



ST VINCENT'S HEALTH AUSTRALIA

UNDER THE STEWARDSHIP OF MARY AIKENHEAD MINISTRIES

Submission on Competition Policy Review Final Report

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1. Competition in human services

St Vincent's Health Australia welcomes the finding of the Competition Policy Review Final Report that there is scope to deepen and extend competition policy in the area of human services.

St Vincent's Health Australia already delivers human services in a regulated but competitive market through our private hospitals and residential aged care facilities. Rather uniquely, we also own and operate tertiary public hospitals on behalf of the New South Wales and Victorian Governments. And we deliver services to public patients from our Brisbane private hospital under contract with the Queensland Government.

St Vincent's Health Australia broadly supports the proposed guiding principles for choice and competition in human services. We look forward to working with both the Commonwealth, and state and territory governments to consider how these principles should be appropriately embedded across the areas of our service delivery – public and private hospitals, and residential aged care.

Review Panel recommendation: human services

Each Australian government should adopt choice and competition principles in the domain of human services.

Guiding principles should include:

- User choice should be placed at the heart of service delivery.
- Governments should retain a stewardship function, separating the interests of policy (including funding), regulation and service delivery.
- Governments commissioning human services should do so carefully, with a clear focus on outcomes.
- A diversity of providers should be encouraged, while taking care not to crowd out community and volunteer services.
- Innovation in service provision should be stimulated, while ensuring minimum standards of quality and access in human services.

We agree there are benefits of expanding competition in human services....

As noted by the Review Panel, the human services sector is large and growing. Human services – including health, education, disability and aged care – touch the lives of all Australians.

St Vincent's Health Australia agrees with the Review Panel that improvements in the way human services are delivered through competition can be transformative:

- *For individuals* – particularly the sick, poor and vulnerable who rely more heavily on government services.
 - Enhanced user choice empowers consumers and drives services to respond to what consumers want and need.
 - Choice and a diversity of providers can stimulate innovation to deliver new approaches and better user outcomes.
- *For the community* – human services that reflect consumer choice and better meet their needs can improve social inclusion and participation.

- *For the economy* – A diversity of providers can increase productivity and efficiency of human services delivering better value for money for governments and taxpayers. Human services are also key lever to boost workforce participation.

....but a considered approach is required

The reach of human services across all Australian households means that competition can provide huge potential benefits. It also means that getting changes wrong can have equally significant but adverse consequences.

Human services are very complex relative to other government services or infrastructure. They:

- are by definition tailored to each individual’s needs (compared to say, electricity which is distributed on a usage basis);
- are disproportionately accessed by the sick, poor and vulnerable who face particular barriers to exercising choice including lack of confidence, experience and resources;
- often need to be integrated between providers and service systems to deliver quality end-user outcomes – for example, people experiencing mental illness often require health and community services to work together; and
- can be highly specialist, making it hard for consumers to reasonably direct the most effective care pathway for them – particularly in health care.

As such, St Vincent’s Health Australia welcomes the Review Panel’s recognition that effective competition has some limits in the area of human services, and governments must continue to play an important role in ensuring:

- equity of access, for example in regional, rural and remote areas where ‘a market’ is not viable, and providing a safety net (or ‘default choice’) for vulnerable population groups; and
- that services are delivered to an appropriate quality, monitored and improved over time.

We also welcome the Panel’s acknowledgement that changes to human services should be carefully considered, and introduced progressively over time – including through trials or pilot schemes.

Competition in the delivery of public hospital services requires extra care

As noted by the Review Panel, there is already a substantial level of competition including through a diversity of providers in the delivery of private hospitals and residential aged care.

Public hospitals currently have more limited competition, and are largely delivered by government (with some exceptions, including St Vincent’s Health Australia public hospitals). Some state governments are testing new approaches to increasing competition in the delivery of public hospital services including Public Private Partnerships, contracting private hospitals to deliver certain services to public patients (eg. elective surgeries) and increased contestability for government service providers.

Major reforms in the UK (referenced by the Review Panel) also provide useful examples of models to expand consumer choice and competition in public health services including:

- National Health Service (NHS) patients now have a legal right to be given a choice of both hospital and specialist within that hospital, by their GP when they make a referral – except where they need emergency, cancer or maternity care.
 - Patients can choose between both public and private hospitals that are registered for the NHS.

- There is extensive information available online about health services and health professionals including on patient outcomes and user feedback.
- Patients can choose to transfer to a different hospital if the waiting time for non-urgent treatment at the hospital / consultant they have been referred to exceeds set timeframes. Further, if the patient is unhappy with a hospital they chose, they can transfer to a different hospital.
- Patients with chronic disease are entitled to a personal budget, including being involved in care planning and having more control over how it is spent.

