

Schedule 20 – Payment Schedule

1. The Monthly Service Payment

- (a) The Monthly Service Payment in respect of an Operating Month will (subject to paragraph 1(d) below) be calculated in accordance with the following formula:

- (b) The Monthly Service Payment is payable by the State to the Operator for each whole or partial Operating Month in the Operating Term.

- (c) Subject to this document, the Monthly Service Payment will be the Operator's sole source of remuneration for meeting the requirements under this document during the Operating Term.
- (d) The Defined Benefits Superannuation Payment will only be payable on an annual basis in arrears, and will form part of the Monthly Service Payment for the first Operating Month of the next Operating Year (or as soon as practicable thereafter, having regard to the time required to calculate the relevant amount pursuant to clause 37.6 (Operator to fund superannuation benefits for service from the Migration Date) of the Project Deed).

2. The Service Fee

2.1 The Service Fee

- (a) The Service Fee for all Service Categories in respect of an Operating Month will be the lower of:
 - (b) The Remaining Maximum Payment Amount for the relevant Operating Year at any Operating Month is calculated as the difference between the Maximum Payment Amount for the Operating Year and the sum of Service Fees paid to the Operator in the Operating Year up to and including the previous Operating Month according to the following formula:

- (c) Should the price for a Service Category change during an Operating Year due to the occurrence of an ECE Event or otherwise in accordance with this Payment Schedule, then the new price would apply to the formula in paragraph (a) for the Operating Month, or that part of the Operating Month from when the new price applies.
- (d) For the avoidance of doubt, the Service Fee is inclusive of everything required to deliver the Services including medical fees, pharmacy, radiology, ambulance transfers, pathology, Allied Health, support to caregivers and health workers not employed by the Operator, aids and appliances supplied at the point of discharge, home modifications arranged by the Operator, research and education, asset maintenance works and the replacement or purchase of Medical Equipment and Non-Medical FF&E.
- (e) The Service Fee for each Operating Month is calculated using actual volumes that are provided and recorded (using the same principles applied by the NSW Ministry of Health in recording patient volumes) within the Operating Month for each Service Category (the **Actual Service Volume**), calculated in accordance with the unit of measure specified in Section 3 of the Activity Schedule. For the avoidance of doubt, Patients receiving treatment as part of the Urgent Care Alternate Strategies Services will not be taken into account in calculating volumes for the purposes of this section.

2.2 Adjustments

- (a) Any over- or under-payment for a prior Operating Month or Operating Months for whatever reason that occurs within the current Operating Year will be included in the Services Invoice in the Operating Month in which the circumstance is identified and agreed to by the State. If the adjustment relates to an Operating Month or Operating Months from the previous Operating Year, then the following process would apply:
 - 1) the State is only obliged to pay (subject to subparagraph 2.2(a)2)) up to the Remaining Maximum Payment Amount (if any) for the previous Operating Year; and
 - 2) any payment by the State will be made in the Operating Month that the circumstance is identified and agreed to by the State and will contribute toward the Maximum Payment Amount for the current Operating Year, provided that if the payment (had it been made in the Operating Month in which the relevant activity occurred) would have breached the then-applicable Maximum Payment Amount, no amount is payable by the State to the Operator.
- (b) If the adjustment identified in paragraph 2.2(a) results in a payment being due to the State, then the Service Fee for the Operating Month in which the circumstance is identified and agreed to by the State will be reduced accordingly.
- (c) If the circumstance in paragraph 2.2(a) was an under payment by the State and had been identified in the previous Operating Year but not invoiced, then the State can advise whether the amount of the adjustment will or will not contribute to the Maximum Payment Amount in the current Operating Year when the appropriate payment is made in the current Operating Year.

(or, to the extent applicable, the price payable in relation to the Affected Services as determined in accordance with Section 3.4).

3.2 Discounted Price

- (a) Subject to Sections 3.4 and 4, the Discounted Price for each Service Category will be determined in accordance with the following formula:

- (b) The 'applicable discount percentage' for all Services purchased by the State pursuant to the Annual Notice will be the discount percentage specified for the relevant year for the corresponding Service Category in the Discounted Price Table, identified by the Discount Bracket which corresponds to the following formula:

3.4 Replacement of State Price

- (a) If:
- 1) the State Price no longer exists (or will no longer exist) or is (or will be) no longer able to be determined in relation to one or more Service Categories or elements within a Service Category (an **Affected Service**);
 - 2) the State is applying, or is intending to apply a materially different funding mechanism within the NSW public health system for services which are similar to some or all of the Services and (acting reasonably) seeks to apply that same funding mechanism to one or more Service Categories or elements within a Service Category (also an **Affected Service**); or
 - 3) all or a majority of services in the NSW public health system which are:
 - (A) similar to the Services; and
 - (B) measured and reported in NWAUs in the 2022/23 Operating Year, cease, or will cease, to be measured and reported in NWAUs (in which case all Services will be **Affected Services**),

then:

