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Being brought to the table at The Business Budget Summit is a thick portfolio of ideas to address the questions of how we make health care sustainable when forecasts are it will consume as much as \$21 billion from the public purse by 2050.

Among the ideas tested by the NZ Business Council for Sustainable Development in public surveys are a "Cullen fund" to pay for future health care, the defining of what treatment will or will not be provided in the public system, more purchasing of public care from the private health sector and the extension of ACC coverage to include catastrophic health problems such as cancer. We also have suggestions that personal health savings accounts provide a workable solution for future funding.

As New Zealand's largest funder of private health care through the Southern Cross Medical Care Society, and its largest provider through the separate Southern Cross Health Trust, Southern Cross Healthcare has a significant contribution to make to health care sustainability in New Zealand.

But to make this contribution, we first have to encourage our politicians and policymakers to remove the word "competition" from their vocabulary when talking about us. This ideology means lost opportunities for some innovative solutions to the sustainability question, which could be simply achieved.

Elective surgery is a good example and the one we currently know best. Funding allocations today start with the premise that New Zealanders should be able to depend on the public system. In fact, a better starting point would be how best to provide reasonable access. This is always going to be an issue with electives, not only because of competing demands from acute patients, but also constrained funding.

The private sector is an efficient deliverer of elective surgery. It already accounts for around 80% of ACC's elective procedures. Should we not be looking more broadly at bulk buying electives in advance from the private sector's well-tuned electives engine? DHB work currently accounts for less than 5% of procedures in Southern Cross Hospitals – and this work is often purchased on an ad hoc basis at very short notice when Boards are trying to clear waiting lists.

Yet the UK's National Health System provides an excellent example of what can be achieved when ad hoc purchasing is replaced by a competitive procurement system offering secure contracts. Since 2002, the NHS has been purchasing elective services, with tenders called in 2005 to purchase some 250,000 procedures. Instead, private hospitals have responded to the certainty offered from tendering by investing in capacity, staff and innovative delivery models.

There is little doubt that the private sector in New Zealand could flex up to meet demand, as private providers did in the UK, perhaps with no capital expenditure and no expense to the taxpayer. It is not financially viable for public hospitals here to create sufficient capacity in facilities and staff to meet the peaks in demand for elective surgery, but the private sector could and would invest given certainty of contracts. A robust and competitive tendering process would also ensure services were provided by the private sector at the best price. And let's face it, if the public sector could purchase services at a competitive price, why wouldn't it? It absolutely should.

We also see opportunities to establish public and private hospital facilities on a common site. It makes economic and functional sense, especially in some of the smaller cities, for a variety of reasons.

Expensive resources and facilities can be shared, and operating costs reduced for both parties. This includes a range of services and equipment, including catering, laundry, clinical services, radiology, labs, medical supplies, intensive care facilities and expensive medical equipment. Joint purchasing of expensive technology, such as MRI and CT scanners, means lower capital and operating costs. The private sector would be happy to do its bit with teaching.

The overflow of elective surgery from public hospitals could be managed seamlessly. Surgeons who practice in public and private can operate on one site, improving productivity and recruitment to the public system. The solution is simple and

affordable, but like so many solutions requiring public and private sector collaboration, the stumbling block is the idea that the private sector is a competitor.

Southern Cross is apolitical and willing to work with any party that is open to a collaborative approach to ensuring New Zealanders get value for money from the health budget. We are also not-for-profit. Our doors and minds are open.