St Vincent's Health Australia believes there is scope to continue to expand competition in the delivery of public hospital services here in Australia. However, given the complexity of public hospital delivery as a universal service for all Australians including those most marginalised, commissioning approaches must take account of:

- The importance of social justice, equity and quality objectives (as well as efficiency and value for money).
- The 'intangible' social capital that not for profit providers bring to government service delivery including:
 - values-based service delivery – the experience and willingness through our mission to engage with the poor and vulnerable;
 - community networks – the ability to collaborate and cooperate with other organisations; and
 - a lack of profit motive – which allows the organisation to work with more complex and expensive patients (eg. the homeless), and invest any surplus funds into improving service quality or enhanced support where there are service gaps (known as 'community benefit expenditure').
- Levels of public trust in providers, particularly among disadvantaged groups. Providers with a strong community presence and a track record of accountable, inclusive service delivery are more likely to receive public support in delivering what are seen as essential government services.
- The need for stability and certainty for service users, and the high transaction costs of changing providers.

We look forward to working closely with state and territory governments on approaches to increase choice and competition in public hospital services.

2. Liquor regulations

St Vincent's Health Australia has a particular interest in policy to reduce alcohol-related harm based on our experience operating two major tertiary public hospitals in New South Wales and Victoria. These hospitals are located in the inner city and deal with the impacts of alcohol-related violence and harm from nearby 'entertainment' precincts on a daily basis. We also serve very vulnerable Australians whose lives are disproportionately affected by alcohol misuse, including the inner city homeless, people with mental illness and urban Aboriginal and Torres Strait Islander communities.

Alcohol-related harm in Australia is significant

Each year in Australia more than 5,500 lives are lost and more than 157,000 people hospitalised due to alcohol¹. This makes alcohol-related harm one of our nation's greatest preventive health challenges.

St Vincent's Health Australia believes that:

- Alcohol-related harm and violence can be prevented and its impact reduced.
- The deaths, injuries and trauma for individuals and their loved ones associated with alcohol-related violence are impacting on our community's health and wellbeing.
- The burden of alcohol-related disease disproportionately falls on vulnerable Australians, and has wide ranging social and economic impacts.
- The direct and indirect costs of alcohol-related harm are increasingly unsustainable.

State-based liquor regulations are a key mechanism to reduce the harm from alcohol misuse. State and territory governments currently restrict who can sell alcohol, and where and when it can be sold. St Vincent's Health Australia welcomes the Panel's recognition that alcohol is not like other products due to its potential for harm, and that the risk of harm from problem drinking does provide a clear justification for regulation.

Effective harm minimisation must be the primary objective of liquor regulations....

The Panel recommends that liquor regulations be included in a new round of regulatory reviews "to ensure that they are meeting their stated objectives at least cost to consumers and are not unduly restricting competition".

We note the Panel's view that public interest in minimising harm should be given proper weight as part of the proposed regulatory reviews. However, St Vincent's Health Australia believes that any application of competition policy to alcohol regulation must prioritise the minimisation of harm as the *primary* principle. Effective harm minimisation must be the primary objective of liquor regulations and other objectives such as competition should be secondary considerations.

....and should be guided by national, evidence-based guidelines

As such, we argue that the primary objective of any regulatory reviews should be to strengthen harm minimisation. To inform the review process, St Vincent's Health Australia considers that the Australian National Preventive Health Agency (or another national body) should develop national, evidence-based guidelines on the most effective restrictions on type of outlet that can sell alcohol, outlet density and opening hours to reduce alcohol-related harm.

¹ Gao, C., Ogeil, R.P., & Lloyd, B. (2014), *Alcohol's burden of disease in Australia*, FARE and VicHealth in collaboration with Turning Point.

About St Vincent's Health Australia

St Vincent's Health Australia is the nation's largest Catholic not-for-profit health and aged care provider. We are a clinical, research and education leader working in private hospitals, public hospitals and aged care services in New South Wales, Victoria and Queensland.

Our services comprise 27 facilities including six public hospitals, eight private hospitals, 13 aged care facilities and four co-located research institutes (Victor Chang Cardiac Research Institute, Garvan Institute of Medical Research, O'Brien Institute, and St Vincent's Institute of Medical Research).

From the health services established by the Sisters of Charity in 1857 at Woolloomooloo in Sydney, St Vincent's Health Australia has grown to operate more than 2,500 hospital beds, 1,100 aged care places, employs over 17,000 staff, works with over 2,500 medical practitioners and draws on the talents of over 1,300 generous volunteers. Each year we provide care to more than 250,000 inpatients and over 1 million episodes of care through our outpatient services.

We are a clinical and education leader and have a national and international reputation in various fields of medical research. Our areas of expertise crosses a large domain including: heart lung transplantation; bone marrow transplantation; cardiology; neurosurgery; cancer; HIV medicine; respiratory medicine; mental health; drug and alcohol services; aged psychiatry; homeless health care and urban Aboriginal health.

Grounded in our history and Catholic values, we are leaders in delivering healthcare to the most vulnerable Australians including people with mental illness and drug and alcohol addictions, the homeless, urban Indigenous communities and prisoners. We believe that a society is only as healthy as the least healthy among us. Our shared responsibility for the society which privileges most, but cripples some, calls us to act.