

5 January 2009



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Ms Joanne Palisi
Director– Adjudication Branch
Australian Competition and Consumer Commission
GPO Box 3131
CANBERRA ACT 2601

Dear Ms Palisi

Sisters of Charity Health Service Limited application A91099 for revocation and substitution A30216 and A30219– draft determination

This letter is a submission from HBF Health Funds Inc. (HBF) in response to the above draft determination.

Inaccuracies in the Application

We seek clarification regarding comments made in Sisters of Charity letter from Blake Dawson dated 17 October 2008. They comment:

"It is incorrect to report that 174 beds reflect Mercy Hospital's current bed occupancy. While Mercy is licensed for up to 244 private beds, it only has 174 private beds on site."

As all other hospital beds quoted in the submission are for potential occupancy not actual occupancy levels we stand by our comments made in our initial submission that potential occupancy of 244 beds should be used when calculating market share. However, we reiterate, even using the 174 bed actual occupancy rate the proposed Revenue Negotiation Network (RNN) has a WA market share of 49.6% which is still considerably higher than the 42.9% quoted in the SCHSL application.

Sharing information

In clause 10.8 in the draft determination the ACCC proposes to revoke authorisations A30216 and A30219 and grant authorisation A91099 in substitution for a period of five years under the stated terms.

We oppose the term that allows the RNN to exchange aggregated and benchmarked revenue data, and to share activity, costs and efficiency data for the purpose of benchmarking. Given our dominant market share in Western Australia we do not believe that aggregation will protect our anonymity as to the source of data.

The RNN will gain an unfair advantage in the negotiation process with HBF as they will be able to accurately determine the benefits payable to each hospital by us. This will result in hospitals in the RNN, with whom HBF decide to negotiate individually, demanding higher benefits (based on the data) where particular circumstances in arrangements with that hospital do not warrant such a benefit.

The consequences to members and smaller hospitals as outlined in our earlier submission will arise if this term of the authorization is granted.

If you would like to discuss these matters further, please telephone Sheila Hood, General Manager Health, on 08 9265 8650 or email sheila.hood@hbf.com.au.

Yours sincerely



for and

on behalf of

Rob Bransby
Managing Director