



Concerning attitudes

Correspondence between the states and territories with the Commonwealth provides insight into what states think about private patients in public hospitals

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Some very interesting documents recently surfaced on the Department of Health's Freedom of Information disclosure log. The documents provide insight into the bizarre attitude of state governments and what they think their public hospitals should be doing.

The FOI request was for "all correspondence between the health minister and his state and territory counterparts and ministerial briefs, regarding the broad issue of people being treated as private patients in public hospitals."

One of the documents contains the Commonwealth's comments on a draft Pricing Framework for Australian Public Hospital Services produced by the Independent Hospital Pricing Authority (IHPA). This highlights the fact that annual growth rates for private patient episodes in public hospitals was 11.4 per cent in 2011-12 and 12.8 per cent in 2012-13, compared with the growth rate of admitted public patient services of just 4.4 per cent.

Nothing new in those figures, but the document goes on to say state governments believe IHPA's approach to the pricing of private patients was discouraging the treatment of private patients in public hospitals. That's right, in an environment where growth in private patient episodes was three times higher than public patient episodes, states are worried there is a disincentive to treat even more private patients.

In a number of states, 16 per cent of all public hospital patients are private. What sort of a warped worldview do the operators of these public hospital systems have, that they think this is not enough? The question I would like those operating public hospitals to answer is, if you don't think you have enough private patients now, what is the right proportion? Fifty per cent? Eighty per cent? One hundred per cent? And where would this leave all

those Australians with no health insurance and no choice of treatment location?

Other documents reveal the states are not satisfied with the health fund payments they are getting for all of these private patients (currently running at about \$1 billion per annum) and have been lobbying the Commonwealth to increase the mandated minimum health insurance payments by around 20 to 30 per cent. But they want the health funds to pay more, without knowing what they are paying for, with 57 per cent of public hospital HCP records having no principal diagnosis included!

The Commonwealth rightly notes that if it was to agree to the states' demands, "it is expected that the incentives for public hospitals to treat privately insured patients would increase beyond the current 14.1 per cent annual growth rate and that this would have an upward impact on private health insurance premiums and private hospital use."

Thankfully, the states are not making much headway. In a letter responding to his Victorian counterpart asking for more 'money for nothing' the federal Health Minister Peter Dutton responds, "In the interests of enhancing private healthcare, my general opinion is that public hospitals should focus on treating public patients and that where appropriate, private patients should be treated by private hospitals."

He goes on to suggest a solution for public hospitals.

"If the managers of public hospitals are unsatisfied with the rates paid by health insurers, they should be encouraged to engage with insurers to determine appropriate commercial outcomes, the same as managers of private hospitals are required by necessity to do."

Well said, minister! 