



# Parliamentary Budget Office - Election Policy Costing

NSW Parliament • Parliament House, Macquarie Street Sydney NSW 2000

Referred By: Coalition  
Date Referred: 15/02/2019

Proposal No: Y048  
Date Published: 18/03/2019

Proposal Title: 10,000 Additional Cataract Surgeries

Cluster: Health

## General Government Sector Impacts

	2018-19 \$'000	2019-20 \$'000	2020-21 \$'000	2021-22 \$'000	4 year Total \$'000
Expenses (ex. depreciation)	-	6,269	4,819	4,971	16,059
Depreciation	-	273	280	289	842
Less: Offsets	-	-	-	-	-
Revenue	-	3,135	3,185	3,236	9,556
<b>Net Operating Balance:</b>	-	<b>(3,407)</b>	<b>(1,913)</b>	<b>(2,024)</b>	<b>(7,344)</b>

Capital Expenditure	-	1,000	-	-	1,000
Capital Offsets	-	-	-	-	-
<b>Net Capital Expenditure:</b>	-	<b>1,000</b>	-	-	<b>1,000</b>

<b>Net Lending/(Borrowing):</b>	-	<b>(4,134)</b>	<b>(1,633)</b>	<b>(1,735)</b>	<b>(7,502)</b>
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## Total State Sector Impacts

<b>Net Lending/(Borrowing):</b>	-	<b>(4,134)</b>	<b>(1,633)</b>	<b>(1,735)</b>	<b>(7,502)</b>
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## Notes and costing assumptions

This policy proposes to reduce cataract surgery waiting times by allocating funding to perform 10,000 additional surgeries over four years from 1 July 2019. The net total cost of this proposal (excluding the cost of additional nurses associated with this policy) is estimated to be \$7.5 million over the forward estimates, with a further \$1.8 million in 2022-23.

### Additional Nurses

Based on advice from NSW Treasury, the policy assumes an additional 24 cataract nurses per annum over four years will be employed as part of the activity based funding.

The total estimated cost of these nurses is \$8.5 million over four years. However, the funding for these extra nurses is excluded from this costing, as it will be delivered under a separate *5,000 Nurses and Midwives* policy.

Further costing details are overleaf.

## Notes and costing assumptions continued:

### Implementation assumptions

NSW Health provides Local Health Districts (LHDs) and Specialist Health Networks (SHNs) with resources to undertake elective surgery based on the Activity Based Funding Model. This model effectively pays a standard amount for each surgery, but also takes into account individual patient complexity.

Furthermore, the implementation of additional activity is decided within a local context and based on unique LHD/SHN opportunities, physical capacity and workforce considerations. This may involve services being outsourced to the private sector, or contracting clinical resources from other sources.

In addition to funding additional surgeries, the policy proposes to increase the speed of service delivery by:

- changing the referral processes for patients who may need cataract surgery to a model where the initial outpatient clinic assessments are done by allied health professionals, and streamlining the process for patients to get access to surgery for their second eye (\$1.6 million in 2019-20)
- using day surgery to increase the number of surgeries able to be performed (\$1 million in 2019-20)
- using ophthalmology outpatient clinics for to deliver high turnover, low complication surgery (\$1.4 million over four years).

The cost of additional medical equipment to deliver cataract surgery statewide as a high volume day surgery model is depreciated based on a financial profile provided by NSW Treasury.

### Surgical procedure assumptions

In order to reduce cataract surgery waiting times, the policy assumes that an additional 10,000 surgeries must occur. The policy assumes that at least 2,500 additional surgeries are performed each year. The policy would prioritise patients allocated as Category Three: Non-Urgent for servicing.

The standard cost of surgeries is measured in National Weighted Activity Units (NWAU). An NWAU is a measure of health service activity expressed as a common unit, against which the national efficient price is paid. A lower NWAU reflects a simpler and less expensive procedure, while a higher NWAU indicates more intensive and expensive procedures. The average NWAU assumed for cataract surgeries is 0.56 NWAU.

Each NWAU has a State price of \$4,713 as of 2018-19, and has been escalated by 3% per annum over the forward estimates.

The increase in surgeries also attracts additional Commonwealth funding which partially offsets the total cost of the policy to the NSW Government (see Table A1 below). The Commonwealth funds 45% of additional activity. This funding is calculated based on the 2018-19 National Efficient Price of \$5,010 per NWAU, escalated by 1.6% per annum.

**Table A1 - Total policy cost offset by Commonwealth funding**

	2019-20	2020-21	2021-22	2022-23
Total cost of additional cataract procedures	6,644	6,844	7,049	7,261
Commonwealth funding contribution	3,135	3,185	3,236	3,288
<b>Sub-total</b>	<b>(3,509)</b>	<b>(3,658)</b>	<b>(3,813)</b>	<b>(3,972)</b>
<i>Excluding Nurses</i>	<i>2,040</i>	<i>2,091</i>	<i>2,143</i>	<i>2,197</i>
<b>Net Position</b>	<b>(1,469)</b>	<b>(1,567)</b>	<b>(1,669)</b>	<b>(1,776)</b>