



Response to 2010 Review Draft Report:

Admitted patients

Department of Treasury and Finance

September 2009

Tasmanian Position

- Tasmania is generally supportive of the assessment methodology and data used by the Commission in its Draft Report assessment of Admitted Patients.
- Tasmania provided detailed comments and evidence to support particular arguments in its response to the Commission Position Paper. With the exception of the patient transport component, the proposed assessment is unchanged between the Position Paper and the Draft Report and, therefore, Tasmania's previous comments and supporting evidence are not repeated here.
- The Commission should refer to Tasmania's response to the Commission Position Paper to review Tasmania's position on the various assessment issues that have arisen with respect to this category.
- At this point in the assessment process, the only outstanding issue, which has not been previously addressed, is the treatment of patient transport expenses.
- In line with its assessment guidelines we urge the Commission to treat the state-provided aero-medical and the patient travel assistance scheme data conservatively, as both the data quality and data comparability are clearly deficient.

Patient travel issues

1. In response to concerns from the geographically large, dispersed states, the focus has been on the development of a remote cost gradient for the "non-hospital patient transport" components: aero-medical; and the patient travel assistance scheme.
2. While we are not disputing that patient travel costs increase with distance, Tasmania notes the following caveats.
3. It is assumed that users of the patient travel assistance scheme will disproportionately be remote residents. This is not Tasmania's experience.
4. In part this is because a more significant component of Tasmanian patient travel assistance expenditure is in relation to interstate travel than is the case for most other states (ie. this is a small state issue as certain services are not provided within the state and so patients will be sent interstate for treatment).
5. Patients resident in Tasmanian regional areas (not just remote) are also significant users of the Tasmanian PATS. Again this is perhaps a Tasmanian specific issue as we have a significantly more regionalised population distribution than many other states.

6. The costs of providing aero-medical services include a large fixed cost. Within a small state context these translate to a large cost per capita.
7. There is no consideration of these issues within the assessment framework currently, nor is Tasmania trying to argue, at this stage in the review process, that these should be assessed. Rather, we are simply reminding the Commission of its previous observation that one of the challenges in delivering equalisation is the trade-off between appropriately recognising the relative cost impacts of a situation where there are large unit costs for relatively few versus others where there are smaller unit costs but spread more widely.
8. The state-provided data that we have viewed to date (refer the email of 25 August 2009 from Commission staff) is clearly of relatively poor quality overall. It is not provided on a comparable basis across states and has required some fairly large assumptions to be made in order to attribute it between remote/non-remote regions.
9. In line with the Commission's 2010 Review guidelines, Tasmania would strongly urge the Commission to use these data conservatively. Specifically we consider the Commission should discount the outcome in recognition of data uncertainty, consistent with the approach adopted to data uncertainty in other areas of the assessment method (for example, within the interstate location components).