

## INDIGENOUS HEALTH SERVICES PHARMACY SUPPORT (IHSPS) PAYMENT MODEL

In calculating an appropriate weighting mechanism for this program, the following data points have been taken into consideration:

- The total number of Indigenous Health Services (IHSs) eligible to participate;
- Whether the IHS is approved to participate in the Remote Area Aboriginal Health Service (RAAHS) Program;
- The number of clients for each IHS.

### Distribution of eligible IHSs

The following table is **an example** showing the distribution of the total number of eligible IHSs by RAAHS participation and approximate client numbers.

*Table A: IHS Distribution*

| <b>IHS Type</b> | <b>Total Number</b> | <b>Total Clients</b> |
|-----------------|---------------------|----------------------|
| Approved RAAHS  | 160                 | 152,511              |
| Other           | 90                  | 243,548              |
| <b>Total</b>    | <b>250</b>          | <b>396,059</b>       |

### Weighting Calculation

All participating IHSs will receive a flat base rate, and a weighted unit cost per client. Participating RAAHSs will receive double the client unit cost, in recognition of the additional requirements for stocking and supplying PBS medicines. RAAHS with approved outstations will receive an additional amount per outstation.

### Client Unit Cost Calculation

The number of IHSs and the total clients in Table A is then multiplied using the weighting system above to result in the number of weighted units.

*Table B: Weighted Units*

| <b>IHS Type</b> | <b>Total Clients</b> | <b>Weighted clients</b> |
|-----------------|----------------------|-------------------------|
| Approved RAAHS  | 152,511              | 305,022                 |
| Other           | 243,548              | 243,548                 |
| <b>Total</b>    | <b>396,059</b>       | <b>548,570</b>          |

The “client unit cost” is determined by dividing the funding allocation available for the variable component of the allowance by the total number of weighted units across all participating IHSs from **Table B** (548,570).

Individual allowances for the IHSPS Program are then calculated based on the client unit cost multiplied by the weighting (from **Table B**) added to the base allowance.