



Martin Foley MP

Minister for Health
Minister for Ambulance Services

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HHSD/21/73140

Mr Michael Gorton AM
Chairperson
Alfred Health
55 Commercial Road
MELBOURNE VIC 3004

Dear Mr Gorton

First, let me convey my thanks, and those of my department, to you and your service for the pivotal, agile and responsive roles you have played in the state's management of the Coronavirus (COVID-19) pandemic while ensuring that the health needs of your community have still been met.

The COVID-19 pandemic has caused a once in a generation disruption to the way Victorians live their lives. We are also all mindful of the potential for significant longer term impacts on the health and wellbeing of Victorian communities, families and individuals. I am also aware that last year's events placed unprecedented, complex and ever-changing pressures on your health service and on our wider health system. However, I am confident that we will all continue to work together to meet those challenges head on, playing our parts in helping Victoria recover to achieve the best possible outcomes for all Victorians.

Given the current circumstances and imminent pressures on your service to recommence essential care, such as elective surgery and specialist services, and to support the COVID-19 vaccine rollout, I have asked my department to abbreviate the annual Statement of Priorities process.

As you are aware, the *Health Services Act 1988* allows that post 1 October of each financial year, as the Minister for Health, I make a Statement of Priorities and provide it to your health service. Given the current circumstances and the demands on your executive and staff I have elected to invoke that option.

I am pleased to set out below your health service's **2020-21 Statement of Priorities**.

Strategic priorities

A pleasing lesson from this past year is the ability and willingness of our health services to come together and collaborate. However, it has also shown that this level of collaboration is difficult to maintain under our current policy settings. In that regard, while the Victorian health

system has adapted quickly and rapidly to respond effectively to the pandemic there is more we need to do. It is my intention to work closely with the sector over the next 12 months to develop and implement several important system reforms, including modernising our health system through redesigned governance; driving system reforms that deliver better population health, high quality care and improved patient outcomes and experiences; and reforming clinical services to ensure we are delivering our community the best value care.

I ask your board and health service to focus on the following immediate and ongoing priorities to support this intention:

- Maintain your robust COVID-19 readiness and response, working with my department to ensure we rapidly respond to outbreaks, if and when they occur, which includes providing to testing for your community and staff, where necessary and if required. This includes preparing to participate in, and assist with, the implementation of our COVID-19 vaccine immunisation program rollout, ensuring your local community's confidence in the program
- Engage with your community to address the needs of patients, especially our vulnerable Victorians whose care has been delayed due to the pandemic and provide the necessary "catch-up" care to support them to get back on track.
- As providers of care, respond to the recommendations of the Royal Commission into Victoria's Mental Health System and the Royal Commission into Aged Care Quality and Safety. My department will engage further with your service as these reports are delivered
- Develop and foster your local health partner relationships, which have been strengthened during the pandemic response, to continue delivering collaborative approaches to planning, procurement and service delivery at scale. This extends to prioritising innovative ways to deliver health care through shared expertise and workforce models, virtual care, co-commissioning services and surgical outpatient reform to deliver improved patient care through greater integration.
- Support and assist in the response to the COVID-19 pandemic and to help protect the Victorian community from the community spread of COVID-19 by providing health and wellbeing services, infection prevention and control expertise and other services for the Government's hotel quarantine program.
- These services will be provided in accordance with the Health and Wellness Services (COVID-19) Terms of Appointment signed by Alfred Health and the State acting through the Department of Justice and Community Safety on or about 6 November 2020, as amended from time to time, including in accordance with the Service Specification and Infection Prevention Control Framework as agreed by Alfred Health and the Department of Justice and Community Safety (Terms of Appointment).

Performance priorities

The performance priorities for Victorian health services in 2020-21 are **enclosed**, which includes a key changes summary. The performance priorities set out in the enclosure contain the full suite of performance priorities applicable to all Victorian health services, however, the performance priorities applicable to your health service will coincide with your scope of services and those specific to your health service year on year.

State and Commonwealth funding

I recognise the pandemic has also resulted in significant financial implications and complexities and there have been a multitude of demands on funding.

