Standing Committee on Finance and Public Administration

ANSWER TO QUESTION ON NOTICE

Budget Estimates Hearing – May 2010

Finance and Deregulation Portfolio

Outcome 1, Program 1.1
Topic: National Health and Hospitals Network

Question reference number: F13 (a)-(f)
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Number of Pages: 2
Senator Fierravanti-Wells asked:

a) According to your calculations, $800 million resulted in X number of subacute beds.

Senator Cameron asked:

b) The agreement at COAG does not provide for simply handing over $1.6 billion. As I read page 233, the funding is contingent upon the states providing the beds on an ongoing basis. There has to be an increase in the number of beds. Is that correct?

Senator Fierravanti-Wells asked:

c) In the work that you did, did you take you take into account the marginal recurrent cost of adding beds and whether this varies from state to state?

d) Assumptions about existing capacity or excess capacity in existing hospitals or about physical capacity restraints would obviously have an effect on marginal cost estimates. Are these the sort of assumptions you also took into account?

e) Obviously a component of this is workforce issues and servicing the new beds. Did Finance take into account the ability of the existing doctor and nurse workforce to service these new beds at existing service levels?

f) What is the time frame—this would be helpful—of the unit for the bed cost?

Answer:

a) The initial package of $875.6 million consisted of two components. A $575.5 million capital injection was costed to provide for the construction of 1,370 additional beds in palliative and sub-acute facilities and did not include recurrent funding. A further $300.1 million was agreed to provide additional sub-acute care in the home as an alternative to hospital treatment.

The final subacute package included both capital and recurrent funding from 2010-11 to 2013-14 and included rehabilitation, palliative care, mental health and geriatric

services. The mix of services provided in the final package was not comparable to the initial packages costed by Finance.

b) A proportion of funding is reward-based and contingent on a number of beds being provided.

c) The amounts represented a Commonwealth contribution to increasing sub-acute activities that were to be negotiated at COAG, and the calculations did not have a specific component for variations between states.

d) The amounts represented a Commonwealth contribution to increasing sub-acute activities that were to be negotiated at COAG, and the calculations did not have a specific calculation concerning variations in the current capacity within the system.

e) The amounts for workforce costs represented a Commonwealth contribution to increasing sub-acute activities that were to be negotiated at COAG, and the calculations did not have a specific calculation concerning variations in the current workforce capacity within the system.

f) The measure provides funding for the supply of new subacute beds over four years, with new services being progressively implemented by the states and territories over that time.