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MEDIA RELEASE

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MORE THAN 1000 EXTRA PUBLIC HOSPITAL BEDS NEEDED UNDER MLS CHANGE

Australia's public hospital system will need more than 1000 additional beds to cope with the influx of patients who will rely on the public sector if the Rudd Government's proposed Medicare Levy Surcharge (MLS) changes are passed by the Senate this week.

AHIA CEO, Hon. Dr Michael Armitage said State and Territory Governments would not only require extra ongoing funding to meet the increasing demand on the public health sector, but would need an injection of capital funding to provide the necessary infrastructure in public hospitals.

As further research is conducted into the impact of the Government's proposed MLS changes on the public hospital sector, it becomes increasingly evident that the consequences of this legislation were not considered when the measure was announced in May.

An analysis of private health insurance industry data sourced from the Private Health Insurance Administration Council (PHIAC) shows that on average, persons aged less than 65 years of age use hospitals at a rate of 0.49 per person covered (or 492 per 1,000 persons covered).

In the Senate Economics Committee's Report into the proposed MLS changes, the architect of Medicare Professor Deeble calculates that 488,000 PHI policies (750,000 people) will leave private health insurance as a result of the higher MLS thresholds. This equates to 369,370 hospital bed days (750,000 x 0.492) and means an extra 1,012 hospital beds would be required to service this population in the public sector (369,370/365 days in a year = 1,012).

The table below apportsions these 1012 beds across the States and Territories based upon the latest available information on the distribution of AHCA funding.

	Proportion of AHCA Funding 2007/08	Hospital Beds Required
NSW	33.3%	337
VIC	24.2%	245
QLD	19.5%	197
WA	10.0%	101
SA	8.3%	84
TAS	2.2%	22
ACT	1.3%	13
NT	1.3%	13
All States	100%	1012