[6,7]

What costs are included?

There are some instances where state and territory governments account for costs differently, for example how they account for depreciation. To deal with this, the report uses only a subset of costs that are nationally comparable **(Table 1).**

The report focuses on acute admitted patients and does not include emergency department costs.

The costs included in the analysis and prepared for this report were based on and prepared using the methods detailed in the National Efficient Price Determination. Those methods account for the cost of private patients in public hospitals; and make adjustments for costs not reported to the NHCDC. In 2013–14, the impact of this on the majority of hospitals is marginal, that is ≤$100 Cost per NWAU (rounded), with the exception of hospitals in New South Wales and Victoria. Of the 36 major and large metropolitan and regional public hospitals with an emergency department in New South Wales, 11 hospitals had their rounded Cost per NWAU inflated by more than $100 Cost per NWAU; and of the 26 major and large metropolitan and regional public hospitals with an emergency department in Victoria, one hospital had its rounded Cost per NWAU inflated by more than $100 Cost per NWAU. It is noted that none of the major public hospitals reported in the top 10% of their peer group had its Cost per NWAU inflated by more than $100.

As Cost per NWAU was developed based on the methods used for Commonwealth Activity Based Funding (i.e. the National Efficient Price Determination) the costs included in the derivation of Cost per NWAU are net of private patient revenues; and the NWAU is also adjusted to account for private patient revenues (See the National Efficient Price Determination for further information).

Table 1: Measuring Cost per National Weighted Activity Unit (Cost per NWAU) in the *Hospital Performance: Costs of acute admitted patients in public hospitals from 2011–12 to 2013–14* report

	Cost per NWAU
Costs included	
Allied health; Imaging; Pharmacy; Pathology	✓
Critical care	✓
Hotel goods and services*	✓
Non-clinical and on-costs	✓
Operating room	✓
Prostheses	✓
Specialised procedure suite	✓
Ward medical, nursing and supplies	✓
ED costs	✗
Blood costs	✗
Teaching, training & research (direct)	✗
Depreciation	✗
Excluded costs*	✗
Payroll tax	✗
Medications subsidised by Commonwealth programmes (e.g. PBS)	✗
Property, plant and equipment	✗
Patients included	
Public and private patients†	✓
Admitted and discharged in the financial year	✓
Acute admitted patients (including qualified newborns)‡	✓
Compensable and Department of Veterans' Affairs	✗
Rehabilitation, palliative care, outpatients	✗
Adjustments for legitimate cost variations§	
Specialist paediatric; Specialist psychiatric age; Indigenous; Remoteness area; Intensive care unit; Radiotherapy; Dialysis.	✓

* As defined by the Australian Hospital Patient Costing Standards. For 2011–12 and 2012–13 data refer to version 2.0. For 2013–14 data refer to version 3.1.
† NWAUs are discounted to account for private patient revenues.
‡ See Appendix, Table 5, for more information.
§ Further information on these adjustments is available in Table 2.
Source: National Health Performance Authority *Hospital Performance: Costs of acute admitted patients in public hospitals in 2011–12, Technical Supplement.*

Time series comparison

The report compares Cost per NWAU from 2011–12 to 2013–14. The method used for 2011–12 data differs from the method used for the 2012–13 and 2013–14 data. This is due to IHPA's process of annually refining the National Efficient Price Determination to take into account improvements to the model. The National Efficient Price Determination 2014–15 (NEP14) was used for 2011–12 data and the National Efficient Price Determination 2015–16 (NEP15) was used for 2012–13 data and 2013–14 data. A summary of the differences is provided in **Table 2, page 8**.

To ensure that time series comparisons were not impacted by the change in method, the Authority undertook analysis of Cost per NWAU 2011–12 using the different versions of the National Efficient Price Determination.

This analysis showed that across all major and large public hospitals the mean change in total NWAU was –80 and the mean change in raw Cost per NWAU (unrounded) was +$28. Using rounded Cost per NWAU (that is, published results), 61% (58/95) of hospitals had no change in rounded Cost per NWAU and 98% (93/95) of hospitals had a change of no more than +/– $100 rounded Cost per NWAU. A +/– $100 Cost per NWAU equates to approximately 1.5–3.2% change in Cost per NWAU ($100 divided by the minimum ($3,100) and maximum ($6,400) Cost per NWAU reported in 2011–12).

