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Avant Submission to the Private Health Reforms – Consultation Paper 1

Thank you for the opportunity to provide a submission to the Department of Health, Disability and Ageing – Reforms Opportunities and Committee Support Section's Private Health Reform – Consultation Paper 1.

As Australia's largest medical indemnity insurer and a member-owned organisation representing more than 100,000 practitioners, Avant has a significant interest in reforms affecting the private health sector, the medical workforce and patient access to quality care.

Through our advocacy, research and medico-legal education activities, we work to promote quality, safety and professionalism in medical practice. Many of the issues considered in this paper directly affect our members and the patients they care for.

Avant's perspective is informed by the experiences of doctors working across the private and public health systems. We insure and protect over half the doctors in Australia – including a significant number of Obstetricians and Gynaecologists and Psychiatrists – giving us data driven insights into how private health policy settings affect access to care, workforce participation, and the long-term sustainability of specialist services.

Doctors' Health Fund (DHF), a wholly owned subsidiary of Avant and the only health fund specifically for doctors and the medical community, is separately making its own submission to this consultation. DHF's response focuses on Private Health Insurance (PHI) related matters.

Summary of our position

Avant welcomes the Federal Government's efforts, and continued commitment, to improving the sustainability of the private healthcare sector.

Australia's healthcare system is underpinned by a complementary public-private model that promotes patient choice, expands capacity, and supports the long-term sustainability of healthcare funding. The private health sector plays a critical role in maintaining overall system capacity and ensuring timely access to care.

As highlighted at our Parliamentary Roundtable last year, private hospitals perform around two-thirds of all elective procedures in Australia, approximately 1.8 million procedures annually. In doing so, private hospitals

reduce pressure on the public system and enable public hospitals to focus resources on emergency care, complex cases and medical training.

Our key positions and recommendations are as follows:

1. **Establish a targeted national maternity viability framework** – The ongoing closure of private maternity units is reducing access to care across Australia. By establishing a framework that identifies private maternity services at risk of closure or loss of service, action can be taken early.
2. **Safety and quality must remain the priority with maternity care** – A multidisciplinary approach to maternity care is regarded as the most effective model of care. Any new models must be supported by robust clinical governance, clearly defined scopes of practice, appropriate indemnity arrangements, and informed patient choice.
3. **Review of Medicare Benefits Scheme (MBS) items for paediatricians and anaesthetists** – Amending MBS items for paediatricians and anaesthetists would strengthen access to key specialists in private maternity settings and help maintain safe, high-quality maternity care.
4. **Allowing overseas-trained psychiatrists to practise in both private hospitals and private rooms** – Allowing appropriately-registered overseas-trained psychiatrists to practise privately would improve accessibility to mental health care. It is important this measure is implemented across both private hospitals and private rooms to ensure continuity of care.
5. **Partnering with industry to develop and implement new models of mental health care** – Avant supports the development and implementation of evidence-based models of psychiatric care and urges the government to work closely with the mental health sector to ensure reforms improve access while maintaining quality, continuity, and patient safety.
6. **Increasing second-tier benefits for regional private hospitals on a case-by-case basis –** We recommend targeted increases in second-tier benefits for regional private hospital when a clear need is identified.
7. **Classify regional private hospitals as essential infrastructure** – Regional private hospitals should be recognised as essential infrastructure, noting the role they play in access to care and supporting the broader health system.
8. **Expanding Hospital in the Home with appropriate safeguards** – Any expansion to Hospital in the Home (HITH) must be underpinned by clinical oversight, patient choice and robust quality standards.

Establish a targeted national maternity viability framework

Since 2018, at least 18 private maternity units have closed across Australia, with experts predicting private maternity services may be extinct by 2030 without policy intervention. Regional areas are particularly affected by this trend, with some jurisdictions such as the Northern Territory and parts of Tasmania left without private maternity options.

Dr Alia Vemuri, a Specialist Obstetrician and Gynaecologist, was the last doctor in the Northern Territory providing private obstetric care in a private hospital setting. She was forced to close her practice earlier this year when the closure of the Darwin Private Hospital maternity unit rendered private obstetric care untenable.