- 4) the State shall provide reasonable particulars in writing to the Operator about the identification of the Affected Services and the methodology for the calculation of the funding of services in the NSW public health system which are equivalent to those Affected Services;
- 5) the State and the Operator must negotiate in good faith and cooperate with the intention of reaching, and use all reasonable endeavours to reach, agreement on the price to be paid in respect of the Affected Services from the date on which the relevant circumstances set out in paragraph (a)(1), (2) or (3) come into effect and for so long as the relevant circumstance subsists;
- 6) the parties agree that the price to be agreed in respect of the Affected Services under Section 3.4(a)(5) must preserve the current and projected relativity between the Discounted Price and the State Price for the duration of the Operating Term had they remained in use under the Project Documents;
- 7) if the State and the Operator are unable to reach agreement on the price to be paid in respect of an Affected Service, then the price payable in respect of that Affected Service from the date on which the relevant circumstances set out in paragraph (a)(1), (2) or (3) and for each future Operating Year shall be the price calculated in accordance with the following formula:

- (c) as a consequence of the referral in paragraph (a), is the recipient of outpatient services (other than pathology, pharmacy or imaging services),

may not, in respect of those services, be charged any amount over and above:

- (d) the Medicare benefit (as that term is defined in the *Health Insurance Act* (Cth)); or
- (e) any equivalent concept or amount under future applicable Law or policy (but in each case provided that such amount continues to be calculated so as to at least ensure an equivalent return to the provider of the relevant services, as compared to the return achieved as at the date of this document),

provided that if any future applicable Law or policy referred to in paragraph (e) results in the State being required to pay any amount in respect of services which amounts are currently covered by the Medicare benefit, those amounts will be deemed to fall within and form part of the MPA.

4. Further Services

4.1 Price for Further Services

- (a) If the State purchases Further Services in accordance with the Activity Schedule, the State will (subject to paragraph 4.1(b)) be obliged to pay an amount in respect of the Further Services determined in accordance with Sections 3.2 and 4.2 as if those Further Services (together with any additional Further Services previously purchased by the State) formed part of the total Services purchased by the State in the Annual Notice for the relevant Operating Year.
- (b) If, when notionally added to the volume of the Services purchased by the State in the relevant Annual Notice in accordance with paragraph 4.1(a) and any previously purchased Further Services, the aggregate total of those Services and all Further Services to be purchased would result in a higher Discount Bracket being applied under Section 3.2, the higher Discount Bracket will apply only in respect of that portion of the Further Services as fall within that higher Discount Bracket.
- (c) For the avoidance of doubt, the purchase of any Further Services by the State pursuant to the Activity Schedule in an Operating Year will not of itself affect the Discounted Price applicable to the Services purchased by the State in the Annual Notice for that Operating Year.
- (d) Payments for Further Services are made over and above the Maximum Payment Amount.

4.2 Further Services Fee

The value of the Further Services Fee for an Operating Month will be calculated according to the following formula for each Further Service provided during the Operating Month:

5. Lifecycle Fee

- (a) The Lifecycle Fee for each Operating Month is calculated by reference to the table in Appendix A to this Schedule 20. In each Operating Month the amount paid in respect of the Lifecycle Fee will be the amount corresponding to that Operating Month multiplied by the CPI for the most recently published quarter divided by the CPI for the December quarter 2013.
- (b) The Lifecycle Fee must only be expended by the Operator directly in relation to the Lifecycle Refurbishment Works.
- (c) In the event of a delay to the Date for Operational Readiness which is caused by:
 - 1) a Relief Event, the table in Appendix A will be adjusted to reflect a deferral of the values to maintain the envisaged Lifecycle Fee over the Operating Term as determined by the State (acting reasonably); or
 - 2) any circumstance other than a Relief Event, the Lifecycle Fee will start in accordance with the table at the actual Services Commencement Date, with the intent that any Lifecycle Fee applying to the Operating Months between the Date for Operational Readiness and the actual Services Commencement Date will not be paid by the State and therefore the total Lifecycle Fee paid by the State over the Operating Term will be reduced.
- (d) If the actual Date for Operational Readiness is delayed for any reason and the Services Commencement Date is not the first day of the month, then the impact of the delay will be calculated on a pro rata basis, with the effect that the Lifecycle Fee in respect of the relevant Operating Month will be reduced by the proportion of days delayed within the Operating Month.

