Improved health care arrangements

This measure provides a saving of $171.0 million over five years from 2016-17 following the adoption of a market-based pricing model for the purchase of private hospital services for eligible veterans, and war widows/ers.

The measure also aligns prices the Department of Veterans’ Affairs (DVA) pays for a range of surgically implanted medical devices with recent adjustments to the Prostheses List administered by the Department of Health.

Why is this important?

The recent renegotiation of contractual arrangements with private hospital providers has resulted in important quality improvements for veterans, and war widows/ers. These include increasing access to private rooms and minimising preventable re-admissions following a hospital visit. DVA has also simplified its process for purchasing services from hospital groups and made greater use of market-based pricing in the negotiation process, which has led to more consistency in the amounts that DVA pays for services across provider groups.

DVA is a significant purchaser of private hospital services, including surgically implanted medical devices. Continued alignment of pricing with the Prostheses List is important to maintain consistency with the broader private health sector.

Who will benefit?

Veterans, and war widows/ers will benefit through increased access to private rooms, rather than shared ward accommodation. The risks of adverse events will be reduced, such as hospital acquired infections.

Private hospital providers benefit through reduced red tape when negotiating contracts with DVA. The emphasis on market-based pricing has delivered more consistency in pricing across the industry and improved value for money.

The alignment with Prostheses List prices does not impact on veterans.

How much will this cost?

This measure involves savings of $171.0 million over the five years from 2016-17.