



## MEDIA RELEASE

Nov 27, 2019

### **Grattan Institute recommendations would compromise health care quality for millions**

**Catholic Health Australia, the peak body representing Australian Catholic non-profit hospitals, has today warned the recommendations of a new Grattan Institute report into 'saving private health' would negatively affect the care of millions of Australian patients.**

The new report suggests private health insurers could be saved money if they were allowed to tell patients which doctor and hospital to go to and if non-government hospitals reduced the length of hospital stays.

"The Grattan Institute has done important work in the health space, but this report contains dangerous omissions and oversights. We're worried its recommendations, if implemented, could have genuinely negative consequences for Australian patients," said Catholic Health Australia CEO Pat Garcia.

"The central claim that private hospitals are providing excessive care to patients for no benefit is false and dangerous. The data shows readmission rates in public hospitals for hip replacement procedures, for example, are twice as high than private hospitals. Not only does this make private hospitals more efficient, it also means patients are experiencing less discomfort and better care. That's hugely important.

"Switching to a public hospital-style bundled payment system is certainly not the efficiency panacea the new Grattan report suggests. According to the Productivity Commission, general hospital costs are less expensive in the private hospital sector, including supplies, allied health, and ward nursing. And according to the Australian

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*CHA represents the largest single grouping of non-government health, aged and community care services in Australia.*



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Institute of Health and Welfare, the chances of something going wrong – for example, contracting an infection, falling, or receiving the wrong medication – is higher for public hospitals (6.7 per cent) than private hospitals (4.1 per cent).

"In addition, recommending that health funds should be feeding back to their members what services they should receive is not sound clinical practice. This form of US-style 'managed care' has not yielded positive results in America and would be very unpopular if implemented here."

Mr Garcia said the Grattan report's focus on the fact patients stay longer in private hospitals than in public hospitals was particularly peculiar.

"Most Catholic non-profit hospital contracts with private health funds are not paid on a patient per diem basis, they are case payments much like the public sector," Mr Garcia said.

"So if a Catholic non-profit hospital does a knee replacement and the patient goes home on day four, funding is the same as if they went home on day three. The additional length of stay happens because clinicians determine it's in the patient's best interest and the costs are borne by the hospital.

"While there is some valuable content in Grattan's new report, its core recommendations are reckless and should be reassessed with a better focus on what matters most: patient outcomes."

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