

Senate Finance and Public Administration Legislation Committee

ANSWERS TO QUESTIONS ON NOTICE

Finance and Administration Portfolio

Department of Finance and Administration

Estimates Hearings 14-18 February 2005

Question: F41-01

Outcome: 2 - Improved and more efficient government operations

Topic: Medibank Private

Written Question on Notice: 17 February 2005

Senator McLucas asked:

1. Given that most major metropolitan private hospitals are operating at, or close to, full capacity, how can Medibank Private guarantee that by "directing" volume to contracted hospitals, its members will not have increased waiting times for treatment?

Answer:

Medibank Private advises that hospital admissions are a decision for the patient, their doctor(s) and the hospital and that Medibank Private does not get involved in clinical decisions. In addition, Medibank Private notes that its members have the option of attending a contracted private overnight or same day hospital or still attending a non contracted hospital, although Medibank Private will pay lower benefits for the non contracted hospital.

Medibank Private advises that if a number of hospitals servicing one area all offer the same high standard of clinical care and a subset of them have the capacity to service the needs of its members, then the hospitals that offer more competitive prices and services will be selected as contracted hospitals. Medibank Private advises that its market analysis indicates that the private hospital sector has additional occupancy capacity to support this contracting process. Medibank Private notes that its data is consistent with September 2004 Australian Bureau of Statistics study (4390.02002-03 Private Hospitals Australia) and with statements by the Australian Private Hospitals Association last year that supported the principle of bringing more elderly patients into private hospitals. Based on this information Medibank Private advises that it believes that there will be no material impact on member waiting times for treatment.

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Finance and Administration Portfolio

Department of Finance and Administration

Estimates Hearings 14-18 February 2005

Questions: F41(02-03)

Outcome: 2 - Improved and more efficient government operations

Topic: Medibank Private

Written Question on Notice: 17 February 2005

Senator McLucas asked:

2. What Quality Benchmarks will Medibank Private be using to evaluate hospitals?
3. Have they informed hospitals of these benchmarks?

Answer:

2. Medibank Private advises that it has consulted with numerous industry stakeholders on the Quality and Safety benchmarks used in the Request for Proposal. These stakeholders included the Australian Council for Safety and Quality in Health Care, with whom Medibank's Quality and Safety benchmarks are closely aligned.

The Quality benchmarks include:

- Accreditation against Private Sector Quality Criteria;
- Provision of Pre-admission and Discharge Planning Information to patients;
- Participate in Medibank Member Survey of hospital performance;
- Clinical Risk Management (reporting and managing adverse events);
- Reduction and Prevention of Clinical Risks;
- Integrated Risk Management Plan and System;
- 5 Step Correct Patient, Correct Site, Correct Procedure Protocol;
- High Risk Medication Alerts;
- Medibank Approved Psychiatric and Rehabilitation Programs;
- Participation in national/state External Registers and Databases;
- Participation in national/state External Benchmarking Activities;
- Patient Feedback Mechanism and Management Guidelines;
- Distribution of 10 Tips for Safer Health Care to patients;
- Development of an Open Disclosure Policy;
- Development of Medical Practitioner credentialling;
- Reduction and Prevention of Clinical Risks; and
- Clinical Pathways.

3. Yes.

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Questions: F41(04-05)

Outcome: 2 - Improved and more efficient government operations

Topic: Medibank Private

Written Question on Notice: 17 February 2005

Senator McLucas asked:

4. What weighting will quality benchmarks be given in evaluation of tenders?
5. Will Medibank Private apply the same quality benchmarks to public hospitals its members are treated in?

Answer:

4. Medibank Private advises that the request for tender is a contestable tender process that has probity and confidentiality requirements that preclude Medibank Private from making the weighting given to quality benchmarks public. Providing a detailed answer on this question would be prejudicial to Medibank Private's commercial interests.
5. Medibank Private advises that it will not apply the same quality benchmarks to public hospitals in which its members are treated. Medibank Private advises that public hospitals operate under a different process (paid based on rates set by the Minister for Health and Ageing) and Medibank Private does not have contracts with public hospitals.

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Question: F41(06-08)

Outcome: 2 - Improved and more efficient government operations

Topic: Medibank Private

Written Question on Notice: 17 February 2005

Senator McLucas asked:

6. Can Medibank Private outline the process by which the decision was made to be the major sponsor of the Sydney International Tennis Tournament?
7. When was this decision made?
8. What commercial considerations or cost/benefit analysis was undertaken in determining Medibank Private's contribution to the event?