6. Abatement Regime

6.1 Failures

- (a) If a Failure occurs, then:
 - 1) the Operator must promptly notify the State in writing of that Failure (including details as to its nature and cause, and effect on the Services);
 - 2) if the Failure is a Rectifiable Event (including if it is also a Repeated Failure), then the Operator must rectify the performance of the relevant Service so that it meets the relevant KPI within the relevant Remedial Period, which period commences on and from the earlier of the time at which the Operator:
 - (A) becomes aware, or ought reasonably to have become aware, of the Failure; or
 - (B) is notified of the relevant Failure; and
 - 3) if the Failure is a Repeated Failure, then the Operator must, when requested by the State, prepare and submit a plan to the State within five Business Days of the State's request which details the corrective action, process improvements and preventative measures that will be taken to ensure that the Failure does not occur

again, which plan will include a reasonable time period within which to implement the plan (**Action Plan**),

and, if more than one of the above sub-sections apply, then the Operator must comply with any combination of them (**Remedy**).

(b) The State may reasonably amend the Action Plan provided by the Operator under paragraph 6.1(a)3) having regard to the relevant Failure. The State must provide the Operator with the amended Action Plan or confirm that it accepts the Action Plan unamended, within five Business Days of its receipt of the Action Plan under paragraph 6.1(a)3). The Operator must implement and comply with the requirements of the Action Plan as accepted or amended by the State under this paragraph 6.1(b).

(c) If:

- 1) the Operator fails to Remedy the Failure within the Remedial Period;
- 2) the Failure constitutes a Repeated Failure; or
- 3) the Failure was a Concluded Event,

then the Operator will incur Failure Points as set out in the relevant part or parts of the KPI Table unless the Failure was directly caused by an express direction from the State which was the sole cause of the Failure.

(d) The requirement to Remedy a Failure does not affect the Operator's obligation to achieve the Targets within the KPIs and to perform the Services in accordance with this document at all times.

(e) Failure Points for successive failures to Remedy a Failure in respect of the same KPI are incurred in aggregate.

(f) If the Operator is paid under the Payment Schedule for Services that have not been performed due to a Failure, and the Operator later performs those Services following the Remedy of the Failure, the Operator is only entitled to payment once in respect of its provision of those Services.

6.2 Calculation of Failure Abatement

(a) The Monthly Service Abatement is calculated as follows:

(b) Should the level of the Monthly Abatement Amount exceed the Services Fee for an Operating Month, then the value of any excess will be carried over into any subsequent Operating Month or Operating Months.

(c) The Failure Point Amount will be indexed:

- 1) at the commencement of the second Operating Year; and then
- 2) annually at the commencement of each Operating Year,

to reflect changes to the State Price, by applying the following formula:

6.3 Failure Points

(a) Failures

The number of Failure Points incurred in respect of each Failure will be calculated in accordance with the following formula:

(b) **Failure Points during certain Relief Events**

Notwithstanding paragraph (a), any Failure which is directly caused by:

- 1) a Relief Event; or
- 2) a Force Majeure Event which arises as a direct result of a Relief Event,

will only attract 50% of the Failure Points which would otherwise be attributable to that Failure as specified in the KPI Table for the duration of the relevant Relief Event.

7. Defined Benefits Superannuation Adjustment

The amount payable by the State to the Operator pursuant to clause 37.6(b) (Operator to fund superannuation benefits for service from the Migration Date).

8. Designated Commercial Areas Revenue Share Payment

The Designated Commercial Areas Revenue Share Payment will be unless otherwise agreed by the State and the Operator.

9. Reimbursement Payment

The reimbursement by the Operator to the State for any payment it has received from a third party in respect of a service or item for which the State has paid the Operator.

10. JMO Salary Payment

An amount calculated in accordance with the following formula:

Schedule 20A – Health Policies

Reference	Policy Document name
PD2012_054	Bed Numbers Data Collection - NSW Procedures Policy
PD2010_031	Children and Adolescents - Inter-facility Transfers
PD2010_021	Critical Care Tertiary Referral Networks & Transfer of Care (Adults)
PD2010_030	Critical Care Tertiary Referral Networks (Paediatrics)
PD2010_069	Critical Care Tertiary Referral Networks (Perinatal)
PD2011_076	Deaths - Review and Reporting of Perinatal Deaths
PD2009_071	Emergency Department Data Dictionary
PD2014_012	HEALTHPLAN
GL2010_011	HEALTHPLAN - Medical Services Supporting Plan
GL2012_006	HEALTHPLAN - Mental Health Services Supporting Plan
PD2007_048	Hospital Response to Pandemic Influenza Part 1: Emergency Department Response
PD2010_052	Influenza - NSW Health Influenza Pandemic Plan
PD2005_210	Inpatient Statistics Collection (ISC) - Public Facilities Separations Dated from 1 July 2001
PD2011_031	Inter-facility Transfer Process for Adults Requiring Specialist Care
PD2006_042	Mental Health Ambulatory (MH-AMB) Data Collection Reporting and Submission
PD2007_019	Mental Health Bed Types for Inpatient Units
PD2013_010	Non-Admitted Patient Activity Reporting Requirements
PD2011_001	Provision of Services to People with an Intellectual Disability & Mental Illness - MOU & Guidelines
PD2012_060	Transfer of Care from Mental Health Inpatient Services