

A Private Hospitals Perspective

Volume 25, No 6, 2002 of *Australian Health Review* (AHR) contains a series of articles discussing the 2003-08 Australian Health Care Agreements (AHCAs) as well as several other articles addressing aspects of private health insurance. The issue of AHR also plays host to yet another appearance by the underwhelming arguments advanced by Butler on the 30 per cent rebate. It is intriguing that this paper continues to get a run, particularly since its fundamental tenets were so comprehensively dismissed in a recent paper on the rebate issued by Access Economics (2002).

Contrary to Butler's hypothesis, Access Economics found that "affordability [delivered via the 30 per cent rebate] remains the most significant driver of coverage". It is quite telling that in the intervening 4 months since the paper's release not one commentator has taken issue with its findings.

Unfortunately, a number of the AHR articles on the next AHCAs are written by a sprinkling of the usual suspects and, with a couple of exceptions, there is little presented that is new or thought-provoking. In addition, in several of these articles authors take the opportunity to trot out the familiar and increasingly tired old arguments about the 30 per cent rebate.

Several of the authors argue that the purpose of the rebate is "to provide relief to public acute health services" (Thwaites); or to "relieve pressure on the public hospital system" (Dwyer). They conclude that this has not occurred, despite the evidence available from the Australian Institute of Health and Welfare which indicates that private hospitals treated an extra 245,000 patients in 2000-01, while public hospital admissions actually fell (Australian Institute of Health and Welfare, 2002).

The facts speak for themselves. The opponents of the private sector can no longer dispute that a considerable patient load has been removed from the public hospital sector. APHA is yet to see any soundly-based argument that 245,000 extra patients could have received timely treatment without the 30 per cent rebate and without private hospitals increasing their effort to complement that of the public sector.

Instead, the anti-private sector now attempts to muddy the waters by claiming that the real pressure on public hospitals arises from primary care presentations at emergency departments (Thwaites) or to suggest that the massive increase in the number of patients treated in private hospitals raises questions about "the quality of care delivered and standards of access under which the additional private hospital services have been delivered" (Cormack). Quite why these questions arise is unfortunately not explained.

While taking the pressure off public hospitals was certainly an intended effect of the rebate, its underlying purpose was to empower patients through the restoration of choice and to ensure the long-term sustainability of the Australian health care system by achieving a balance between the public and private financing and delivery of health care services. In these crucial areas, the rebate has undoubtedly also succeeded.

Surprisingly, despite their importance to the community, the concepts of 'choice' and 'balance' receive scant attention in this issue of AHR. Yet, without choice and balance underpinning the Australian health system, it is impossible to guarantee access and equity, which are the cornerstones of Medicare.

It is often asserted that private hospitals mainly provide profitable services to people who aren't really all that ill, leaving public hospitals to pick up the "poorest, oldest and sickest patients" (Deeble). In fact, private hospitals more than pull their weight in both the treatment of older patients and in the variety and sophistication of the services offered to patients. For example:

- in 1995-96, patients aged 75 years and older comprised 14.6 per cent of total separations in private hospitals compared to 13.9 per cent in public hospitals;
- in 2000-01, patients aged 75 years and older comprised 19.2 per cent of total separations in private hospitals but only 16.7 per cent of total separations in public hospitals;
- between 1995-96 and 2000-01, there was an increase of 90 per cent in the number of separations for patients aged 75 years and older provided in private hospitals. The growth was much lower in public

hospitals, at 30 per cent;

- in 1995-96, private hospitals provided 31.5 per cent of all separations for patients aged 75 years and older. In 2000-01, this proportion had grown to 40 per cent; and
- in 2000-01, 3.9 per cent of total private hospital separations were for patients aged 85 years and older. In public hospitals, 4.4 per cent of total separations were for patients in this age group (Australian Institute of Health and Welfare, 1996, 2002).

One of the enduring myths of Australia's health system is that all the important hospital work is performed in public hospitals and that private hospitals just provide non-essential treatment for "lumps and bumps".

This myth, along with several others, was comprehensively demolished in the Access Economics paper. The paper reported, for example, that private hospitals and day hospital facilities now provide some:

- 50% of all chemotherapy procedures;
- 53% of major procedures for malignant breast conditions;
- 56% of cardiac valve procedures;
- 65% of same day mental health treatment; and
- 75% of knee procedures.

These facts indicate that private hospitals play an essential complementary role to public hospitals, providing balance within Australia's health system. Despite this important role, private hospitals are rarely involved as partners in planning decisions taken by State and Territory Governments. For example, several State Governments have recently developed comprehensive planning blueprints for their public hospital systems yet private hospitals have not been involved to any significant degree. When it does occur, consultation of the private hospitals sector by State and Territory Governments tends to be ad hoc rather than systematic.

In this regard it is heartening that several articles in AHR acknowledge that change is required. For example, Dwyer argues that the next AHCA should work toward "better ways of fostering a partnership between public and private sector delivery of hospital care".

To the extent they were permitted, Australia's private hospitals were active contributors to the AHCA reference groups. The challenge to governments is to now include the sector that treats 4 in every 10 hospital patients as a genuine partner in the planning and delivery of hospital services.

References

Access Economics, *Striking a Balance: choice, access and affordability in Australian health care*. A report prepared for the Australian Private Hospitals Association, October 2002.

Australian Institute of Health and Welfare, *Australian Hospital Statistics*, various years.

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