

1 December 2025

Private Hospital Unit
Commonwealth Department of Health, Disability and Ageing (DoHDA)
Via email Private.Hospitals@health.gov.au

To whom it may concern,

Draft Pricing Framework for Australian Private Hospital Services (Oct 2025)

The Faculty of Pain Medicine (FPM or faculty) within the Australian and New Zealand College of Anaesthetists (ANZCA) is the professional body dedicated to the training and education of specialist pain medicine physicians (pain specialists). Our role is to reduce the burden of pain on society through education, advocacy, training, and research.

The faculty would like to provide the below relevant feedback to help support the robustness and completeness of the document.

Lack of consultation with full range of key stakeholders

We are concerned there hasn't been appropriate engagement with key stakeholders, including clinician groups such as medical colleges who represent practitioners who deliver a wide range of elective and complex private hospital services.

One of the key functions of ANZCA and FPM is setting the standards for safety, quality, and patient care which are relevant to all public and private hospital scope of services. This directly impacts the processes and procedures associated with services to be funded and adjusting for safety and quality outcomes which is featured in the document, among other aspects.

In addition, training of specialists is a core function of the college and faculty. This is usually conducted in public teaching hospital settings, however specialist training in private hospitals is increasingly common, supported by initiatives like the Australian Government's Specialist Training Program (STP) to provide trainees with experience in diverse healthcare settings beyond traditional public teaching hospitals. This offers a broader range of cases (sometimes to satisfy volumes of practice requirements), taps into hospital list capacity and provides exposure to different management styles, contributing to a more skilled and distributed specialist workforce. Training can take various forms, such as rotations into private hospitals or placements that are entirely within private facilities. Although these functions do not directly dictate or impact pricing or costing aspects, they do impact private hospital decision-making and partnerships between public and private hospitals.

Further to this, we trust that state and territory governments have been consulted in the development of this document (currently not listed in Appendix A). Although private hospitals are not funded or operated by state and territory governments, governments still have a regulatory, licensing and oversight role, ensuring they meet specific standards and regulations for the operation of these hospitals, which can include quality control, patient care guidelines and contracting to provide services for public patients.

Surgical intervention focus

Specialist pain medicine physicians provide a wide range of care, including counselling patients and their families, coordinating rehabilitation and offering evidence-based advice and practice for medication and procedural interventions. In Australia, a significant proportion of these specialists operate in a private hospital setting, working at multidisciplinary pain clinics or centres. These clinics or centres use the expertise of a range of medical and allied health professionals to assess the multidimensional aspects of pain and formulate appropriate programs of treatment.

This document seems to focus on the provision of high value surgical services, with almost no thought about provision of services that do not involve surgical interventions and whether the surgical procedures add any overall clinical value to the health system.

This is not only relevant to FPM but also relates to perioperative medicine considerations, where surgical care is more efficient and effective by integrating and personalising the care patients receive before, during, and after any surgical procedure involving anaesthesia. While the purpose of surgical procedures

is to improve lives, complications from surgical care can cause significant harm. A systematic approach via the perioperative care journey offers more precise risk stratification, better preoperative optimisation, earlier identification and management of postoperative complications, and in some instances may include a decision not to proceed with surgery.

These principles need to be considered in the consultation document.

Balanced with this is the recognition that benchmarking of costs and more equitable funding models is required in the private hospital sector, reflecting that some private hospital providers have increasingly focused on providing high-activity, lower-cost, and low-complexity services to maximise profits, and reduce the availability of high-cost, complex services. Noting that states and territories are not required to use or implement the National Efficient Price (NEP) for public hospital services and indeed some jurisdictions have their own "efficient price", there is a high chance the private hospital sector may not use a Private NEP. Further, the Private NEP would be relevant for more than 30 private hospital insurers and over 650 private hospitals across Australia, making it a much more complex stakeholder environment when compared to the fewer stakeholders and relationships of the NEP for the Commonwealth and eight state and territory governments.

Prescribed list of medical devices

The issue of medical devices is complex and one of the main points of contention in the pain specialist field, relating to the relative cost of some pain devices and the technology used. Comparable neuromodulation technologies in the pain sector seem to cost more than their counterparts in other specialties, notably cardiology. The Australian Government does not directly operate or fund neuromodulation technologies, however the Medicare system covers certain procedures. Review of this field in relation to benchmarking of pricing and costing aspects is required to ensure parity.

Expertise

We note that the Independent Health and Aged Care Pricing Authority's (IHACPA's) key role is to promote improved efficiency in, and access to, *public* hospital services through the provision of independently determined pricing advice to all Australian governments, by predominately determining the annual national efficient price and national efficient cost for Australian public hospital services. As you are aware, in 2022 the scope of IHACPA's functions were expanded under various legislations to provide advice about aged care pricing and costing matters to approve higher maximum accommodation payment amounts for residential aged care.

Based on IHACPA's expertise and role it makes sense to expand their functions to cover this private hospital pricing work to directly leverage expertise, learnings and resources, rather than DoHDA.

This aligns with the following proposed positions identified on page 13:

- The scope of services eligible for private health insurance funding should more closely relate to the risk that insurers have agreed to cover for their members and be agnostic to the setting in which the service is provided.
- The scope of services to be included in the reformed pricing arrangements should be determined by an independent body.

Thank you for considering our feedback.

Yours sincerely



Dr Dilip Kapur

Dean, Faculty of Pain Medicine (FPM)
Australian and New Zealand College of Anaesthetists (ANZCA)