



Chamber of Commerce
and Industry WA

ABN 96 929 977 985

T: (08) 9365 7555

E: info@cciwa.com

W: www.cciwa.com

Ms Robyn Kruk AM
Chair
Sustainable Health Review
189 Royal Street
EAST PERTH WA 6004

Via email: SHR@health.wa.gov.au

Dear Ms Kruk

Thank you for inviting Chamber of Commerce and Industry of Western Australia (CCI) to contribute to the Sustainable Health Review.

CCI believes that to develop a more sustainable, patient centred health system in WA the State Government should:

- Restrain growth in the health budget as a high priority;
- Bring the cost of delivering WA public health services down to the national cost benchmark, known as the Projected Average Cost (PAC);
- Consult with the Commonwealth government to redirect funding towards Transitional Care Places to reduce strain on hospital bed occupancy;
- Allow better sharing of digital hospital records with GPs and encourage West Australians to sign up to *'My Health Record'*;
- Promote a greater use of Telehealth and other technologies; and
- Curtail the growth of private patients being treated in public hospitals.

The WA health budget accounted for more than half of recurrent expenditure growth over the last three years, with more than half of the health budget comprised of wages and benefits. Health wages have been a significant driver of expenditure growth in the overall WA state budget in recent years and further growth must be restrained if the budget is to be repaired.

The Government has stated it will honour existing negotiated wage agreements, however CCI believes they should consider reviewing health agreements for opportunities to align current market conditions with negotiated outcomes. In instances where negotiated benefits are increasing out of line with current market conditions, they should be reconsidered. CCI believes this is entirely consistent with the McGowan Government's public sector wages policy which freezes the pay for politicians, judges, magistrates, councillors and some bureaucrats for the next four years.

In the long-term, the State Government should aim to bring the cost of delivering WA public health services down to the national cost benchmark, known as the Projected Average Cost (PAC). The 2016-17 Economic and Fiscal Outlook highlights that the cost of delivering health services in WA is 17.8 per cent higher than the PAC, with this difference driven primarily by higher wages and salaries growth in WA compared to other states.

180 Hay Street, East Perth
Western Australia 6004
PO Box 6209, East Perth
Western Australia 6892

Chamber of Commerce and Industry
of Western Australia (Inc)
ARBN 099 891 611
Incorporated in Western Australia

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To achieve parity between WA health expenditure and the PAC, negative growth in health spending would need to be achieved – this would be extremely difficult over the forward estimates, but achieving this parity should be a part of the State Government's long-term budget repair strategy.

Australia's population is ageing, placing pressure on the entire health care sector. CCI has many members in the aged care sector and supports their view that any reform to WA's health care must consider how the state will support its elders as they transfer back and forth across different funded health care services.

CCI supports its members' view that federal funding needs to be redirected toward providing more Transitional Care Places (TCP). They provide a solution to reducing the pressure on hospital bed occupancy and are cheaper than keeping a patient in hospital. TCPs can be, and are, well provided for within residential aged care settings. It is therefore in the interests of the State Government to pursue these discussions with the Commonwealth.

Given WA's vast land mass and spread-out population, technology has a significant role to play in repairing the health budget. Telehealth services, for example, will provide opportunities for lower-cost delivery of regional health services, where technology can bridge the gap between service provider and patient.

CCI suggests an awareness campaign is required to encourage greater use of Telehealth, including educating, directly supporting, and providing financial incentives to potential users.

In aged care, several CCI members have advised they are trialling tablets and apps that allow them to monitor the care and safety of clients living with dementia in their homes.

As other technologies are commercialised, the State Government should be open to running trials in regional areas with the goal of reducing delivery costs while maintaining the quality of services to those areas.

CCI also advocates for better sharing of digital hospital records with GPs. Access to these records when patients are transferred home or to residential aged care facilities reduces the risk of medication errors, treatment errors or duplicative procedures being performed like blood tests and x-rays. While not a direct cost to hospitals, it is a cost to the overall health system and subjects patients to possibly unnecessary and/or invasive procedures. CCI therefore supports the Commonwealth Government's *'My Health Record'* program which digitally stores an individual's important health information like allergies, current conditions and treatments, medicine details and pathology reports. The State Government should encourage West Australians to sign up to the service as it will streamline healthcare and provides patients with access to their own records.

CCI has long been aware of the practice of some public hospitals that encourage patients to use their private health insurance and be treated in public hospitals. This allows the public hospital to bill the patient's health insurance and Medicare for costs incurred. Private patients effectively become a source of revenue for the hospital.

The National Health reform agreement prohibits public hospital employees from directing patients to use their private health insurance however CCI is aware of a range of anecdotal practices being used to attract and convert private patients. These include better meals, free internet, free parking, access to private rooms, being told they will be treated more quickly or conversely, transferred to another hospital if they refuse to use their private health insurance.

The growth of private patients in public hospitals has several flow-on effects. The cost shifts from the State Government to private health insurers which in turn leads to pressure for higher insurance premiums. The policy intent of private health insurance which is to encourage patients to use private hospitals to relieve pressure on public hospitals is undermined and private hospitals experience flat growth in private patient activity.

CCI believes the State Government should restrict hospitals' ability to offer incentives for patients to use their private health insurance. The funding models for public hospitals must also be reviewed to ensure that there is no incentive for public hospitals to maximise private patient activity in order to capture this revenue. CCI encourages this work to be progressed through the Council of Australian Governments process in the context of amending the National Health Funding Agreement.

It must be noted that CCI supports the rights of privately insured patients to access public hospital services. Choice of where to receive treatment is a fundamental feature of Australia's health system and there will always be instances where patients will legitimately need to or choose to attend a public hospital. Additionally, CCI recognises patients in rural and remote areas who have no other option but to attend a public hospital.

CCI members also have alerted us to private practice arrangements which enable doctors to supplement their public hospital income. CCI understand this is an important way for public hospitals to recruit and retain staff however we are told public hospitals may benefit from the Medicare Benefits Schedule fees paid by the Commonwealth and insurers for private patients. CCI therefore believes there should be increased transparency around these arrangements.

And lastly, CCI members have drawn our attention to the objectives of the March 2004 report *A Healthy Future for Western Australians* which recommends increasing the capacity and capability of health services in the outer suburbs of Perth. This was to ensure patients received the appropriate level of care closer to home, stabilising the cost of health care by redirecting patients from high cost tertiary hospitals to general hospitals where the cost of care is greatly reduced. It would now be widely acknowledged that the capacity and capability goal has been achieved however members tell us that patients are still attending hospitals outside their catchment areas.

CCI members believe that health funding should be re-directed from the tertiary hospital sector to generalist hospitals where the cost of caring for a patient is cheaper without overheads.

Thank you again for the opportunity to provide the above comments. We would be happy to arrange for you to meet our members to elaborate on any point outlined above. Please contact

you would like us to do so.

Yours sincerely



Deidre Willmott
Chief Executive Officer