

THE CLINICAL COSTING STANDARDS  
ASSOCIATION OF AUSTRALIA LTD | **ANNUAL REPORT**  
**2006-2007**



## Contents

Acknowledgements	BELOW
Vision, Mission, Aim	1
Chairman's Report	2
History	4
Board of Directors	6
Clinical Costing Standards Committee Members	7
Directors Declaration of the Trustee Company	8
Financial Statements	9
Independent Audit Report	12
Internet Site	INSIDE BACK COVER

## Acknowledgements

The Clinical Costing Standards Association of Australia Ltd. gratefully acknowledge the sponsorship and financial support of the Department of Human Services Victoria.





---

**Vision**

To be the leading provider of clinical costing information to the Australian health sector.

**Mission**

To improve the costing of health services across Australia by devising clinical costing standards that promote best practice and provide a benchmark for all hospitals to achieve.

**Aim**

To develop and define clinical costing standards for hospitals using or implementing patient costing systems.

## Chairman's Report

### Events

The Clinical Costing Standards Association (CCSAA) was incorporated in June 1998. However, the Clinical Costing Standards Committee (CCSC) existed prior to this and has been an active committee for ten and a half years. Since 1998 the value of the CCSAA standards for its members both within Australia and overseas has continued to grow.

In the 2006/07 financial year Ms. Julie Brophy, Ms. Sofie Ioannidis and Ms. Lydia Tan resigned from their hospital positions and the CCSC. I welcome new members Mrs. Anne Tester representing The Mercy Hospital for Women and Mr. Michael Josiah representing The Royal Women's Hospital. I also welcome back Ms. Josephine Beer representing The Royal Women's Hospital. This financial year saw a growth in general CCSAA membership including international member, Mr. Tolga Aktan from Turkey.

During the last year work has continued in consolidating existing standards. This has involved revisions and refinements that reflect compliance between CCSAA standards and the Department of Human Services (DHS) Chart of Accounts. After considerable work, the CCSC has completed the review of the following CCSAA standards:

CCS2 Allocation of Service Cost Structure for Comparative Purposes.

CCS4 Assignment of Expense Accounts to Variable and Fixed Cost Types.

CCS8 Intermediate Products and Feeder Systems.

In 2006/07 a greater emphasis has been placed on further developing the new CCSAA website. The new website was a significant undertaking that uses a Content Management System design. This provides the CCSAA with a high degree of control over administrating and updating the website. The benefits of this system include the ability to immediately update the site with new and updated standards, news and events. From a user point of view the new website is providing increased functionality and a better avenue for members to gain access to all CCSAA resources.

The CCSAA User Group continues to provide opportunities for the broader membership to participate in further education and the discussion of key issues. Two user group meetings were held in 2006/2007. The CCSAA invited a number of industry experts to present on a variety of subjects that are of relevance to the industry.

The meetings have included the following speakers:

- (i) Mr. Steve Gillette & Ms. Teresa Barton (DHS) – Mental Health Funding.
- (ii) Ms. Jane Fewings & Ms. Chris Dridan (DHS) – Nurse Acuity Study Update.
- (iii) Mrs. Helen Rizzoli (St Vincent's Hospital) – PCM Presentation.
- (iv) Mr. Daniel Borovnicar (DHS) – Victorian Cost Weight Data Outcomes.

### **Future Initiatives**

The 2007/08 financial year will see the CCSAA undertake further work in the following key areas:

- i) Continued work with DHS and the CCSAA Nurse Costing Sub-Committee to run a Nurse Costing Pilot Study.
- ii) CCS15 – Episode Matching Business Rules.
- iii) Development of CCS16 – Cost Weight Study Protocol.

### **Acknowledgements**

In finishing I would like to thank the Department of Human Services for their financial support in the standards creation activities of the CCSAA. In particular I acknowledge Mr. Bruce Woolcott, Mr. Peter Lewis and Ms. Jane Fewings from Metropolitan Health and Aged Care Division for their on-going support and the funding of CCSAA activities. This has allowed the association to operate at a highly efficient level and to achieve its set objectives.

