



Special Commission of Inquiry into Healthcare Funding

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Name: Day Hospitals Australia
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Submission in response to:

**The Special Commission of Inquiry
into Healthcare Funding - NSW**

Conducting a review of the funding of health services in NSW

October 2023

Comments regarding the enquiry into Healthcare funding in NSW

- In regard to comments in the introductory information regarding value care, Day Hospitals Australia proposes that the value of the day hospital sector should be acknowledged in developing improvements to the NSW Ministry of Health procurement processes and practices. Currently there is minimal outsourcing of public elective surgery cases to the NSW Day Hospital sector, which has a total of 94 day hospitals spread across metropolitan and rural areas. Day Hospitals provide quality, efficient, safe and cost effective care for many surgical specialty services.
- NSW day hospitals have a capacity (between 25 – 30%) to assist more, at a competitive cost to address the back log of elective surgery. The current method of outsourcing through the LHMs does not appear to be capturing the possible day hospital market. Day Hospitals Australia would suggest that outsourcing needs to be centralised rather than relying on individual LHMs that will not have detailed knowledge of day hospitals in their area.
- Also mentioned in the document, was the opportunity to introduce new models of care as a result of advanced technical and clinical innovation. There are opportunities in day hospitals to initiate new models of care for suitably selected patients in the areas of orthopaedics and general surgery in collaboration with external providers for pre and post discharge care. The new models of care described are possible with the advancement of anaesthetic and surgical techniques, particularly in the relation to major orthopaedics, such as joint replacements, and laparoscopic surgery.
- International experience and research demonstrate the positive, efficient and cost effective impact possible, when privatisation and outsourcing on the delivery of health care services and health outcomes occurs in the day hospital sector.
- The contracting process for outsourcing to the private hospital sector needs to be simplified. Navigating previous contracts has been very complex and some of the terms of conditions have caused confusion, particularly during the pandemic.
- Perhaps with regard to Commonwealth funding which contributes to NSW healthcare activity, the purchasing practices should be taken into account. Where a state is actively outsourcing to day hospitals for day procedures at a significantly lower cost, there should be an improved funding activity package compared to those states primarily using large private hospitals, encountering a much larger cost, around 40% more on average.
- Consideration should be given to the future development of the public hospital sector to include standalone public day hospitals as has been the practise in Queensland where currently there are two public standalone day hospitals. There are plans to develop more standalone day hospitals in Queensland in addition to, Varsity Lakes Day Hospital separately located to the Gold Coast Public Hospital and STAR Day Hospital located on the campus of The Royal Brisbane Hospital.

Conclusion:

A centralised simplified approach to outsourcing could possibly see a more efficient and effective reduction in the public hospital surgical waiting list.

Day Hospitals Australia is concerned that currently day hospitals are referred to in NSW legislation as “Day Procedure Centres”. This terminology is incorrect as in order to be funded by private health insurers all of these centres have a Commonwealth hospital provider number and therefore should be referred to as Day Hospitals. The definition of a day hospital needs to reflect international guidelines which indicate that a day hospital is where a patient is admitted and discharged in less than 24 hours. Currently in NSW, if a patient stays overnight some of these hospitals have been referred to as Private Hospitals rather than Day Hospitals. This unfortunately distorts day hospital data particularly as the sector is moving to accommodate more advanced procedures and innovative models of care. In other states, such as WA and QLD, where the term day hospital is used, there are also special licensing of 23 hour day hospitals where specialised services require an extended length of stay within the 24 hour period. *Attached is a briefing paper regarding the Terminology and Definition of a Day Hospital.*

Day Hospitals Australia would be pleased to assist the NSW Ministry of Health with future health care funding particularly in relation to appropriate outsourcing of public sector care to day hospitals which are the most cost effective part of the hospital sector.

Jane Griffiths
Chief Executive Officer
24 October 2023

Day Hospital Terminology/Definition

There is inconsistency with reference to Day Hospitals with many jurisdictions and Australian Commission for Safety and quality in HealthCare referring to day hospitals as day procedure centres.

There is an urgent need to standardise the terminology, using the term Day Hospital, providing consistency across Australia. Collaboration between the Federal and jurisdictional Governments is required to make the legislative changes necessary with respect to the terminology and the definition of a day hospital.

The definition of a day hospital may require additional legislation, to ensure data from the day hospital sector reflects accurately the activities of the day hospital sector. This is particularly important as surgical and procedure treatment services expand in the sector. The recognised international definition refers to a free-standing day hospital that offers surgical and procedural services that require hospitalisation for less than 24 hours.

The standardisation of this definition is critical so that reference to day hospitals across all states and territories ensures that the same range of services can be provided in every jurisdiction within the day hospital sector. As has been experienced in the USA, UK and parts of Europe more and more services are available in standalone day hospitals, where quality care is provided safely, effectively, efficiently and cost effectively.