At Avant's Parliamentary Roundtable earlier this year, Dr Vemuri spoke about her experience. Reflecting on the closure, Dr Vemuri said: *"The community impact was immediate, and it was profound. Women went from anticipatory joy to expressing genuine distress. They had lost their agency, their sense of safety overnight, and the prevailing feeling was one of abandonment. They described an anxiety of having to choose between*

flying thousands of kilometres away by plane at significant expense and away from their support networks or remain in a system pushed to its absolute limits. Many Territory mothers reported to me that they felt and still feel to this day like second-class citizens in their own country."

Dr Vemuri's firsthand account and the experiences of her patients highlight the real-world impact of losing private maternity services.

Avant welcomes the government's focus on the viability of private maternity services. However, there is too little detail on the proposed reforms in the consultation paper to provide meaningful stakeholder feedback or a comprehensive assessment of their likely effectiveness.

What is clear, however, is that the ongoing viability of private maternity services is an urgent public policy issue. Avant therefore recommends that the Federal Government establish a targeted national maternity viability framework to identify private maternity services at risk of closure and enable early intervention where the loss of a service would materially reduce access, patient choice or place additional pressure on the public health system.

The framework should recognise that existing activity-based funding arrangements may not always be sufficient to sustain essential maternity capacity, particularly in regional communities where lower birth volumes must support the fixed costs of maintaining safe maternity services. Where a service is identified as critical to maintaining access, targeted interventions could include viability or service-availability funding, private health insurance funding reforms and workforce measures, depending on the circumstances of the community and service.

Such an approach would complement broader reforms to improve the viability of regional private hospitals by providing a mechanism to intervene before essential maternity capacity is lost.

Recent experience demonstrates that governments are already intervening when the loss of private maternity services threatens local access. Following the closure of private maternity services in Hobart, the Australian Government provided $6 million to support expanded maternity capacity across the public and private systems, including at Calvary Lenah Valley Hospital. On the NSW Central Coast, the Australian Government provided $10 million to expand public maternity capacity following the closure of the region's only private maternity service, which Federal Health Minister, Mark Butler, described as "a very significant market failure".

These interventions recognise the broader health system consequences when private maternity services become unviable. However, they have largely occurred in response to announced or actual closures. Avant believes there is an opportunity to move from reactive interventions to a more systematic approach that identifies essential maternity services at risk and enables action before capacity is lost.

Safety and quality must remain the priority with maternity care

Avant is focused on safety and quality of care. Improving access to maternity services should not come at the expense of either. The provision of safe maternity care requires appropriate qualifications, clinical expertise, and ongoing education, training and practice.

The Royal Australian and New Zealand College of Obstetricians and Gynaecologists (RANZCOG) states "maternity care is most effectively delivered through multidisciplinary collaboration". Avant supports this principle, recognising obstetricians, midwives and other healthcare professionals each play an important role in providing high-quality and safe maternity care for women.

The consultation paper proposes models of care that include 'shared care between pools of obstetricians and midwives, shared care between an obstetrician and small groups of midwives, and partnership models of care with an endorsed midwife and obstetrician partnership, where the endorsed midwife can primarily lead care.'

Avant supports innovation in maternity care where it improves continuity, access to care, and patient choice. However, changes to models of care should not fragment clinical responsibility, reduce access to specialist expertise when it's required, or compromise safety.

Avant believes embedding new models of maternity care must be accompanied by clear and nationally consistent minimum requirements for clinical governance, scope of practice, clinical responsibility, patient escalation, transfer of care, access to specialist obstetric expertise and medical indemnity arrangements. These requirements should build on existing national and state clinical governance frameworks. This could provide an opportunity to harmonise those frameworks and develop evidence-based, agreed, multi-disciplinary guidance. At a minimum, these new requirements should support:

- Early identification and ongoing assessment of maternal and fetal risk, with clear criteria and protocols for escalation.
- Timely access to specialist obstetric and other relevant medical expertise when clinically required.
- Clear allocation of clinical responsibility and accountability at each stage of care, including when responsibility transfers between practitioners.
- Safe and timely transfer of care between community, primary and hospital settings, including access to emergency care where required.
- Clear and appropriate medical indemnity arrangements that reflect the respective roles and responsibilities of all practitioners involved in care.
- Consistent minimum training, competency and credentialling requirements appropriate to practitioners' scope of practice.
- Effective communication, information sharing and documentation between practitioners within the multidisciplinary team, including during escalation and transfer of care.

