

# Public blind spot on private hospitals

**Matthew Koce**



**R**ecent statements made by the Health Minister and private hospital community suggesting new rules to raise benefit ratios for hospital procedures might make for good political point scoring on the eve of an election, but they should be ringing alarm bells.

Australians are already experiencing unprecedented cost of living pressures and the Members Health funds – which account for 80 per cent of the insurers operating in the market and care for over 5.3 million Australians – will not agree to any policy that unfairly pushes up the cost of insurance or damages value.

The not-for-profit health insurers have done everything possible to keep prices as affordable as possible while continuing to deliver value. They

already operate on paper thin margins – averaging just 1.2 per cent, as a group – and give back more of the premium in benefits.

Imposing such regulations on not-for-profit funds will only have a detrimental effect for members. It begs the question: why aren't we addressing the root cause?

There is recognition that best clinical practice is shifting away from overnight hospitals to stand-alone day and short-stay clinics and to telehealth and rehab in the home. That change is placing stress on some hospital operators who have been slow to adapt. It appears in some settings we now have an oversupply of overnight beds and those providers who have been too slow to meet the changing casemix are now being left behind.

So, what's the magic formula

for our critically important hospitals? Fact is – we still don't know. The government's recent study into the viability of private hospitals revealed a massive blind spot – it lacks data on hospital operators. That blind spot needs to be addressed as a priority. Private hospitals are critical infrastructure, they deliver over 60 per cent of all surgery and benefit from government funding, but they are not immune to innovation.

If government is serious about meaningful reform it should focus on obtaining better data on hospital operations to build a sound evidence base for change. Only with reliable data can we understand if there are systemic issues and develop solutions that serve the public's best interests.

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