The terminology and definition of a day hospital will be important to the future of the Australian Health Care System and the investment made by the Federal Government, particularly in reference to the PHI rebate. It is time that the Day Hospital Sector in Australia reflects the achievements of other western countries.

All day hospitals are required to be licensed by the Department of Health in the applicable state or territory. In addition, day hospitals are also required to meet the National Safety and Quality Health Service Standards compliance of these standards is monitored by the Australian Commission on Safety and Quality in Health Care and the Department of Health in the applicable state or territory.

With respect to private day hospitals, to receive funding from private health insurers day hospitals must have a Commonwealth hospital provider number demonstrating their hospital status. As private health insurers can only provide funding for patients admitted to a hospital according to the Private Health Insurance Act 2007, then it is appropriate to use the term day hospital when referring to standalone day hospitals throughout Australia, which currently is not the case.

There are two states where the term Day Hospital is used when referring to day facilities.

1. In Western Australia under the Private Hospitals and Health Services Act 1927 the following categories are assigned to day hospitals

Private Day Hospital Class A – services are delivered under general Anaesthetic.

Private Day Hospital Class B - services are delivered under IV sedation or local anaesthesia.

Private Day Hospital Class C – applies to renal dialysis units.

Private Day Hospital Class D – applies to a psychiatric day hospital.

The Licensing and accreditation regulatory unit regulates accreditation for public, private and day hospitals.

For patients not discharged on the same day they were admitted but admitted for not more than 23 hours these day hospitals are allocated a 23-hour licence.

2. In Queensland under the Private Health Facilities Act 1999-day facilities are referred to as Day Hospitals

However, all other states and territories refer to day facilities as Day Procedures Centres.

- a) In Victoria, The Health Services Act 1988 and Regulations 2013 refer to the definition of a Day Procedures Centre as a facility where “ persons to whom treatment is provided with admission and discharge on the same date”.
- b) In NSW, the Private Health facilities Act 20-07 refers to private hospitals and day procedures centres. Under the Act private health facilities must provide for the accommodation of one or more of these groups; -
 - Patients admitted for more than 24 hours.
 - Patients not discharged on the same day that they were admitted but are admitted for not more than 24 hours.
 - Patients who are admitted and discharged on the same day.
- c) In South Australia private hospitals are governed under the Healthcare Act 2008 and the associated Healthcare Regulations of 2023. Private facilities are referred to as private hospitals and day procedure centres.
The definition of a private day procedures centre is “approved prescribed health services to patients who are admitted and discharged on the same day.
- d) In the ACT a day procedure license is guided by the Health Care Facility Code of Practice 2021 and the Code of Practice under the Public Health Act 1997, The ACT categorisation of health care facility license types as day procedure or hospital licenses and states “which is separate and distinct from the definition of hospital declared under the Private Health Insurance Act 2007” (Commonwealth)
- e) In the Northern Territory the private hospitals Act 1981 refers to private hospital or day surgery.
- f) The Commission on Safety and Quality in Health Care uses the term day procedure services when referring to day hospitals.

With no clear definition, statistical data relating to services delivered in the day hospital sector is distorted and not accurate. This will have more significant importance as more advanced treatments move from the overnight sector to the day hospital sector, with admission not exceeding 24 hours, improving patient outcomes, and significantly reducing costs.

In some cases where the patient is not discharged on the same day, but the admission does not exceed 24 hours, these hospitals are currently categorised as overnight hospitals, particularly in NSW.

Without a clear day hospital definition of a day hospital, it will be difficult to provide accurate data on the sector’s services and outcomes.

As discussed in the opening paragraph to address this variation in terminology and definition will require both Commonwealth and jurisdictional legislative change to provide consistency in terminology and definition across Australia for day hospitals..

With developing innovation in both surgical and medical techniques and treatment, the day hospital sector, provides an opportunity to reduce costs for the whole healthcare sector with the utilisation of the most cost-effective component of the health care system.

It is important, in considering these developments, to have a consistent definition of a day hospital as well as consistent terminology across Australia when referring to day facilities.

In the USA the equivalent of a day hospital is referred to as Ambulatory Healthcare Centre.

Day Hospitals Australia respectfully suggests a definition consistent with the USA definition of an Ambulatory Healthcare Centre as **“A Day hospital is a freestanding hospital offering surgical and procedural services requiring hospitalisation less than 24 hours.”**

Day Hospitals Australia represents Australia on the International Association of Ambulatory Surgery’s General Assembly. The International Association of Ambulatory Surgery works diligently to promote the benefits of ambulatory surgery to healthcare providers, policy makers, and the public all over the world.

The day hospital sector, both public and private, makes an important contribution to the Australian healthcare system and has the potential to increase its contribution reducing the over costs in the health system. Day hospitals provide quality, safe, effective and cost-efficient care to consumers, who should have a clear understanding of the hospital status of free-standing day hospitals.