On that basis, I **enclose** your 2020-21 modelled budget, which sets out the State's funding commitment for your health service. However, the funding enclosed may not capture full consideration of the costs associated with addressing the COVID-19 response and further funding allocations that may be agreed with your health service for the delivery of additional services.

I am committed to covering reasonable COVID-19 associated costs and based on your health service's Quarter one cost submission to my department, I can advise \$29,756,229 will be made available. For your COVID-19 costs relating to Quarters two, three and four, my department will continue to work with you to determine funding availability based on your quarterly financial submissions. As is the usual process for relevant funding elements, your 2020-21 COVID-19 costs will be subject to final reconciliation and recall processes.

The Commonwealth funding contribution is outlined by the 2020-21 Commonwealth Budget, which is based on activity estimates provided by States and Territories. Given that final funding amounts are based on actual activity, there may be adjustments to funding as a result of reconciliations, updated activity estimates and other factors. Therefore, the **enclosed** Commonwealth funding contribution is an interim funding position.

If you require further clarification on any of the above or would like to discuss the priorities or any other commentary set out in this letter, please contact your relevant performance team.

Yours sincerely



Martin Foley MP
Minister for Health
Minister for Ambulance Services

29/06/2021

cc: Professor Andrew Way AM, Chief Executive, Alfred Health

Part B: Key 2020-21 health service performance priorities

High quality and safe care

Key performance measure	Target
Infection prevention and control	
Compliance with the Hand Hygiene Australia program	83%
Percentage of healthcare workers immunised for influenza	90%
Patient experience	
Victorian Healthcare Experience Survey – percentage of positive patient experience responses	95%
Victorian Healthcare Experience Survey – percentage of very positive responses to questions on discharge care	75%
Healthcare associated infections (HAI's)	
Rate of patients with surgical site infection	No outliers
Rate of patients with ICU central-line-associated bloodstream infection (CLABSI)	Nil
Rate of patients with SAB per 10,000 occupied bed days	≤ 1
Mental Health	
Percentage of adult acute mental health inpatients who are readmitted within 28 days of discharge	14%
Rate of seclusion events relating to an adult acute mental health admission	≤ 10/1,000 occupied bed days
Rate of seclusion events relating to an aged acute mental health admission	≤ 5/1,000 occupied bed days
Percentage of child and adolescent acute mental health inpatients who have a post-discharge follow-up within seven days	80%
Percentage of adult acute mental health inpatients who have a post-discharge follow-up within seven days	80%
Percentage of aged acute mental health inpatients who have a post-discharge follow-up within seven days	80%
Continuing Care	
Functional independence gain from an episode of rehabilitation admission to discharge relative to length of stay	≥ 0.645

Timely access to care

Key performance measure	Target
Emergency care	
Percentage of patients transferred from ambulance to emergency department within 40 minutes	90%
Percentage of Triage Category 1 emergency patients seen immediately	100%
Percentage of Triage Category 1 to 5 emergency patients seen within clinically recommended time	80%
Percentage of emergency patients with a length of stay in the emergency department of less than four hours	81%
Number of patients with a length of stay in the emergency department greater than 24 hours	0
Elective surgery	
Percentage of urgency category 1 elective surgery patients admitted within 30 days	100%
Percentage of urgency category 1, 2 and 3 elective surgery patients admitted within clinically recommended time	94%
Percentage of patients on the waiting list who have waited longer than clinically recommended time for their respective triage category	5% or 15% proportional improvement from prior year
Number of patients on the elective surgery waiting list as at 30 June 2021	2,150
Number of hospital-initiated postponements per 100 scheduled elective surgery admissions	≤ 7 /100
Number of patients admitted from the elective surgery waiting list	8,648
Specialist clinics	
Percentage of urgent patients referred by a GP or external specialist who attended a first appointment within 30 days	100%
Percentage of routine patients referred by GP or external specialist who attended a first appointment within 365 days	90%

Effective financial management

Key performance measure	Target
Operating result (\$m)	0.00
Average number of days to pay trade creditors	60 days
Average number of days to receive patient fee debtors	60 days
Public and Private WIES activity performance to target	100%
Adjusted current asset ratio	0.7 or 3% improvement from health service base target
Actual number of days available cash, measured on the last day of each month.	14 days
Variance between forecast and actual Net result from transactions (NRFT) for the current financial year ending 30 June.	Variance ≤ \$250,000

Part C: State funding (modelled budget)

The performance and financial framework within which relevant state government-funded health organisations operate, including the specific business-critical conditions of base-level funding, pricing arrangements, funding amounts, and activity levels are outlined in detail within the *Policy and funding guidelines*, available from: <https://www2.health.vic.gov.au/about/policy-and-funding-guidelines>. Table 1 below sets out the 2020-21 funding summary for your health service.