Because of the minimal change in a hospital's rounded Cost per NWAU between NEP14 and NEP15, the Authority determined that it was appropriate to perform time series comparisons on published data.

Two hospitals had a change in rounded Cost per NWAU of +/–$200. This change was considered material. Consequently, the results for these hospitals in the In Focus report and on the MyHospitals website are footnoted to notify that time series comparisons for these two hospitals are not recommended.

A detailed analysis of the change in results for the major metropolitan peer group was undertaken. The findings of that analysis are provided in **Table 3, page 9**.

The percentage change over time was calculated on unrounded Cost per NWAU results by dividing Cost per NWAU (2013–14) NEP15 by Cost per NWAU (2011–12) NEP14. Results were only calculated for hospitals that had a published comparable results for 2011–12, 2012–13 and 2013–14.

The states and territories were provided data for a three week verification period to confirm the accuracy of each data point and trends over time.

Inflation

The data used in this report are nominal and have not been adjusted for inflation. The Consumer Price Index, all groups, inflation rate that existed from December 2011 to December 2013 was 5%.[8] This was calculated using Index Numbers, All Groups, CPI Australia.

Analysis of change in Cost per NWAU from 2011–12 to 2013–14

The Authority undertook analysis focused on exploring whether a change in Cost per NWAU was driven by a change to in-scope costs, a change in NWAU or a combination of both. This involved comparing the change of in-scope costs and in-scope NWAU from 2011–12 to 2013–14.

The Authority also sought to understand what was driving a change in NWAU (that is, was it a change in separations or a change in relative complexity, as measured by both the cost-weight per separation and NWAU per separation). The analysis broadly observed an increase in the number of separations per hospital from 2011–12 to 2013–14; however, this increase was at a faster rate than the growth in NWAU from 2011–12 to 2013–14. That led to an observed decrease in NWAU per separation from 2011–12 to 2013–14.

To understand this further the Authority compared the cost-weight per separation from 2011–12 to 2013–14; that analysis showed that the drivers behind a change in NWAU were hospital-specific and may be driven by a change in case-mix or a change in adjacent AR-DRGs.

The Authority also undertook analysis of adjacent AR-DRGs from 2011–12 to 2013–14 (that is, the proportion of complicated separations of all separations within the AR-DRG). That analysis broadly indicated that there was an increase in the proportion of complicated patients within an AR-DRG. However, the impact of this on a hospital's Cost per NWAU was less than 5%; largely due to the proportion of AR-DRGs that have adjacent AR-DRGs. Therefore, while in some hospitals there may be an increase in the proportion of complicated separations within an AR-DRG the impact to Cost per NWAU is immaterial.

The Authority notes that the peer average NWAU per separation per hospital from 2011–12 to 2013–14 for major metropolitan public hospitals remained relatively unchanged.

Table 2: Summary of differences between how 2011–12, 2012–13 and 2013–14 were prepared

	2011–12 data	2012–13 and 2013–14 data
AR-DRG version		
Grouping of admissions	AR-DRG v6.0x	AR-DRG v7.0
	National Efficient Price Determination (price weights and adjustments) 2014–15*	National Efficient Price Determination (price weights and adjustments) 2015–16†
Patient adjustment		
Specialist psychiatric age adjustment		
Age 17 years or less at time of admission and at least 1 psychiatric care day	40%	NA
Aged 65–84 years at time of admission and at least 1 psychiatric care day	5%	NA
Aged ≥ 85 years at time of admission and at least 1 psychiatric care day	9%	NA
Aged 17 years or less at time of admission, with primary diagnosis related to mental health and at least 1 psychiatric care day	NA	15%
Aged 17 years or less at time of admission, where primary diagnosis was not related to mental health but had at least 1 psychiatric care day	NA	22%
Aged 18 years or above at time of admission where the primary diagnosis was not related to mental health but had at least 1 psychiatric care day	NA	34%
Remoteness area		
Outer regional area resident	7%	8%
Remote area resident	15%	16%
Very remote area resident	21%	22%
Adjustment factors		
Intensive care unit, level III	0.0426 NWAU/hr in specified unit	0.0440 NWAU/hr in specified unit
Indigenous	4%	4%
Radiotherapy	24%	26%
Dialysis	NA	25%
Specialist paediatric	Varies per admission*	Varies per admission†
Private patients		
Accommodation adjustment same day	Varies by state*	Varies by state†
Accommodation adjustment overnight	Varies by state*	Varies by state†
Service adjustment	Varies per admission*	Varies per admission†

