A National Cost Collection: Bigger, better and more believable

Authors: Kevin Ratcliffe

Introduction
While the National Hospital Cost Data collection in Australia provides a very useful set of AR-DRG level cost weights in both the public and private sectors. This collection has been in place for 18 years and, with few exceptions, has been steadily increasing in reliability, coverage and completeness. However, examination of these cost data at sector and jurisdictional level appears to provide plenty of evidence that there are still significant variations in reported cost unexplained by clinical variation. It is important to examine these differences, to ensure that what is reported is understood in the context of variations in counting, coding, reporting, classification and costing.

Methods
The smaller jurisdictions appear to reveal the greatest variation in cost results from the national. Using data from Tasmania; which is one of the smallest jurisdictions, a body of work was undertaken to examine the impact of the various differences in costing, counting, coding and classification in the reported costs. It is apparent that these differences can materially contribute to variations in reported cost and make uncritical interpretation hazardous. Examination of the private sector cost data also reveals differences in Casemix and length of stay.

Results
This presentation describes these differences and the implications for reporting of hospital efficiency more generally. Systemic issues such as difficulties in costing and reporting between sectors are material and will be challenging to resolve.

Conclusions
The variation in costing, counting, classification and reporting approaches suggests that the costing standards and cost study quality assurance processes continue to require development and ongoing review - especially in the context of an Activity Based Funding (ABF) framework.

1. DHHS, Hobart, TAS, Australia.