

## **Submission by APHA to 2020 Summit**

### **Critical Area 5: A long-term national health strategy**

#### **Private Hospitals and the Australian health care system**

Private hospitals are a vital and complementary partner to the larger public sector in the provision of a wide range of services. While some acute private hospitals are virtually indistinguishable from their public sector counterparts in the range and type of services provided, for the most part, the private hospitals sector is not a mirror image of the larger public sector, reflecting the private sector's diversity.

Contrary to the views expressed by some commentators, the private hospitals sector:

- Provides a comprehensive range of services;
- Treats a similar proportion of older patients as does the public sector;
- Does not merely provide 'profitable' services;
- Provides education and training;
- Provides safe and quality services; and
- Contributes significantly to the balance and sustainability of the Australian health system.

Private hospitals provide:

32% of hospital beds; 40% of all hospital separations; 43% of all hospital-based mental health services; 56% of all surgery; and treat over 1 million patients aged 65 years and older

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 (DVA), Medicare, the PBS, and third party insurers.

An evaluation undertaken by DVA found 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."

The task ahead:

1. Develop a genuinely national long term health strategy. Australia has any number of national strategies and plans but most are little more than agreements between governments which fails to recognise that the overwhelming majority of health and medical services are delivered by private practitioners in private settings. A genuine partnership approach is required, not just consultation. The long term strategy would seek to build upon Australia's balanced, public/private health care system.
2. Increase efficiency by committing to a genuine reduction in the duplication, waste and overlap in the private health sector. This is particularly evident in the multiple measurement and reporting regimes around the safety and quality of services in private hospitals which are imposed in differing ways by State and Territory licensing regimes, private health insurance fund contracting arrangements, accreditation agencies and State-based safety and quality agencies. This is wasteful and does little, if anything, to actually assure patient safety.
3. Improve patient safety by committing to a national regime for the measurement and reporting of the safety and quality of health services that provides feedback to hospitals and other service providers to facilitate benchmarking and enable improvements in quality of care.

4. Examine enhancements to health financing such as health savings accounts, which can build upon the contributions of Medicare and private health insurance.
5. Expand further the opportunities for education and training of Australia's health workforce in private hospitals. This necessarily requires predictable funding that follows the trainee, within a framework that works to achieve national priorities, not just jurisdictional imperatives.