Table 1: Alfred Health's funding summary for 2020-21

Funding type	Activity	Budget (\$'000)
Acute Admitted		
Acute WIES	104,022	508,357
WIES DVA	463	2,426
WIES TAC	6,321	37,489
Other admitted		54,713
Other non-admitted		1,493
Acute Non-Admitted		
Emergency Services		37,058
Home Enteral Nutrition	1,003	220
Home Renal Dialysis	89	5,204
Radiotherapy WAUs Public	80,160	19,522
Radiotherapy WAUs DVA	571	172
Specialist Clinics	186,801	52,384
Specialist Clinics - DVA		86
Other non-admitted		3,532
Subacute & Non-Acute Admitted		
Subacute WIES - Rehabilitation Public	1,182	12,884
Subacute WIES - Rehabilitation Private	353	3,530
Subacute WIES - GEM Public	2,073	22,589
Subacute WIES - GEM Private	641	6,397
Subacute WIES - DVA	50	658
Transition Care - Bed days	21,900	3,493
Transition Care - Home days	10,220	598
Subacute Admitted Other		16,257

Funding type	Activity	Budget (\$'000)
Subacute Non-Admitted		
Health Independence Program - Public	94,170	23,124
Health Independence Program - DVA		18
Victorian Artificial Limb Program		2,270
Subacute Non-Admitted Other		1,270
Other specified funding		254
Aged Care		
Aged Care Assessment Service		2,564
HACC	2,829	279
Aged Care Other		3,902
Mental Health and Drug Services		
Mental Health Ambulatory	97,347	46,676
Mental Health Inpatient - Available bed days	26,662	24,180
Mental Health Service System Capacity	2	3,021
Mental Health Subacute	10,961	6,145
Mental Health Other		1,428
Drug Services	140	814
Primary Health		
Community Health / Primary Care Programs	12,929	1,927
Community Health Other		9,272
Other		
NFC - Paediatric Lung Transplantation	3	856
Health Workforce		13,496
Other specified funding		119,058
Total Funding		1,049,615

Please note:

- Base level funding, related services and activity levels, outlined within the *Policy and funding guidelines* are subject to change throughout the year. Further information about the department's approach to funding and price setting for specific clinical activities, and funding policy changes is also available from: <https://www2.health.vic.gov.au/hospitals-and-health-services/funding-performance-accountability/pricing-funding-framework/funding-policy>
- In situations where a change is required to Part C, changes to the agreement will be actioned through an exchange of letters between the department and the health service's Chief Executive Officer.

Part D: Commonwealth funding contribution (modelled budget)

The Commonwealth funding contribution is provided by the 2020-21 Commonwealth Budget, which is based on various estimates. This is updated by the Administrator of the National Health Funding Pool based on the latest activity estimates from States and Territories.

Final funding amounts are based on actual activity, and there may be adjustments to funding throughout the year as a result of reconciliations and other factors outlined below. A funding summary is at Table 2.

Table 2: Commonwealth contribution for period: 1 July 2020 – 30 June 2021

	Service category	Estimated National Weighted Activity Units (NWAU19)	Total funding (\$'000)
Activity based funding	Acute admitted services	120,541	774,148
	Admitted mental health services	6,500	
	Admitted subacute services	14,776	
	Emergency services	11,818	
	Non-admitted services	15,105	
Block Funding	Non-admitted mental health services		73,863
	Teaching, training and research		
	Other non-admitted services		
Other Funding			202,603
Total		168,740	1,049,615

Please note:

- In situations where a change is required to Part D, changes to the agreement will be actioned through an exchange of letters between the department and the Health Service Chief Executive Officer