



The Facts About Australian Private Hospitals

2011



Provision of Services

- Private hospitals treat **40% of all patients in Australia**. (AIHW, 2009-10a, pp. 139, Table 7.1)
- In 2009-10, private hospitals admitted **3.5 million patients**. (AIHW, 2009-10a, pp. 139, Table 7.1)
- Private hospitals **perform the majority of elective surgery in Australia – 65%**. (AIHW, 2009-10a, pp. 250, Table 10.2)
- Of the **top 10** (in volume) treatments provided by both public and private hospitals, **five are identical procedures – with private hospitals performing the majority in four of the five**. (AIHW, 2009-10a, pp. 149, Table 7.6)



Provision of Services

- **Numerous complex procedures and treatments**
– traditionally associated solely with public hospitals – **now have private hospitals undertaking the bulk of work, for example:**

- Major procedures for obesity 92%
- Sinus, mastoid and complex middle ear procedures 71%
- Cerebral palsy, muscular dystrophy and neuropathy 66%
- Knee replacement 65%
- Other major joint replacement and limb reattachment 65%
- Major malignant breast conditions 62%
- Interventional Coronary Procedures W/O AMI with stent implantation 57%
- Hip replacements 56%
- Interventional Coronary Procedures without AMI without stent implantation 53% Implantation or replacement of pacemaker 51%

- Australian Institute of Health and Welfare, *Australian Hospital Statistics 2008-2009*



Provision of Services

- **Between 2005-06 and 2009-10, the number of separations for non-acute care in both private and public hospital sectors increased by 10.1% per year. Over this period, the average rate of increase was higher in private hospitals (15.6%) than in public hospitals (4.8%). (AIHW, 2009-10a, pp. 270, Table 11.1)**
- **In 2009–10, there were 2.1 million occasions of service in non-admitted patients services in Acute and psychiatric private hospitals in Australia. Of these the most common services provided were Accident and emergency (527,000 occasions of service). (ABS, 2009-10, p. 18)**



Provision of Services

- In 2009-10, a total of **3.2 million patients age 65+** were admitted to both public and private hospital. **Private hospitals treated over 41% (that is, over 1.3 million) patients** from this group age. Further, this age group represented over **38% of all private hospital admissions in 2009-10**, slightly higher than **public hospitals at just under 37%** over the same period. (AIHW, 2009-10a, pp. 180-1, Tables S7.11 and S7.12)
- In 2009-10, **5.7% of total private hospital treatments** were for **patients aged 85 years and older**. Over the same period, **6.0% of total public hospital treatments** were for this age group. (AIHW, 2009-10a, pp. 180-1, Tables S7.11 and S7.12)



Provision of Services

- In 2009-10, private hospitals treated **84.7% (over 2.7 million) of total patients with private health insurance, 83% (over 280,000) of self funded patients, and 62.8% (nearly 200,000) of Department of Veterans' Affairs (DVA) patients.** (AIHW, 2009-10a, pp. 163, Table 7.20)
- In 2009-10, public hospitals treated nearly **15.3% (over 500,000) privately insured patients.** In the same period, **private hospitals treated 2.3% (over 100,000) public patients.** (AIHW, 2009-10a, pp. 163, Table 7.20)



Infrastructure

- There are **280 private hospitals and 293 private day hospitals** in Australia. This is **more than 43%** of all hospitals in Australia.
- **The private hospital sector (both private hospitals and private day hospitals) provide a total of 28,038 beds.** This accounts for just **above 33% of all hospital beds** in Australia.

Australian Institute of Health and Welfare (AIHW) (AIHW, 2009-10b, pp. 4-5)



Employment and Training

- **The number of full-time equivalent staff employed at private hospitals sector in Australia during 2009–10 was 56,560, an increase of 8.5% from the 2008–09.** (ABS, 2009-10, p. 6)
- **Australia’s private hospitals provided over 9 million hours of education and training of surgeons, doctors, nurses and other health care professionals in 2009.** Of this philanthropic investment in the nation’s future medical workforce, the majority of funding for education and training comes from private hospitals. (APHA, 2010)



Funding and Efficiency

- Private hospitals are funded by their owners and operators. The services provided to patients treated in private hospitals are partially or fully subsidised from a variety of sources, including private health insurance funds, the Department of Veterans' Affairs, Medicare, the PBS, and third party insurers.



