

## Gilbert, Jewel

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**From:** Brown, Jacqueline

**Sent:** Friday, 14 January 2005 4:20 PM

**To:** Gilbert, Jewel

**Subject:** Response from Medical Advisory Committee St Vincent's Private Hospital, Launceston

Dear Jacqueline,

In response to your recent request for submissions regarding the proposed merger of our two local private hospitals (Application for Authorisation A90947) I would like to respond in my capacity as Director of Anaesthetics and Chairman of the Medical Advisory Committee at St Vincent's Private Hospital, Launceston, Tasmania.

I have no particular expertise in the area of competition or mergers and I am not a party to any negotiations of a financial nature but I will answer the questions posed as I see them in my professional work as an anaesthetist.

### 1 Self Paying Patients

1.1 I think that some self funded private patients might be inclined to go to Launceston General as private patients if prices were raised significantly at the merged private hospitals. My feeling is that it would be only a small number because the LGH does not offer the same certainty of treatment offered by private hospitals and this is a very highly valued aspect of private treatment. Patients are frequently cancelled / postponed at short notice in the public system and this happens very rarely in private. The Eye Hospital and the Gynae Clinic simply do not offer the range of surgical procedures to make any impact.

In my opinion the inconvenience and travel costs of undertaking surgery in other locations would make Hobart, Melbourne and NW coast unattractive alternatives.

1.2 Probably some would, but I don't know if this would be a "significant number".

### 2 Insured Patients

2.1 Currently I suspect the health Funds hold the upper hand in negotiations but I have no evidence of that.

2.2 I believe that the merged hospitals would be in a stronger bargaining position as they could not be played off against each other. However I would expect that their costs would be better contained by a merger and, since they are 'not for profit' organisations, they would not have need of 'significantly higher reimbursements', unless to improve patient services.

2.3 I doubt it. As mentioned above the other local private hospitals, TEH and Gynae Clinic, offer only a very limited range of services and hospitals in other cities are inconvenient.

2.4 I am not qualified to comment.

### 3 If authorisation is not granted.

3.1 The very strong feeling from the medical specialists in Launceston for some years has been that two private hospitals are not viable in the long term. The issue is clouded by the fact that St Vincents (with which I am more familiar) is part of a large national organisation which saw a 'mission' for catholic healthcare in the city and seemed prepared to bankroll some losses from the parent organisation. Now that the other hospital is also a catholic organisation I am not sure what the view would be, however, if one hospital closed, the other would struggle to provide the

necessary volume of service in the short to medium term (insufficient theatres and beds, insufficient physical room for expansion).

4 Public Benefits

I am in broad agreement with their submission. My view is that when the focus is on service to the community, rather than profit, a merger is likely to result in efficiencies and cost containment which will allow provision of better services to patients without necessarily driving up costs to health funds.

5 I have no knowledge of this.

Philip Ogden  
Chairman of Medical Advisory Committee  
Honorary Director of Anaesthesia  
St Vincent's Private Hospital  
Launceston