Finally, I acknowledge the work of the Clinical Costing Standards Committee and interstate representatives who have operated diligently throughout the year. The CCSAA and its membership are appreciative of their continued efforts, for without their combined voluntary time the association would not have continued to achieve its sustained outcomes.



**Dean Athan**

Chairman  
Clinical Costing Standards Association of Australia Ltd.

## History

The Clinical Costing Standards Association of Australia (CCSAA) was incorporated in June 1998. The primary concern of the association is to develop clinical costing standards through a consultative process with clinical costing managers across a number of hospitals.

The need for a clinical costing association rose out of the formation of the Clinical Costing Standards Committee, which began in January 1997. The committee consists of Clinical Costing Managers from Victorian Health Care Networks and regional and interstate healthcare organisations. This group is the conduit for producing the clinical costing standards.

A key workshop was conducted in October 1999 as the first step in attempting to establish a standard clinical costing approach between Victoria, Queensland and Western Australia. As a result of this effort the current CCSAA standards are now either fully compliant with the Queensland standards or any underlying state differences are highlighted in the 'Notes' area of the CCSAA standards.

Overseas membership of the CCSAA includes two New Zealand hospitals and the Department of Health & Children in Dublin, Ireland. In the 2001/02 financial year Professor Yuichi Imanaka from The Kyoto University, Graduate School of Medicine, Department of Healthcare Economics and Quality Management in Kyoto, Japan also acquired CCSAA membership and access to our standards. The 2006/07 financial year saw new CCSAA international membership in Mr. Peter Donnelly from the United Kingdom and Mr. Tolga Aktan from Turkey.

On September 26, 2001 a vote was taken by the Clinical Costing Standards Committee and the membership to accept the alignment of the Clinical Costing Standards Association of Australia Ltd. and the Clinical Costing User Group in Victoria (CCUG) under the banner of the "Clinical Costing Standards Association of Australia Ltd." This vote was passed.

The group was structured as follows:

- i. The overriding body, currently known as the CCSAA is the forum for general discussion, sub-committee presentations and issues relative to the industry. Depending on the agenda, interested non-members may also attend. Meetings of the CCSAA User Group will occur approximately 2-3 times per year. The chair of these meetings will be on a rotating basis.
- ii. The Clinical Costing Standards Committee (CCSC) will continue meeting for the purpose of developing and implementing standards and dealing with wider CCSAA and industry issues. Outcomes from the CCSC will be forwarded to the CCSAA. The CCSC will meet on a monthly basis and will continue to be chaired by Mr. Dean Athan.
- iii. Special Interest Group Sub-committee. In the past this has encompassed the Benchmarking Sub-Committee (BSC) which met for the purpose of developing benchmarking initiatives for all participating hospitals. In the 2006/07 financial year the CCSAA also setup a Nurse Costing Sub-Committee. Outcomes of these committees will be forwarded directly to the CCSAA for review. The sub-committees meet as required.
- iv. In the future, a potential committee will be formed to focus on education issues.

The individual committees will operate autonomously but will present regular progress reports to the CCSAA.

Evolving from the May 2006 Clinical Costing User Group Meeting, the CCSAA organised a special Nurse Costing Forum. This forum took place on the 30th June 2006 and included two keynote speakers. Dr. Virginia Plummer (Monash University, School of Nursing and Midwifery) spoke on "An Analysis of Patient Acuity Data Utilizing the TrendCare System". Mr. Kevin Ratcliffe, Department of Health, Tasmania spoke on "Clinical Costing of Nursing Activity – Benchmarking Project".

In 2005/06 the CCSAA also commenced a complete re-development of the CCSAA website. The benefits of the new website include the ability to immediately update the site with new and updated standards, news and events. From a user point of view the new site will provide increased functionality and a better avenue for members to gain access to all CCSAA resources.

