

**From:** Collins, Mark (DTF)  
**Sent:** Monday, 29 October 2018 12:44 PM  
**To:** Secretary@CGC <Secretary@cgc.gov.au>  
**Subject:** RE: Discussion paper for States [SEC=UNCLASSIFIED]

The Secretary,  
Commonwealth Grants Commission

Thank you for the opportunity to comment on Staff Discussion Paper CGC 2018-05-S - *Review of Substitutability Levels for the Health Category* (the Staff Discussion Paper).

Treasury and Finance referred the Staff Discussion Paper to our health department for comment on substitutable services for admitted patients, emergency departments, non-admitted patients and community and other health. Our health department was not able to provide any new or alternative measures for determining substitutability levels in the four health categories. Based on this advice, South Australia has the following positions:

**Admitted Patients**

South Australia is comfortable that 15% continues to be a reasonable estimate of the level of admitted patient service expenses subject to substitutability by the non-state sector and that the adjustment continues to be based on the use by privately insured patients of private admitted patient services in each State.

**Emergency Departments**

South Australia is comfortable that 15% continues to be a reasonable estimate of the level of emergency department activity subject to substitutability by the non-state sector and the adjustment continues to be based on benefits paid for bulk-billed GP services.

**Non-admitted patient services**

South Australia notes the staff proposal to lower the substitutability level from 40% to between 20% and 25% for non-admitted patients and basing the adjustment on the value of bulk billed operations and specialist services.

**Community health services**

South Australia would be comfortable with the current substitutability level of 70% being retained and the adjustment being based on bulk billed benefits paid for GP services.

Regards

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