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# **Tasmanian Department of Health and Human Services Comments on Productivity Commission Discussion Draft on Public and Private Hospitals**

Version: 1.0

# Tasmania's Position

A comprehensive initial Tasmanian submission was lodged with the Productivity Commission on 9 September 2009 (see submission number 37). The following comments reiterate many of the points made in that submission.

The Discussion Draft released by the Productivity Commission on 15 October 2009 does not overcome the reservations outlined in the initial Tasmanian Submission. In particular, Tasmania is concerned that the Commission's approach does not address the following:

- public hospital activity is heavily weighted towards emergency versus elective admissions and that emergency admissions are more costly
- multi-day stay procedures as well as longer stay cases are undertaken more often in the public sector, in comparison private hospital activity is weighted towards short stay and day-only procedures and they have limited weekend or out of hours surgery
- private hospitals have an efficiency advantage by being able to pick what activity is done and when, while the public sector has the additional responsibility and costs of 24/7 availability for all surgical and procedural services
- the heterogeneity within diagnosis related groups (DRG), with public hospitals treating a greater proportion of higher cost complex patients and multi-morbid patients
- public hospitals are in both rural and urban areas while private hospitals are almost exclusively urban
- teaching and research costs (direct and indirect) are considerably weighted towards the public sector
- differences between the charge based Hospital Costing Protocols (for private patient data) and the cost based National Hospital Cost Data Collection (for public and private hospitals).

In the Discussion Draft the Commission identifies limitations and inconsistencies in existing data collections that have impacted on the comparability of the costs of public and private hospitals. This situation is well understood and considerable work is undertaken by all jurisdictions to improve the comparability of data collections, though it is noted that the primary purpose of such collections is not to enable work such as that of the Commission. Notwithstanding the Commission's proposed multivariate analysis Tasmania remains concerned that the information utilised by the Commission may not be sufficiently consistent and comparable to reach robust conclusions.