

Economic Society of Australia (Canberra Branch)

Seminar

New Hospital Financing System for Australia

Jim Butler

Australian Centre for Economic Research on Health (ACERH)
The Australian National University

Date: Wednesday, 13 August 2008

Venue: Canberra Club, 45 West Row, Civic

Cost: Members are free, Non-members \$22.00 - a tax invoice will be issued.

Time: 5:30pm - 7:30pm

Abstract

Since the implementation of the national health insurance scheme (Medicare) in 1984, the Commonwealth has provided hospital funding grants to the States to assist with the cost of providing public hospital services, in return for which the States agree to provide inpatient treatment to public patients in their public hospitals free of charge. Under this system, waiting lists are the non-price rationing device used by public hospitals in allocating the scarce resources available for inpatient treatment for public patients. Over time, the number of people on waiting lists and the associated waiting time for treatment fluctuates and, in periods when waiting times are lengthening, can become the subject of policy debate.

Another motivation for concern with current health financing arrangements, not widely recognised but perhaps more compelling, is duplication in health insurance coverage. Duplication arises because the Medicare coverage for public hospital services cannot be used for private hospital services. Those who purchase private health insurance therefore have to pay a premium that covers the full cost of private hospital services and not just the additional cost of those services. A large part of private health insurance coverage is therefore duplicate coverage while only a small part is supplementary coverage.

This presentation considers a policy option that addresses both the waiting list problem and duplication in health insurance coverage. A Medicare Hospital Benefits Scheme is proposed, under which the Commonwealth would pay casemix-adjusted hospital benefits for treatment in public and private hospitals. The presentation will outline the main features of this proposal and consider the financing implications.

Brief biography for Jim Butler

Jim Butler is Professor of health economics at The Australian National University (ANU) and Director of the Australian Centre for Economic Research on Health (ACERH). Prior to taking up his current post in 2005, he was Deputy Director of the National Centre for Epidemiology and Population Health (NCEPH) at ANU. Professor Butler holds a PhD in economics from the University of Queensland, and has had a long-standing interest in health economics. He has authored and edited several books including the following titles: *Federalism and Public Policy: Intergovernmental Grants and Health Care Financing*, *Hospital Cost Analysis* and (with Dr Erich Kliewer) *Hospital Morbidity Patterns and Costs of Immigrants in Australia*.

Professor Butler's research interests include health care financing and economic evaluation. His recent research on private health insurance in Australia has encompassed issues such as the price elasticity of demand for private health insurance, and the existence of a regulation-induced adverse selection death spiral in private health insurance since the introduction of Medicare. He has also worked as a consultant on health financing and health insurance in a number of Asia-Pacific countries for the World Bank and other agencies.

Usual format:

5.30pm - drinks & nibbles

6.00pm - Seminar with Q & A

7.00pm - drinks & nibbles

7.30pm - close

RSVP (essential) to ensure we have enough seats and food for all.

For further information and to register for the event, [click here](#).

Secretariat

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