NA Not applicable.
* For further information see NEP Determination 2014–15 at https://www.ihpa.gov.au/publications/national-efficient-price-determination-2014-15
† For further information see NEP Determination 2015–16 at https://www.ihpa.gov.au/publications/national-efficient-price-determination-2015-16

Table 3: Comparison of findings, major metropolitan public hospitals, Cost per NWAU 2011–12 between different National Efficient Price Determinations

	National Efficient Price Determination 2014–15, AR–DRG v6.0x	National Efficient Price Determination 2015–16, AR–DRG v7.0
Total peer group: Costs	$9,879,651,800	$9,879,651,800
Total peer group: NWAU	2,253,383	2,252,096
Range: Cost per NWAU	$3,100 to $5,800	$3,100 to $5,800
Top 10%: Cost per NWAU	The Canberra Hospital ($5,800) Sir Charles Gairdner Hospital ($5,500) Logan Hospital ($5,300) Calvary Public Hospital ACT ($5,300)	The Canberra Hospital ($5,800) Sir Charles Gairdner Hospital ($5,500) Logan Hospital ($5,400) Calvary Public Hospital ACT ($5,300)
Bottom 10%: Cost per NWAU	Maroondah Hospital ($3,100) Royal Melbourne Hospital – City Campus ($3,400) Dandenong Hospital ($3,400) The Northern Hospital ($3,400) Sunshine Hospital ($3,400)	Maroondah Hospital ($3,100) Royal Melbourne Hospital – City Campus ($3,400) Dandenong Hospital ($3,400) The Northern Hospital ($3,400) Sunshine Hospital ($3,400)
Average Cost per NWAU	$4,400	$4,400
Median Cost per NWAU	$4,300	$4,300

Sources: National Health Performance Authority analysis of results calculated using the National Hospital Cost Data Collection, the Admitted Patient Care National Minimum Data Set and the Hospital Casemix Protocol Data Collection. Data supplied 18 and 28 October 2014 (NEP14, AR-DRG V6X), and 27 November 2015 (NEP15, AR-DRG V7.0).

Comparison of hospitals

When deciding on the specifications of an indicator, the Authority investigates and implements approaches to optimise fair comparisons of hospitals across Australia.

The Authority implements as many of these approaches as can be supported by the depth and quality of data available. For this report, the Authority used an approach consistent to that used for the report, *Hospital Performance: Costs of acute admitted patients in public hospitals in 2011–12.*

The following six approaches were used to support fair comparisons between hospitals:

1. **Comparable costs:** this process involved a review of the national consistency of cost information and the materiality of any differences between states and territories. Where appropriate, some costs are excluded to support comparability **(Table 1, page 5)**. In other instances, some costs are included because it is not possible to exclude them. In these instances the materiality of this approach was assessed (see *Hospital Performance: Costs of acute admitted patients in public hospitals in 2011–12, Technical Supplement* for more details)

2. **Patients:** admitted and discharged (including a change in care type) within a financial year are included in the report

3. **Units of activity:** this process is necessary to standardise costs by accounting for the differences between the relative complexity of patients admitted to a hospital and the patient's individual characteristics which may lead to legitimate cost variation, relative to the patient's length of stay **(Table 2, page 8)**

4. **Rounding results:** the Authority has rounded Cost per NWAU in a way that acknowledges any remaining uncertainty in estimates. Each hospital's result has been rounded to the nearest $100

5. **Suppression of results:** where cost and activity data from a hospital were not fully available or comparable, the Authority determined rules that informed decisions to suppress information based on a lack of comparability (see **page 2** for more information)

6. **Peer groups:** this process involves grouping hospitals so that they can be compared to their peers (see **page 11** for more information).