In 2006/07 the CCSAA also setup a committee to oversee research into the Nursing Complexity Pilot Study. The objective of this study is to do a comparative analysis of various models for allocating nursing costs using data from two hospitals. The results of this study will be completed towards the end of 2007.

## Standards

To ensure a high level of consistency and uniformity in the costing methods adopted by hospitals; 14 standards are now completed. In 2006/07 the key priority has been to ensure CCSAA standards comply with the new DHS Standard Chart of Accounts. Work was also continued on Standard CCS15 - Episode Matching Business Rules but this still requires significant development.

Through the application of these standards an optimum level of data accuracy for use in hospital decision-making, process improvement, benchmarking and cost weight studies will be achieved.

The current list of completed and proposed Clinical Costing Standards include:

- CCS 1** Assignment of Direct and Indirect/Overhead Departmental Costs.
- CCS 2** Allocation of Service Cost Structure for Comparative Purposes.
- CCS 3** Allocation of Costs in the event of Ward/Unit/Service Closure or Transfer.
- CCS 4** Assignment of Expense Accounts to Variable and Fixed Cost Types.
- CCS 5** Indirect/Overhead Department Allocation Methodology.
- CCS 6** Where the General Ledger has been posted into Closed or Inactive Cost Centres.
- CCS 7** Exclusion of Costs for the purpose of Clinical Costing.
- CCS 8** Intermediate Products and Feeder Systems.
- CCS 9** Public/Private Allocations for Clinical Costing.
- CCS 10** Assignment of Relative Value Units.
- CCS 11** Auditing.
- CCS 12** Assignment of Fixed and Variable Costs to Labour Classifications.
- CCS 13** Allocation of Direct Costs.
- CCS 14** Benchmarking.
- CCS 15** Episode Matching Business Rules (Under Development).
- CCS 16** Cost Weight Study Protocol (Proposed).

## Board of Directors



From left: Jane Widdison, Dean Athan, Kerryn Healy, David Debono, GiGi Chan.

Five directors currently sit on the board of the Clinical Costing Standards Association of Australia Ltd.

They are:

- |                          |  |
|--------------------------|--|
| <b>Mr. Dean Athan</b>    | MIS Manager, Peninsula Health (Chairman, CCSAA).                       |
| <b>Ms. GiGi Chan</b>     | Casemix Analyst, Eastern Health.                                       |
| <b>Mr. David Debono</b>  | Manager, Clinical Information Unit, Austin Health.                     |
| <b>Mrs. Kerryn Healy</b> | Director of Finance & Information Services,<br>Goulburn Valley Health. |
| <b>Ms. Jane Widdison</b> | Manager, Health & Performance Informatics,<br>Western Health.          |

## **Clinical Costing Standards Committee Members**

<b>Mr. Dean Athan</b>	Peninsula Health (Chairman).
<b>Ms. Josephine Beer</b>	The Royal Women's Hospital.
<b>Ms. Julie Brophy</b>	Peter MacCallum Health Service.
<b>Ms. GiGi Chan</b>	Eastern Health.
<b>Mr. David Debono</b>	Austin Health.
<b>Ms. Chris Dridan</b>	Bendigo Health & DHS.
<b>Mrs. Kerry Healy</b>	Goulburn Valley Health.
<b>Mrs. Tracey Hewitt</b>	Southern Health.
<b>Mrs. Malathi Jeremiah</b>	The Royal Children's Hospital.
<b>Mr. Michael Josiah</b>	The Royal Women's Hospital.
<b>Mrs. Maura McSweeney</b>	Melbourne Health.
<b>Ms. Jane O'Connell</b>	The Alfred.
<b>Mr. Christopher Jackson</b>	Bayside Health.
<b>Mrs. Karen Reidy</b>	The Royal Women's Hospital.
<b>Mrs. Helen Rizzoli</b>	St. Vincent's Hospital.
<b>Mrs. Joanne Siviloglou</b>	Austin Health.
<b>Mr. Bill Stomfay</b>	Queensland Health.
<b>Ms. Lydia Tan</b>	Peter MacCallum Health.
<b>Mrs. Anne Tester</b>	The Mercy Hospital for Women.
<b>Ms. Jane Widdison</b>	Western Health.