Answer:

6. Medibank Private advises that it has a comprehensive internal process for evaluating sponsorship opportunities. This process has a number of criteria, including an evaluation of whether the proposed sponsorship:
 - Supports the Medibank brand positioning of improving the health and wellbeing of Australians;
 - Provides the potential for promoting general brand awareness with Medibank Private's key target markets; and
 - Is cost effective in terms of the benefits generated against the cost of participating/taking the relevant sponsorship.The above process was completed in relation to evaluating the Sydney International.
7. Medibank Private advises that the sponsorship was evaluated over a period of almost five months before the event took place, with an agreement being concluded at the beginning of December 2004.
8. Medibank Private advises that, as noted above, the process (indicated at 6) included a cost/benefit analysis. This involved Medibank Private examining the potential benefits to be derived from the sponsorship against the cost and alternative advertising option generally and sponsorship options specifically, that existed in the market at the time.

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ANSWERS TO QUESTIONS ON NOTICE

Finance and Administration Portfolio

Department of Finance and Administration

Estimates Hearings 14-18 February 2005

Question: F41-09

Outcome: 2 - Improved and more efficient government operations

Topic: Medibank Private

Written Question on Notice: 17 February 2005

Senator McLucas asked:

9. What was the total amount spent on this sponsorship deal? What is the breakdown of this deal eg, what portion involved naming rights, prize money, etc?

Answer:

9. Medibank Private advises that it operates in a competitive environment and providing this answer would be prejudicial to Medibank Private's commercial interests. Furthermore, the sponsorship deal is subject to a contractual confidentiality clause regarding any disclosure(s) to a third party.

Medibank Private advises that the agreement involved exclusivity for naming rights, centre court and outside courts signage, recognition at presentations, branding on the tournament program and website, on court promotions, limited seating, displays on venue video screens, media backdrop branding and a tennis clinic which Medibank Private donated to the Juvenile Diabetes Research Foundation.

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Question: F41-10

Outcome: 2 - Improved and more efficient government operations

Topic: Medibank Private

Written Question on Notice: 17 February 2005

Senator McLucas asked:

10. Is it true that Medibank Private considered this sponsorship deal at the 'last minute'? Who was previously considering this sponsorship deal? When did they withdraw, and what was the reason for their withdrawal?

Answer:

10. Medibank Private advises that the sponsorship was evaluated over a period of almost five months before the event took place, with an agreement being concluded at the beginning of December.

Medibank Private advises that details on, or negotiations with, previous sponsors and other potential sponsors were not discussed with it.

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Question: F41-11

Topic: Medibank Private

Outcome: 2 - Improved and more efficient government operations

Written Question on Notice: 17 February 2005

Senator McLucas asked:

11. How does this contribution compare with previous years' spending and other events which it has sponsored in the past? Please provide a comparison with the previous 3 years.

Answer:

11. Medibank Private advises that total marketing expenses, which includes mail-outs, sponsorships and general advertising costs, for the last three financial years are:

\$15.7m for 2002

\$18.1m for 2003

\$16.8m for 2004

Medibank Private advises that it operates in a competitive environment and to provide a further breakdown of operational expenditure would be prejudicial to Medibank Private's commercial interests. Furthermore, the tennis sponsorship deal is subject to a contractual confidentiality clause regarding any disclosure(s) to a third party.

Medibank Private advises that it can indicate that this year was the first time that it has sponsored a major tennis event, or any other major event with such a national focus.

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Question: F41-12

Outcome: 2 - Improved and more efficient government operations

Topic: Medibank Private

Written Question on Notice: 17 February 2005

Senator McLucas asked:

12. What impact has this sponsorship had on the fund overall? For eg. on membership levels, numbers of queries regarding products by new customers?

Answer:

12. Medibank Private advises that it operates in a competitive environment and to provide details on the impact on membership levels and number of queries regarding products by new customers of the sponsorship opportunity would be prejudicial to Medibank Private's commercial interest and is not information that Medibank Private's competitors supply in the public realm.

Medibank Private advises, however, that it had the sponsorship independently audited by SCOMM.Australia Sponsorship Communications and the audit indicated a strong result for Medibank Private.

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ANSWERS TO QUESTIONS ON NOTICE

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Estimates Hearings 14-18 February 2005

Questions: F41-13 and F41-14

Outcome: 2 - Improved and more efficient government operations

Topic: Medibank Private

Written Question on Notice: 17 February 2005

Senator McLucas asked:

13. Does the Fund believe the deal provided 'good value' for their customers? Why?
14. Does the Fund believe the deal provided 'good value' for the Fund? Why?

Answer:

13. Medibank Private advises that the sponsorship was independently audited by SCOMM.Australia Sponsorship Communications and the audit indicated a strong result for Medibank Private. Medibank Private believes the sponsorship provided good value for our customers.

Medibank Private advises that it operates in a competitive environment and to provide further details would be prejudicial to Medibank Private's commercial interests and is not information that Medibank Private's competitors supply in the public realm.

14. Medibank Private advises that, as indicated for Question 13, it believes the sponsorship produced a strong result for both the fund and its members but cannot provide any further detail.