

Sent: Thursday, 18 October 2018 4:53 PM
To: Secretary@CGC <Secretary@cgc.gov.au>
Subject: Re: Discussion paper for States [SEC=UNCLASSIFIED]

Discussion Paper CGC 2018-05-S Review of Substitutability levels of the Health Category is as follows.

This paper describes the approach staff have taken in reviewing the levels of substitutability and the estimated levels for each Health component and the proposed indicators for measuring non-State sector service use.

In its paper, Commission staff have sought state views in relation to the:

1. overall approach;
2. substitutability levels for each health component; and
3. indicators to measure non-State service usage.

Victoria welcomes the opportunity to provide feedback on the Commission's paper.

Overall approach

Victoria appreciates the effort that the Commission has undertaken to improve substitutability factors that are soundly evidence based. The calculation looks at difference between assessed substitutability and actual level. This adjustment is designed to determine the impact of services that could be provided by non-state (private) providers rather than currently in public system.

Victoria agrees with the Commission's overall approach to substitutability levels for the health category. Although changes from the 2015 Review are minimal, Victoria welcomes the improved approach to the NAP component.

Substitutability level for each health component

Admitted patients

Commission staff propose no change from the 2015 Review. Victoria considers this a reasonable approach.

Emergency department

Commission staff propose no change from the 2015 Review. Victoria considers this a reasonable approach.

Non-admitted patients (NAP)

Commission staff propose to change the substitutability rate and indicator in its 2020 Review. Victoria welcomes the new approach as it considers that it more closely represents the actual substitutability level within the non-admitted patients category.

Commission staff propose to adjust the substitutability rate to 20-25 per cent. This rate is based on an estimation of substitutability level for services provided in each type of NAP clinic. Victoria notes that the proposed new rate is closer to what Victoria recommended in the 2015 Review method. Victoria agrees with Commission staff's assessment to change the indicator in this category from the value of bulk billed specialist, pathology and imaging benefits paid to the value of bulk billed operations and specialist services. This appears a reasonable approach because the majority of substitutable private NAP services are provided by private surgeons and specialists. Whereas diagnostic services are generally bundled with specialist consultations, so its user profile would not accurately reflect the use of private NAP services

Community Health

Commission staff propose to change the substitutability rate and indicator for the community health component in its 2020 Review. Victoria considers this an improved approach to the approach adopted in the 2015 Review.

Community health centre services comprise the largest proportion of expenditure in community health services. The Commission staff note that there is a high level of substitutability for 'other community centre health services' because people can access non-state GP, nursing and counselling support services. However, Victoria notes that while private providers offer similar community health services to state provided community health services, often private providers charge fees, which can make it inaccessible for vulnerable and disadvantaged populations. This suggests the level of actual substitutability is not as high as is proposed in the paper.

Therefore, whilst the rate used for community health is potentially too high, Victoria agrees with Commission staffs' proposed approach to discount the bulk billed GP services indicator.

Indicators to measure non-State service usage.

Victoria is not aware of any additional indicators to measure non-State service usage.

Many thanks for the opportunity to provide comments. Please let me know if there is anything further you require.

Kind regards

Caitlin

Caitlin Campbell | Senior Economist

Revenue Group | Economic Division

Department of Treasury and Finance | Level 12, 1 Macarthur St, East Melbourne, 3002

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