## **Clinical Costing Standards Association Trust Fund**

**Clinical Costing Standards Association of Australia Ltd**  
ACN 080 739 340

### **Directors Declaration of the Trustee Company**

The directors of the trustee company, the Clinical Costing Standards Association of Australia Ltd, have determined that the financial report should be prepared in accordance with the accounting policies outlined in Note 1 to the financial reports.

The directors of the trustee company hereby declare that:

- 1) The financial statements and notes, presents fairly the trust's performance for the year and the financial position as at 30 June 2007 in accordance with the accounting policies described in Note 1 to the financial statements;
- 2) In the directors opinion there are reasonable grounds to believe that the trust will be able to pay its debts as and when they become due.

This declaration is made in accordance with a resolution of the Board of Directors of the trustee company:



Dean Athan  
Director



Jane Louise Widdison  
Director

Dated this 9th day of October 2007

## Clinical Costing Standards Association Trust Fund

### Statement of Financial Position

As at 30 June 2007

	Note	2007 \$	2006 \$
<b>CURRENT ASSETS</b>			
Cash	2	<u>46,399</u>	<u>40,282</u>
<b>TOTAL CURRENT ASSETS</b>		<b><u>46,399</u></b>	<b><u>40,282</u></b>
<b>NON-CURRENT ASSETS</b>			
Property, Plant and Equipment	3	<u>2,335</u>	<u>3,036</u>
<b>TOTAL NON-CURRENT ASSETS</b>		<b><u>2,335</u></b>	<b><u>3,036</u></b>
<b>TOTAL ASSETS</b>		<b><u>48,734</u></b>	<b><u>43,318</u></b>
<b>CURRENT LIABILITIES</b>			
Payables	4	<u>-</u>	<u>820</u>
<b>TOTAL CURRENT LIABILITIES</b>		<b><u>-</u></b>	<b><u>820</u></b>
<b>TOTAL LIABILITIES</b>		<b><u>-</u></b>	<b><u>820</u></b>
<b>NET ASSETS</b>		<b><u>48,734</u></b>	<b><u>42,498</u></b>
<b>TRUST FUNDS</b>			
Retained profits	5	<u>48,734</u>	<u>42,498</u>
<b>TOTAL TRUST FUNDS</b>		<b><u>48,734</u></b>	<b><u>42,498</u></b>

The accompanying notes form part of these financial statements and should be read in conjunction with the attached Audit Report.

## Clinical Costing Standards Association Trust Fund

### Profit and Loss Statement

For the year ended 30 June 2007

	<b>2007</b>	2006
	\$	\$
<b>INCOME</b>		
Government Grants	25,000	25,000
Subscription Income	1,000	-
Sundry Income	51	1,000
	<u>26,051</u>	<u>26,000</u>
<b>EXPENDITURE</b>		
Auditor's Remuneration	1,800	1,650
Computer Services	1,172	5,150
Contract Labour	10,232	11,703
Depreciation	701	894
Filing Fees	40	158
Printing & Stationery	3,851	3,485
Special Functions	1,723	992
Staff Training & Welfare	-	640
Telephone & Web Hosting	296	1,081
Travelling Expenses	-	38
	<u>19,815</u>	<u>25,791</u>
<b>OPERATING PROFIT</b>	<b><u>6,236</u></b>	<b><u>209</u></b>

The accompanying notes form part of these financial statements and should be read in conjunction with the attached Audit Report.

## Clinical Costing Standards Association Trust Fund

### Notes to the Financial Statements

For the year ended 30 June 2007

#### 1. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES

This financial report has been prepared in accordance with applicable Accounting Standards and other professional mandatory reporting requirements and to satisfy the requirements specified in the trust deed.

