

27 July 2009

Hospital Performance Study
Productivity Commission
LB2 Collins Street East
MELBOURNE VIC 8003

hospitals@pc.gov.au

Dear Sir / Madam

Re: Performance of Public and Private Hospital Systems Study

Thank you for inviting the Royal College of Pathologists of Australasia (the College) to make a submission to the Productivity Commission's study into public and private hospitals.

The first term of reference refers to comparing hospital and medical costs for clinically similar procedures performed by public and private hospitals. It should be noted that it can be very difficult to cost the pathology component of procedures accurately, particularly for the purposes of comparison between different providers, because definitions and inclusions can vary somewhat.

Moreover, the College considers that it is misleading to consider pathology simply as a commodity or "health care cost", as has happened in past analyses. Pathology services are vital for diagnosing cancer and guiding subsequent treatment; for predicting and preventing conditions such as liver disease and genetic disorders; for detecting and managing hospital acquired infections, and in many other conditions. Focusing on pathology as a cost may lead to additional costs from missed diagnoses, higher infection rates and increased lengths of stay (which in turn increase the risk of healthcare related complications). Pathology must be recognised as part of a total patient management package, and appropriate test requesting should be the aim when seeking to get the best value for money in healthcare, because this will lead to better outcomes for patients and lower downstream costs for the community.

The issues paper notes the potential for improvements in efficiency that may enable treatment of more people or improvements in quality without additional resources. The value of pathology is a case in point. Allocating resources to ensure rapid turnaround of pathology results (for example, installation of pneumatic tube systems to transport samples/results) can reduce emergency department waiting times and lengths of stay for admitted patients, and facilitate timely, appropriate patient management. Whilst the terms of reference focus on efficiency of hospital care, it will be a missed opportunity if no account is taken of total costs of care relating to hospital patients (in other words, care in the community before and after admission to hospital) and the costs of delays in diagnosis and management.

With regard to the second term of reference, pathology services are critical in confirming the types, numbers and genetic strains of hospital acquired infections, but comparisons of infection rates present great difficulties. As noted in the issues paper, each state currently collects infection data in a different format, rendering it difficult to make comparisons of infection and bacterial types between states. Of particular concern, and unlike most developed countries, there is as yet no national collation of laboratory statistics on antimicrobial resistance patterns of hospital acquired infections in Australia. Furthermore, individual states have different lists of notifiable infections and the information systems for

laboratories to submit notifications are often paper based rather than electronic. Compounding this, resource constraints mean that microbiology laboratories cannot always provide detailed strain differentiation and, on occasion, health care costs may be increased as patients remain in hospital (potentially in isolation) pending confirmation of their infectivity/multi-resistant organism status.

Finally, in regard to the third term of reference, it must be recognised that informed financial consent for pathology services presents a particular challenge because tests are commonly requested by other practitioners rather than by the pathologist directly. Pathologists are highly trained medical specialists yet they may never have a direct consultation with the patient and hence when there is a need to inform a patient of financial implications of a test to be requested they must rely on others to provide this information on their behalf.

I trust these points will be of assistance to the Productivity Commission's deliberations, and I would be happy to clarify or expand on any aspect if required.

Yours sincerely,

Dr Tamsin Waterhouse
Deputy Chief Executive Officer