CATHOLIC HEALTH
Australia

Catholic Health Australia

Senate Economics Committee: Inquiry into Federal Financial Relations Amendment (National Health and Hospitals Network) Bill 2010.

Submission: 19 July 2010

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About Catholic Health Australia

On any given day, one in ten of all Australians in a hospital or aged care bed are being cared for in one of the 21 public hospitals, 54 private hospitals, and 550 aged care facilities that are operated by different bodies of the Catholic Church. These health and aged care services are operated in fulfilment of the mission of the Church to provide care and healing to all those who seek it. Catholic Health Australia is the peak member organisation of these health and aged care services. Further detail on Catholic Health Australia can be obtained at www.cha.org.au.

Introduction

In making a submission to this Inquiry, CHA notes that this Bill is essentially of a technical nature intended to give effect to the financial arrangements that will underpin the agreement by the Council of Australian Governments (COAG except Western Australia) on 20 April 2010 in relation to the establishment and funding of the National Health and Hospitals Network, including the dedication of a proportion of GST revenue to support Commonwealth payments to the National Health and Hospital Network.

Although the Bill deals with changes to the financial relationship between the Commonwealth and the States/Territories, it will impact on CHA's 21 public hospital members due to their financial and service agreements with State and Territory governments to provide public hospital services.

CHA has previously provided its views on the content and policy impact of the COAG National Health and Hospitals Network Agreement to the recent inquiry conducted by the Senate Finance and Public Affairs Committee. Without replicating in detail the views expressed in that submission, insofar as hospital funding is concerned, we indicated to the Committee that our preferred outcome from the COAG meeting would have included:

- A greater focus on achieving equity of health outcomes including implementing the recommendations from the World Health Organisation's Commission on the Social Determinants of Health;

- The establishment of a single funding body for public hospital funding;

- A clearer and ongoing role for private hospitals in treating public patients.

We also indicated our strong support for the access targets that are to be progressively introduced for emergency departments and elective surgery, but we are yet to be assured sufficient has been done to unsure these targets can be met.

Our submission to the Finance and Public Affairs Committee is attached to this submission as the view we have expressed remain current and are pertinent to the policy framework underpinning the Federal Financial Relations Amendment (National Health and Hospital Network) Bill (the Bill).

In relation to the proposed amendments to this Bill, CHA has a particular interest in ensuring:

- transparency and equitable treatment in the funding flows between the Commonwealth, State based joint funding authorities, Local Hospital Networks and ultimately to hospitals; and

- the autonomy of Catholic public contract hospitals within Local Hospital Networks (LHNs).

CHA notes that under s15D(5) of the Bill, the Minister will have the power to impose conditions on the expenditure of funds provided by the Commonwealth to the support the National Health and Hospitals Network. We support this provision and propose that the Commonwealth use this power to ensure that State/Territory Health Departments and LHNs are transparent in reporting funding and expenditure in accordance with the approach set out in the National Health and Hospitals Network Agreement.

We would also propose that it be made a condition of Commonwealth funding that the States/Territories and LHNs abide by the sentiment expressed at Paragraph A17 of the National Health and Hospitals Network Agreement in supporting the "vital role played by non-government providers in providing health and public hospital services, including Catholic hospitals, and will work together, including with relevant stakeholders, to ensure this important contribution continues under the new arrangements".

In particular, CHA contends that it should be a condition of funding that Catholic hospitals are treated equitably and are able to retain their autonomy in relation to the services they provide. This would particularly apply where a

Catholic hospital may comprise part of a wider group of hospitals within an LHN.

CHA also proposes that LHNs should be required to focus on improving access to services and reducing inequalities in health outcomes and to publicly report on success against these goals and objectives to the National Performance Agency.

The issues of transparency, autonomy and equitable treatment are considered in more detail below.

Transparency of Funding Flows and Equitable Treatment of Catholic Hospitals

CHA members share the concern enunciated by the Commonwealth, for example in the former Prime Minister's address to the National Press Club on 3 March 2010, that the Commonwealth funding intended for the treatment of patients in hospitals needs to in fact end up in hospitals. Under Paragraph A27 of the National Health and Hospitals Network Agreement, the Commonwealth and the participating States/Territories have agreed to transparent and public reporting of funding provided to LHNs. This paragraph also commits LHNs to transparently and publicly report on the expenditure of funds they have received.

CHA supports this requirement for transparency. The flow of funding at higher levels from the Commonwealth (and the States/Territories) to the joint state based funding authorities and then to the LHNs would appear to be relatively transparent. The requirement for the quantum of the amount of the "efficient price" together with the volume of services to be publicly available should ensure this is the case in relation to activity based funding. This will be supplemented by knowledge of the Commonwealth's 60% contribution for training, research, capital and block funding together with the 100% contribution for primary care type services.

What is less clear and a cause for potential concern for Catholic hospitals are the funding flows between LHNs and each of the individual hospitals. This issue is of particular concern to Catholic hospitals where they comprise part of wider LHNs and where there have historically been differing funding arrangements applying to non-government owned and operated hospitals as compared with those that are government owned and operated. Invariably the non-government hospitals have been less favourably treated.

We would propose that LHNs be required to publicly report the specific funding that is provided to each individual component hospital within the network as well as to publicly release the details of the service and financial agreements between LHNs and individual hospitals.

Another aspect of equitable treatment relates to assessing the value of the "in-kind" assistance that is provided to State/Territory owned hospitals by the wider health department. This includes assistance with human resources, negotiating workplace agreements, health and safety policies etc.

CHA members will be keen to ensure these hidden costs of providing public hospital services are taken into account by the Independent Hospital Pricing Authority.

A requirement for greater transparency along these lines will likely make such discrimination harder to sustain in the future and we would also propose that all hospitals within an LHN be required to be treated on the same basis.

Autonomy of Catholic Public Hospitals

Catholic public hospitals offer public health services in compliance with Catholic ethical approaches, as articulated in the Catholic Health Australia Code of Ethical Standards. It is fundamental to the operation of Catholic hospitals that they are able to continue to operate in accordance with the ethical standards that are set out in the Code, which has been in place for some years.

In addition Catholic public hospitals are governed and managed within their own autonomous ownership arrangements (by Catholic religious orders and/or legal entities established within the Catholic Church). These structures have operated effectively and

efficiently to deliver a high standard of care to public hospital patients – see for example the findings of the Productivity Commission Study of Public and Private hospitals which reported in December 2009.

CHA contends that is makes sense to maintain these successful arrangements as part of implementing the reforms to the health and hospital system. Indeed CHA understands that some of the larger tertiary hospital groups will be eligible to be classified as Local Hospitals Networks. In principle, this would enable large Catholic public hospitals, especially those offering tertiary clinical services such as those provided by the St Vincent's Health Australia in Sydney and Melbourne, the Brisbane Mater, the Calvary Mater Newcastle, and Mercy Health (Victoria and NSW) the potential of becoming future LHNs – we would be very supportive of this approach.

CHA would be happy to expand on this submission if it would help the Committee in its work.

Catholic Health Australia July 2010.