The financial report is based on historic costs and except where stated does not take into account changing money values or current valuations of non-current assets.

##### (a) Property, plant and equipment

Property, plant and equipment are carried at cost, independent or directors' valuation. Excluding freehold land, all assets are depreciated over their useful lives to Clinical Costing Standards Association Trust Fund.

##### (b) Income Tax

No provision for Income Tax is necessary as the Fund is exempt from tax under Section 50 of the Income Tax Assessment Act 1997.

	2007 \$	2006 \$
<b>2. CASH AND CASH EQUIVALENTS</b>		
Frankston Hospital Trust Account	46,399	40,282
	<u>46,399</u>	<u>40,282</u>
<b>3. PROPERTY, PLANT &amp; EQUIPMENT</b>		
<b>Plant &amp; Equipment</b>		
Plant & Equipment	3,406	3,406
Less Accumulated Depreciation	1,071	652
	<u>2,335</u>	<u>2,754</u>
Office Furniture & Equipment	3,309	3,309
Less Accumulated Depreciation	3,309	3,027
	<u>-</u>	<u>282</u>
<b>Total Plant &amp; Equipment</b>	<u><b>2,335</b></u>	<u><b>3,036</b></u>
<b>4. TRADE AND OTHER PAYABLES</b>		
<b>Current</b>		
Other Creditors	-	820
	<u>-</u>	<u>820</u>
<b>5. TRUST FUNDS</b>		
Accumulated Profits (Losses) Brought Forward	42,498	42,289
Profit Earned This Year	6,236	209
<b>Total Trust Funds</b>	<u><b>48,734</b></u>	<u><b>42,498</b></u>

These notes should be read in conjunction with the attached Audit Report.

## **Clinical Costing Standards Association Trust Fund**

### **Independent Audit Report**

TO THE MEMBERS OF CLINICAL COSTING STANDARDS ASSOCIATION  
TRUST FUND

#### **Scope**

We have audited the financial report, being the Director's Declaration, Statement of Financial Position, Profit and Loss Statement and Notes to and forming part of the financial statements of Clinical Costing Standards Association Trust Fund for the year ended 30 June 2007. The directors of the Corporate Trustee, Clinical Costing Standards Association of Australia Ltd. are responsible for the financial report. We have conducted an independent audit of this financial report so as to express an opinion on it.

Our audit has been conducted in accordance with Australian Auditing Standards to provide reasonable assurance whether the financial report is free of material misstatement. Our procedures included the evaluation of accounting policies and significant accounting estimates and examination, on a test basis, of evidence supporting the amounts and other disclosures in the financial report. These procedures have been undertaken to form an opinion whether, in all material respects, the financial report presents fairly, in accordance with Australian Accounting Standards and other mandatory professional reporting requirements in Australia, so as to present a view which is consistent with our understanding of the Trust Fund's financial position, the results of its operations and its cash flows.

The audit opinion expressed in this report has been formed on the above basis.

#### **Audit Opinion**

In our opinion, the financial report presents truly and fairly in accordance with applicable Australian Accounting Standards and other mandatory professional reporting requirements in Australia the financial position of Clinical Costing Standards Association Trust Fund as at 30th June 2007, and the results of its operations and cash flows for the year then ended.



Morey & Co

Dated this 9th day of October, 2007

---

## Internet Site

More information regarding membership and access to the standards may be gained from the CCSAA internet home page.

The site [www.ccsaa.com](http://www.ccsaa.com) is the primary communication tool of the CCSAA.

It contains details about the association, committee members, the standards (in brief for non-members and in full for members), news events, updates to the standards and a review of clinical costing literature.



## Peninsula Health - Frankston Hospital

PO Box 52, Frankston Victoria 3199

Ph: (03) 9784 7081 Fax: (03) 9784 7818

email: [admin@ccsaa.com](mailto:admin@ccsaa.com)

[www.ccsaa.com](http://www.ccsaa.com)

