

RESPONSE TO THE PRODUCTIVITY COMMISSION DISCUSSION DRAFT *PUBLIC AND PRIVATE HOSPITALS* – OCTOBER 2009

The Department of Health, Government of Western Australia, thanks the Productivity Commission for the opportunity to comment on the discussion draft of the *Public and Private Hospitals* report issued in October 2009. The following comments are made:

- The report contains many references to issues with interpreting the data at face value. The report should make explicit the issues with the current national data and make recommendations on improvements required to facilitate such comparisons as requested in the terms of reference.
- Since there are no private hospitals in remote or very remote (as defined in this report) parts of Western Australia, it is recommended that the Productivity Commission only compare remote or very remote public hospitals in this part of the study comparing cost per casemix-adjusted separation.
- With respect to Teaching, Training, and Research (TT&R), Western Australia does not identify an estimate of TT&R expenditure as part of the costing process. Most, if not all, other states identify TT&R and exclude it from NHDC costing submissions. This is a significant difference when comparing cost per casemix-adjusted separation, and needs to be addressed for future submissions if the information is to be used for relative performance. This is a relevant matter in terms of this study, given the dominant role the public sector performs in the training of the future health workforce.
- As described in Table 5.1, the report has tried to resolve some inconsistencies between the cost buckets in the NHDC data by creating five broad cost groups. This is problematic, however, as there are jurisdictional differences (and hospital differences within jurisdictions) that reduce the effectiveness of such an analysis. An example is medical cost, which is specifically mentioned in the terms of reference. Apart from the difficulties between the sectors within the public sector, medical costs are assigned to various cost buckets (e.g., critical care and emergency department) and, as evidenced by local Western Australian data, this is not consistent. Relying on medical cost, as defined in the report, will not provide an accurate comparison. The report's recommendations with respect to improving costing information should be considered as part of the national activity based funding program being developed by the states and the Commonwealth.
- With respect to the partial indicator relating to foetal, neonatal, and perinatal mortality rates (Table 7.15), the lack of risk adjustment and information to allow for appropriate interpretation are problematic. It is recommended that this partial indicator should not be included for these reasons, although discussion on the development of appropriately risk adjusted national safety indicators would be beneficial in the context of the report.
- The report refers to significant delays in accessing hospital-related data that it says cannot be justified on privacy or confidentiality grounds and states that there is a case for making these data more available to researchers and for involving users in ongoing input on how data are collected and made available for analysis and research. This needs to be the subject of consultation between the Productivity Commission and the jurisdictions with full discussion of the privacy and confidentiality issues, together with the cost and resourcing issues, that impact upon the ability to resolve this issue.