

# National Health Regulations (Amendment) 1995 No. 109

## EXPLANATORY STATEMENT

### STATUTORY RULES 1995 No. 109

Issued by Authority of the Minister for Human Services and Health

*National Health Act 1953*

National Health Regulations (Amendment)

Subsection 140(1) of the *National Health Act 1953* (the Act) provides that the Governor-General may make regulations, prescribing all matters which by the Act are required or permitted to be prescribed.

Current private insurance benefits are structured on a fee for service basis. The overall purpose of the regulations is to specify the information which will permit the transition from these current payment arrangements to one based on payments for acute inpatient, hospital treatment structured around the episode of care.

This approach is called a casepayment, and encompasses the treatment and care provided to the patient during the period from admission to discharge. This period of in-hospital care is known as an episode of care.

Regulation 1 provides that the Regulations will amend the National Health Regulations.

Regulation 2 inserts two new regulations, 49A and 49B, in the National Health Regulations.

New Regulation 49A prescribes a Hospital Casemix Protocol for the purposes of paragraph 73BD(2)(c) of the *National Health Act 1953*. Details of the provisions are set out below.

The purpose of the proposed Regulation 49A, the Hospital Casemix Protocol, is to technically specify and define the data to be provided to the Commonwealth Department of Human Services and Health (the Department) by registered health benefit organisations (health insurance funds). The Hospital Casemix Protocol also sets out the information about patients and their treatment which hospitals must provide to health insurance funds.

New Regulation 49B Prescribes the list of Australian National Diagnosis Related Groups, for the purposes of sub paragraph 73BD(4)(a)(i) of the National Health Act 1953.

The purpose of the proposed Regulation 49B, is to identify the four versions of the classification system, entitled Australian National Diagnosis Related Groups (AN-DRGs), which will be used by hospitals and health insurance funds to identify and describe episodes of in-hospital care. The classification system combines patient characteristics (diagnosis, age, complications and co-morbidity) and treatment, into classes or groups which are clinically meaningful, and resource homogeneous in a statistical sense, to predict resource consumption. These classes describe, for payment purposes, the episode of care. The information required to assign patients to a class comes from the Hospital Casemix Protocol.

Regulation 3 inserts a new Schedule 7 in the National health Regulations. Schedule 7 sets out the text of the Hospital Casemix Protocol.

Data are to be provided by hospitals and day hospital facilities to health insurance funds as required under sub section 73BD(2)(c) of the Act. Further data are to be provided by health insurance funds, as a condition of registration, in accordance with the categories of information listed in the Hospital Casemix Protocol, (unless the Secretary has agreed that the information need not be given), as set out in sub section 73AB(4) of the Act. The data is to be submitted to the Department and a subset of the data is to be submitted to the Private Health Insurance Administration Council.

The data is to be provided by the health insurance funds to the Department on a monthly basis not earlier than three months after the month of discharge of the patient as set out in sub section 73AB(3) of the Act. However, the Department may agree on a longer time period for the provision of data as set out in sub section 73AB(4) of the Act.

The information supplied under section 73AB is to be used by the Department and the Private Health Insurance Administrative Council for the purposes set out in sub section 73A3(4) 5f the Act, namely, modelling, evaluation and research.

The proposed Regulations will take effect on Gazettal.