

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

An agreement between:

Department of Health Chief Executive Officer

And

East Metropolitan Health Service

for the period

1 July 2019 – 30 June 2020

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BACKGROUND

- A. On 1 July 2019, 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 East Metropolitan Health Service (EMHS) and the health services EMHS will deliver during the 2019-20 financial year.
- C. Where the State Mid-Year Review handed down on 18 December 2019 contains any changes to the funding set out in the 2019-20 Service Agreement, this information will be included.
- 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 EMHS on 9 December 2019.
- 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. **Service Agreement** means the Health Service Provider Service Agreement 2019-20 between the Parties and as amended from time-to-time including all schedules and annexures.
4. **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) The Schedule B: Summary of Activity and Funding table at page 25 of the Service Agreement is amended. This amendment is attached hereto and marked as Annexure 1.

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: 10/02/20

Signed: Angela Kelly

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



Mr Ian Smith PSM
Board Chair
East Metropolitan Health Service

Date: 10.2.20

Signed: Ian Smith

Ms Elizabeth MacLeod
Chief Executive
East Metropolitan Health Service

Date: 10-2-20

Signed: Elizabeth MacLeod

Annexure 1

B: EMHS Summary of Activity and Funding

OBM Service	2018-19		2019-20		2019-20		2020-21		2021-22		2022-23	
	End-of-year Final Allocations		Service Agreement		Mid-Year Review DOA		Forward Estimate		Forward Estimate		Forward Estimate	
	WAOs	\$'000	WAOs	\$'000	WAOs	\$'000	WAOs	\$'000	WAOs	\$'000	WAOs	\$'000
01 Public Hospital Admitted Services	145,657	959,999	147,880	987,547	148,558	996,609	150,754	1,007,322	154,460	1,035,399	157,870	1,063,323
02 Public Hospital Emergency Services	28,520	186,373	28,853	193,806	28,853	194,543	29,470	198,414	29,964	202,136	30,428	205,956
03 Public Hospital Non-Admitted Services	24,958	165,362	23,623	160,173	23,623	160,917	24,116	163,501	24,677	167,742	25,155	171,772
04 Mental Health Services	18,302	190,287	18,267	190,749	18,349	191,633	18,349	117,139	18,349	118,155	18,349	119,359
05 Aged and Continuing Care Services	—	12,473	—	12,398	—	12,807	—	7,702	—	7,769	—	7,845
06 Public and Community Health Services	—	33,478	—	26,102	—	29,196	—	25,584	—	24,826	—	23,858
07 Pathology Services	—	—	—	—	—	—	—	—	—	—	—	—
08 Community Dental Health Services	—	—	—	—	—	—	—	—	—	—	—	—
09 Small Rural Hospital Services	—	—	—	—	—	—	—	—	—	—	—	—
10 Health System Management - Policy and Corporate Services	—	—	—	—	—	—	—	—	—	—	—	—
11 Health Support Services	—	—	—	—	—	—	—	—	—	—	—	—
Government Corrective Measures (GCM)	—	(22,534)	—	(22,854)	—	(22,874)	—	(23,222)	—	(23,233)	—	(23,210)
Health Allocation Adjustments (HAA)	—	22,663	—	26,971	—	30,735	—	30,774	—	27,694	—	27,724
Total	217,437	1,548,100	218,623	1,574,892	219,383	1,593,566	222,689	1,527,215	227,450	1,560,488	231,802	1,596,627

Notes

- For the 2019-20 Mid-Year Deed of Amendment (MYR DOA), Government Corrective Measures (GCM) and Health Allocation Adjustments (HAA) are shown separately. Therefore, the figures in schedules 01-09 exclude GCM and HAA. The 2018-19 MYR DOA previously showed System Manager Initiatives; these have been reclassified to GCM and HAA to enable comparison.
- For the 2019–20 MYR DOA, the figures above include an allocation (apportioned across OBM service categories) for Financial Products, HSS-Resources Received Free of Charge (RRFOC) and PathWest-RRFOC.
- The new Accounting Standard “AASB 16 - Leases” was implemented by the Department of Health on the 1 July 2019. The 2019-20 Service Agreement incorrectly treated the AASB 16 – Lease, Borrowing Cost allocations as a Financial Product (i.e. non-cash). This has been corrected in the MYR DOA, with the AASB 16 – Lease, Borrowing Costs treated as a Health Allocation Adjustment (HAA) (i.e. cash). This also now reflects the Funding Plan treatment. As the AASB 16 – Lease, Borrowing Costs are no longer treated as a Financial Product there are minor changes to OBM Schedules 01-09 as well as the HAA item in the Summary Schedule and the HAA Schedule. These changes did not affect the expense limit of the 2019-20 Service Agreement.
- 2018-19 activity has been rebased to the 2019-20 weighting framework.

EMHS 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	5,134	122,510	43.1	271,391,536
Admitted Mental Health	5,134	16,576	37.0	31,483,426
Sub-Acute	5,134	9,258	34.5	16,416,671
Emergency Department	5,134	25,705	40.5	53,462,801
Non Admitted	5,134	23,311	52.7	63,101,556
ABF Total	5,134	197,360	43.0	435,855,989

Non-ABF Service group	Total Contribution (\$)	Commonwealth		State Contribution (\$)
		Contribution (\$)	Funding Rate (%)	
Non Admitted Mental Health	69,631,952	21,567,923	31.0	48,064,028
Non Admitted CAMHS	—	—	—	—
Non Admitted Home Ventilation	—	—	—	—
Rural CSO sites	—	—	—	—
Teaching, Training and Research	67,313,480	25,922,979	38.5	41,390,501
Total Block Funding	136,945,432	47,490,902	34.7	89,454,530

Note:

This schedule relates to Commonwealth "in-scope" activity only and is a subset of the Summary of Activity and Funding Schedule