Peer classification system

Peer groups allow hospitals of differing size, service provision and rurality to be compared.

The peer group version used in this work is based on the Australian Institute of Health and Welfare's (AIHW's) peer classification that existed in 2011–12; and modified for rurality of a hospital. These peer groups categorise hospitals according to size and type.

The AIHW classification had three categories for major and large hospitals, according to hospital size and hospital type. The Authority modified these three groups into four appropriate groups: major metropolitan (A1.1), major regional (A1.2), large metropolitan (B1) and large regional (B2). This modification is presented in **Table 4**.

Hospitals in the major peer group were then split into metropolitan and regional groups using the Australian Standard Geographical Classification (ASGC) Remoteness Area, 2006.

The In Focus report and MyHospitals website focus on comparing and contrasting information from major and large public hospitals, as these hospitals account for the vast majority of same-day and overnight admissions; as well as a large proportion of hospital expenditure.

The In Focus report includes major metropolitan hospitals only (A1.1). The MyHospitals website includes these hospitals plus large metropolitan hospital and major regional and large regional public hospitals (A1.2, B1, B2).

The average Cost per NWAU for a peer group is calculated by tallying the total comparable cost for all hospitals within the peer groups that are included in the report, divided by the total number of NWAUs for those hospitals. This overall average is considered more accurate than individual hospital results and is rounded to the nearest $10.

Contextual information

Contextual information has been provided to assist with the interpretation of results. The percentage of private patients has been calculated by dividing the number of private and self-funded patient separations by total in-scope separations.

Table 4: Allocation of AIHW peer groups to modified AIHW peer groups

AIHW peer groups*	Rurality split	Modified AIHW peer groups	No. of hospitals†	No. of specialist hospitals	No. of non-specialist hospitals with an emergency department
Principal referral	Major metropolitan	A1.1	53	0	53
	Major regional	A1.2	27	0	27
Large major city	Large metropolitan	B1	23	5‡	18
Large regional and remote	Large regional	B2	17	0	17

* Australian Institute of Health and Welfare: Hospitals, Resourcing and Classifications Group, 2013.
† Numbers are accurate for AIHW's 2011–12 peer classification as at the date of publishing.
‡ Calvary Mater Hospital [Newcastle] (NSW), Monash Medical Centre - Moorabbin (Vic), Peter MacCallum Cancer Centre (Vic), Repatriation General Hospital (SA) and The Royal Victorian Eye and Ear Hospital (Vic).

Appendix

The report focuses on acute admitted patients, those that account for the largest proportion of hospital costs nationally. Acute admitted patients include those who are admitted for the management of childbirth, surgery, or other diagnostic and therapeutic procedures. The table below provides greater information on the Major Diagnostic Categories (MDCs) which are included as part of the analysis.

Table 5: Major Diagnostic Categories included in the computation of Cost per NWAU, acute admitted patients

MDC	MDC description	In scope
0	Pre-MDC categorisation of high-resource use Diagnosis-Related Groups (DRGs) such as transplants and tracheostomy	✓
1	Diseases and disorders of the nervous system	✓
2	Diseases and disorders of the eye	✓
3	Diseases and disorders of the ear, nose, mouth and throat	✓
4	Diseases and disorders of the respiratory system	✓
5	Diseases and disorders of the circulatory system	✓
6	Diseases and disorders of the digestive system	✓
7	Diseases and disorders of the hepatobiliary system and pancreas	✓
8	Diseases and disorders of the musculoskeletal system and connective tissue	✓
9	Diseases and disorders of the skin, subcutaneous tissue and breast	✓
10	Endocrine, nutritional and metabolic diseases and disorders	✓
11	Diseases and disorders of the kidney and urinary tract	✓
12	Diseases and disorders of the male reproductive system	✓
13	Diseases and disorders of the female reproductive system	✓
14	Pregnancy, childbirth and the puerperium	✓
15	Newborns and other neonates	✓
16	Diseases and disorders of the blood and blood forming organs and immunological disorder	✓
17	Neoplastic disorders (haematological and solid neoplasms)	✓
18	Infectious and parasitic diseases	✓
19	Mental diseases and disorders	✓
20	Alcohol/drug use and alcohol/drug induced organic mental disorders	✓
21	Injuries, poisoning and toxic effects of drugs	✓
22	Burns	✓
23	Factors influencing health status and other contacts with health services	✓
24	Operating room procedures unrelated to MDC of principal diagnosis	✓
24	Error DRGs (960Z, 961Z, 963Z)	✗