Funding and Efficiency

- In 2008-09, the most recent period for which this data is available, **public hospitals received a total of \$33.4 billion to treat 60% of all hospital patients.** In the same period, **private hospitals received a total of \$8.3 billion to treat 40% of all hospital patients.** (AIHW, 2008-09c, pp. 44, Table 4.1)
- On the surface at least, these figures would seem to support the view presented by the Department of Veterans' Affairs to the House of Representatives Standing Committee on Health and Ageing on 4 September 2006 that: ***“the work we have done basically suggests that we pay significantly lower prices in the private sector than we do in the public sector.”***

- House of Representatives, Standing Committee on Health and Ageing, Reference: Health Funding, 4 September 2006.



Funding and Efficiency

- The Productivity Commission looked at the costs of treatment within public and private hospitals. **It found that after adjusting for casemix differences that, on a total cost basis, private hospital costs were \$130 lower per casemix-adjusted separation.** (PC, December 2009a, pp. 102-3, Table 5.2)
- The Productivity Commission found that **of the 20 different Major Diagnostic Categories (MDCs), the cost per separation were** (PC, December 2009a, p. 116):
 - **Lower in private hospitals for half of all MDCs**
 - **Lower in public hospitals for and only for one fifth of all MDCs**



Safety and Quality in Private Hospitals

- APHA and private hospitals are proud of the standard of services provided in the sector. Regardless of whether they are operated on a for-profit or not-for-profit basis, private hospitals operate in a competitive environment.
- One of the key ways in which private hospitals seek to compete with each other and with the public sector is on the quality of their services.
- There is therefore a very strong imperative to maintain a high standard of safety and quality of services.
- However, the goal of quality services never has an end point and continuous improvement and benchmarking are essential ongoing activities.



Safety and Quality in Private Hospitals

- APHA is concerned about the duplication and overlap and accompanying compliance burden that characterises the measurement and reporting around the safety and quality of services in private hospitals.
- State and Territory licensing regimes, private health insurance fund contracting arrangements, accreditation agencies and State-based safety and quality agencies have all developed their own sets of measuring and reporting frameworks with which private hospitals must comply.
- This is wasteful and does little, if anything, to actually assure patient safety.



Safety and Quality in Private Hospitals

- The ACHS releases biennial National Accreditation Reports, the purpose of which is to provide industry, consumers and the community an overview of the national accreditation performance. More importantly, the Report assists healthcare organisations in evaluating their performance and identifying areas and opportunities for improvements. In the latest Report produced by the ACHS (ACHS, 2007-08, pp. 22, Figure 21):
- **16 private organisations and hospitals were recognised for their leading practices by being awarded at least one Outstanding Achievement (OA) rating.** This represents more than 44% of all organisations and hospitals recognised in this way. These OA ratings were awarded against a range of criteria, including:
 - Care planning and delivery
 - Infection control system
 - Consumer participation in health services
 - Consumer rights and responsibilities
 - Governance structures



Safety and Quality in Private Hospitals

- Productivity Commission has stated that, Hospital-standardised mortality ratios (HSMRs) can be used as an indicator of a hospitals underlying quality of service. This is because of two main reasons; 1) its intrinsic nature and 2) its relationship with other quality measures. According to the Productivity Commission, when looking at HSMRs scores the Commission found that:
- **Private hospitals tend to have lower HSMRs scores than public hospitals by 12.2% on a median-score basis and 11.7% on mean-score basis.** (PC, 2010b, pp. 68, Table 4.2)



Private Patients in Public Hospitals

- One area in which private hospitals and public hospitals compete directly is in the treatment of private patients.
- **Public hospitals received nearly \$618 million in benefits from private health insurance funds in 2009-10 (an increase of 8.3% since 2008-09).** (PHIAC, 2009-10, p. 25)



About APHA

- APHA is the peak national body representing the interests of the private hospital sector, with a diverse membership that includes large and small hospitals and day surgeries, for profit and not for profit hospitals, groups as well as independent facilities, located in both metropolitan and rural areas throughout Australia.
- The range of facilities represented by APHA includes medical/surgical hospitals, specialist psychiatric and rehabilitation hospitals and also free-standing day hospital facilities.
- Accreditation is a prerequisite for membership of APHA.
- Your hospital is a proud member of APHA.



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