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2 September 2011

Ms Christine McDonald
 Inquiry Secretary
 Senate Finance and Public Administration Legislation Committee
 PO Box 6100
 Parliament House
 CANBERRA ACT 2600

By email: fpa.sen@aph.gov.au

Dear Christine

Inquiry into the National Health Reform Amendment (Independent Hospital Pricing Authority) Bill 2011

Thank you for your letter of 26 August 2011 bringing to the attention of the National Rural Health Alliance the Inquiry regarding the establishment of the Independent Hospital Pricing Authority.

Whilst the Alliance is not in a position to provide a detailed submission to the Inquiry, several aspects of the role set out for the Authority in the legislation are critical to the fulfilment of the community service obligations of local hospitals in rural and remote areas and to meet health care needs as close to home as possible for rural people.

The Agency's role in establishing the price of care provided through block funded hospitals in rural and remote areas must take into consideration the full and true price of providing care in such areas. These costs include the costs of travel and accommodation for locum and agency staff to cover shortages, staff leave and continuing professional development, higher operational and infrastructure costs due to the higher costs relating to location and more limited services, and the need for local capacity building and training for management and administrative staff.

The Alliance sees great value in the Agency developing and providing advice on innovative funding models for hospitals and the overall costs of providing health care services that better meet the needs of rural communities in the future, for example through pooled funding

arrangements that cover aged care and primary care services as well, to make the best use of local facilities and staff.

In particular, the Alliance welcomes the requirement that the Board must include at least one person with substantial experience or knowledge and significant standing in regional or rural health care.

We look forward to hearing in due course about the findings of the Inquiry.

With best wishes.

Yours sincerely

Gordon Gregory
Executive Director