

PRIVATE HOSPITAL VIABILITY AND CAPACITY GUARANTEE

30 MARCH 2020

Guarantee

- States and territories will strike agreements with private hospitals based on an availability and activity model (WA and VIC have potential draft national models)
 - These negotiations will be concluded on a jurisdiction by jurisdiction basis, but I know there will be a gap between what states will agree and what funds are necessary to guarantee the minimum viability of private hospitals.
- The Australian Government will guarantee the viability of the private hospital sector by guaranteeing to fund the gap between revenue received and the private hospitals fixed costs (workforce and fixed operating costs).
 - All 657 private hospitals will be covered by this guarantee.
 - This guarantee will not include non-essential capital and maintenance (unless agreed in writing) or loan repayments.
 - We will also need to work with the private hospital sector to ensure staff have appropriate training and equipment. We need to ensure patients stay safe and the health and safety of staff is maintained.
- The Government's contribution will take into account any revenue received from state and territory governments or the private sector.
 - The Australian Government would also contribute to state and territory generated activity on a 50/50 basis through the national partnership agreement with states and territories.
 - Any profit received through private sector activities will be used to offset fixed costs.
 - Interest payments are being managed by Banks.
- Private hospitals will not make a profit for the duration of the guarantee and will be required to open their books to the Australian Government for acquittal and audit purposes.
- In exchange for the guarantee, private hospitals will guarantee capacity by:
 - retaining existing workforce – including amending employment arrangements to enable workforce to be redirected by state and territory health services;
 - maintaining facilities as operational for use as directed by the Australian Government or state and territory health services;
 - working with all their individual hospitals and their staff in the near term on the necessary training and other arrangements to prepare for the care and treatment of CoVID-19 positive patients;
 - supporting the needs of long stay public hospital National Disability Insurance Scheme participants and aged care patients throughout the response; and
 - providing full visibility of supplies including PPE and ventilators.

- The arrangements will be regularly reviewed throughout the course of the pandemic to ensure ongoing appropriateness.

Benefits

- All hospitals in Australia would be contributing to the management of the coronavirus outbreak at the control of the state and territory health system.
 - Private hospitals will contribute ICU and admitted patient beds for COVID-19 patients.
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The Australian Private Hospital Sector – Facts and Figures

Category	Figures
Beds and chairs (indicative)	<ul style="list-style-type: none"> • 34,339 - total <ul style="list-style-type: none"> ○ 27,524 overnight medical/surgical psychiatric and rehab hospitals ○ 3,310 free-standing day operating theatres - Chairs ○ 3,305 psychiatric hospitals/units
Annual services/discharge	<ul style="list-style-type: none"> • 4.5m Australians use private hospitals each year <ul style="list-style-type: none"> ○ 34% - surgical ○ 31% - medical ○ 4% – specialist mental health ○ 1.5% – childbirth ○ 29% – other
Type of services	<ul style="list-style-type: none"> • 31% of all chemotherapy • 59% of all surgeries • Almost 50% cardiovascular surgery (overwhelmingly urgent) • 74% surgery on brain, spine, nerves
Workforce	<ul style="list-style-type: none"> • Over 69,000 FTE staff (not inc VMOs): <ul style="list-style-type: none"> ○ 38,000 FTE nurses ○ 4,600 FTE allied health and diagnostic staff ○ 5,000 FTE clinical support ○ 20,000 non-clinical staff • A significant percentage of (approx.) 24,000 VMOs that contract to hospitals provide their services to private hospitals.

Source: Private Hospitals Association Report provided 24 March 2020. Information collated from a variety of sources.