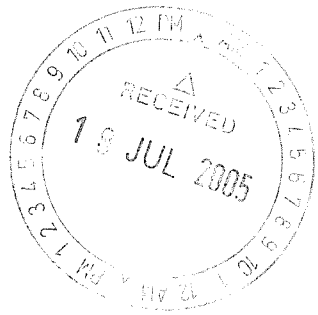
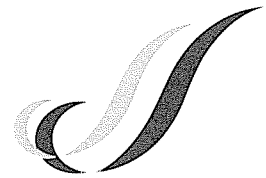
Hospital Award for Excellence - Over 70 Beds Category
2003 APHA Awards for Quality and Excellence
Employer of the Year
2003 ACT Training Excellence Awards





John James
Memorial Hospital

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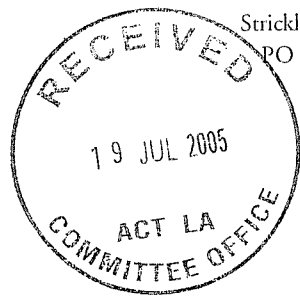
Friday 15 July 2005



Mr Richard Mulcahy MLA
Chairman Standing Committee on Public Accounts
GPO Box 1020
CANBERRA ACT 2601

Dear Mr Mulcahy

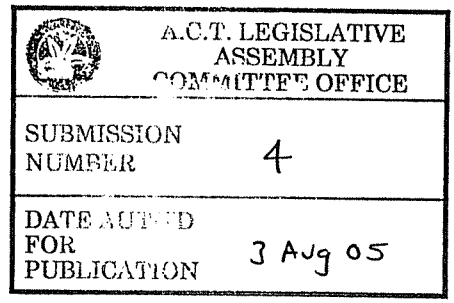
Please find attached a recent letter to the Chief Minister on funding additional beds in the public hospital system to improve elective surgery waiting lists.

It may be helpful to examine the likely false economy of competing against the private sector for patients when considering your inquiry into the Auditor General's Report No. 8 of 2004.

I would suggest if you intend to rely on any ACT Health costings that they be independently verified by the Auditor Generals office to ensure they have been done on a full accrual basis.

Yours sincerely

PHIL LOWEN
CHIEF EXECUTIVE OFFICER



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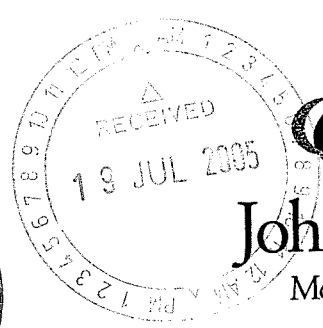

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Mr Jon Stanhope MLA
Chief Minister
ACT Legislative Assembly
GPO Box 1020
CANBERRA ACT 2601

Dear Jon

I read with interest the briefing paper on Medical Growth Funding Initiatives 2005-2006.

The paper indicates that the Government will spend $760,000 on deploying eight additional beds at The Canberra Hospital.

Now while I don't have access to the full cost structure at The Canberra Hospital I do suggest this is a mis-allocation of funds when alternate options exists.

By way of example, consider the following;

If we look at the revenue stream of eight beds occupied by Private/DVA patients I estimate the revenue as;

DVA 3x $450 x 365 days x 95% occupancy = $468,112
Private Default 5 x $261 x 365 day x 95% occupancy = $452,508
$920,620

This looks attractive revenue but if it costs $1,040,000* to run these beds the net revenue generated is (-) $119,379.

(*$760,000 for average 38 weeks in budget papers = $1,040,000 for 52 weeks)

Accordingly if the Government transferred these eight patients to private hospitals, then they lose $920,620 in revenue but already have the $1,040,000 to redeploy to public patients.

Accordingly I suggest the option of reducing veteran and private patient load is cheaper than opening new public beds by $160,620, with no additional input on staff levels or capital infrastructure and 52 weeks bed availability.

The Canberra Hospital may put the counter argument that such patients choose to be at The Canberra Hospital but this is not actually so. We have consistent reports of obstruction and delay when private patients ask for transfer to private hospitals. Eight privately funded patients also represent less than 25% of the current total daily Private/DVA load at The Canberra Hospital.