Source: Major Diagnostic Categories, available at http://www.aihw.gov.au/hospitals-data/ar-drg-data-cubes/#ARDRGS [cited 2016 March 23].

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About the Authority

The National Health Performance Authority (the Authority) has been set up as an independent agency under the *National Health Reform Act 2011*. It commenced full operations in 2012.

Under the terms of the Act, the Authority monitors and reports on the performance of Local Hospital Networks, public and private hospitals, primary health care organisations and other bodies that provide health care services.

The Authority's reports give all Australians access to timely and impartial information that allows them to compare fairly their local health care organisations against other similar organisations and against national standards.

The reports let people see, often for the first time, how their local health care organisations measure up against comparable organisations across Australia.

The Authority's activities are also guided by a document known as the Performance and Accountability Framework agreed by the Council of Australian Governments. The framework contains a set of indicators that form the basis for the Authority's performance reports.

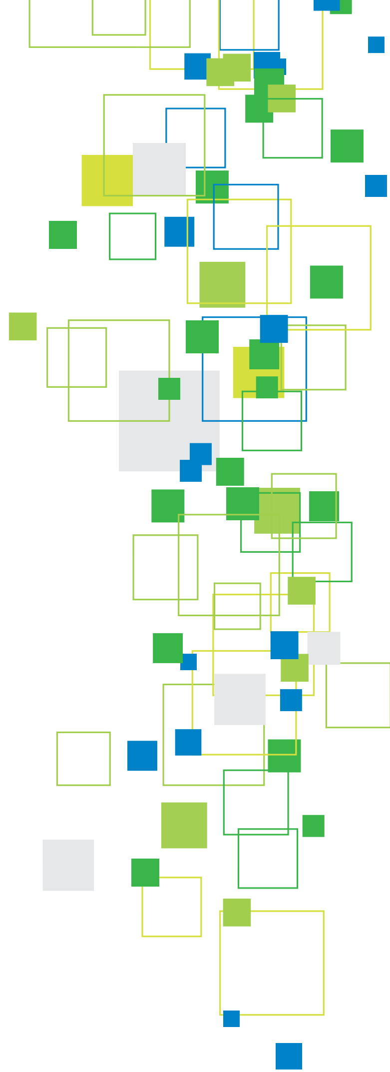
The Authority's role includes reporting on the performance of health care organisations against these indicators in order to identify Local Hospital Networks, primary health care organisations and hospitals that are high-performing (so effective practices can be share) or performing poorly (so that steps can be taken to address problems). This reporting sheds light on the complex interplay of different parts of the health system, and of factors such as geography and socioeconomic status on health outcomes.

In addition to publishing regular print-style reports, the Authority releases performance information on the MyHospitals website (**www.myhospitals.gov.au**) and the MyHealthyCommunities website (**www.myhealthycommunities.gov.au**), and presents other information about its activities on **www.nhpa.gov.au**

The Authority consists of a Chairman, a Deputy Chairman and five other members, appointed for up to five years. Members of the Authority are:

- Ms Patricia Faulkner AO (Chairman)
- Mr John Walsh AM (Deputy Chairman)
- Dr David Filby PSM
- Professor Claire Jackson
- Professor Michael Reid
- Dr Michael Stanford
- Professor Paul Torzillo AM
- Professor Bryant Stokes AM RFD (on leave).

The conclusions in this report are those of the Authority. No official endorsement from any Minister, department of health or health care organisation is intended or should be inferred.



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