Patients should also be provided with clear, accessible information about the roles and responsibilities of the health professionals involved in their care, the choices available to them, and any associated risks and benefits, enabling informed decision-making.

Review of MBS items for paediatricians and anaesthetists

Avant's claims experience in relation to obstetrics management demonstrates that delivery and the postpartum period are significant areas of medico-legal risk. Our data shows 38 per cent of complaints and claims against gynaecologists and obstetricians arise during delivery and most commonly relate to complications or injuries to mother or baby. 16 per cent occur during the postpartum stage of care, with the most common allegation around delay/failure to recognise complications and inadequate maternal care.

Further, the average age of women giving birth has steadily increased since 1998. The Australian Institute of Health and Welfare data shows the proportion of women giving birth aged 35 and over has increased from 23 per cent in 2010 to 28 per cent in 2023.

These trends highlight the increasing complexity of maternity care and the potential for complications during labour and delivery. These can be difficult to predict and can occur outside of typical work hours. Safe maternity care therefore depends on timely access to a range of specialist expertise required to respond when complications arise. Avant supports measures that better support access to paediatric services, including consideration of whether current MBS arrangements adequately support their role in maternity care.

We also encourage the government to extend this review to MBS items for anaesthetists. Like paediatricians, anaesthetists are essential members of the multidisciplinary maternity care team and play a critical role in ensuring safe outcomes for mother and baby. MBS settings should appropriately support sustainable access to the specialist services necessary for safe maternity care.

Allowing overseas-trained psychiatrists to practise in private hospitals, with appropriate safeguards to ensure patient safety and quality care

Improving access to mental health care in the private sector should be a priority, and Avant welcomes the Government's focus on addressing workforce constraints affecting access to private psychiatry care.

Avant supports, in principle, measures to allow overseas-trained psychiatrists to practise in private hospitals. We recommend this measure be extended to also include private practices to avoid fragmentation of care.

Maintaining continuity of care is particularly important in psychiatry, with international evidence showing that models supporting seamless transition between inpatient and outpatient care reduce emergency department visits and decrease readmissions. Given private psychiatric practice is often highly autonomous, additional supports should be made available to International Medical Graduates (IMGS) including mentoring and peer support to help with the transition. For example, The Royal Australian and New Zealand College of Psychiatrists Fellowship Training Program or similar could be made available to support International Medical Graduates. Internationally trained psychiatrists should continue to be assessed through the Medical Board of Australia's established registration pathways.

We support implementing these arrangements for an initial three-year period, with a post-implementation review after 12 to 24 months to evaluate their effectiveness, identify any unintended consequences, and inform any necessary refinements.

When implementing this reform, the government should also consider the many barriers that exist for overseas-trained doctors who are in Australia. These barriers were highlighted in the Kruk Review. It is crucial government address these barriers as part of this reform.

Partnering with the profession to develop and implement new models of mental health care

Avant welcomes the development and implementation of new models of care that improves patient access and continuity of care. We encourage the government to work closely with the sector to identify existing models that have demonstrated positive outcomes and consider how these can be strengthened, scaled or adapted, rather than assuming new models need to be developed from the ground up.

Multidisciplinary care, including specialist psychiatrists working alongside GPs, nurse practitioners, psychiatry specialist trainees and other healthcare professionals, is already an established feature of the

mental health system. Any changes to the scope of practice of health professionals in mental health care should be evidence-based and supported by rigorous risk assessment, clinical governance and appropriate safeguards to ensure quality of care, continuity of treatment and patient safety are not compromised.

Meaningful involvement of the mental health sector in the design, implementation and evaluation of reforms will help identify potential unintended consequences and ensure new models are workable in clinical practice, including any potential impacts on medico-legal risk and indemnity. Avant therefore welcomes the proposal to reconvene the Private Mental Health Alliance, with both the Royal Australian and New Zealand College of Psychiatrists and the Australian Society of Psychiatrists involved. Given the government's current focus on reforms to psychiatric care, it is crucial that this sector is actively engaged in the development, implementation and evaluation of these reforms.

Increasing second-tier benefits for regional private hospitals on a case-by-case basis

A significant geographic penalty exists for those living in regional, rural and remote areas of Australia. These communities already face barriers in accessing specialist consultations and have fewer local surgical services.

An independent study commissioned by Avant examining the drivers of General Practitioner (GP) referrals found accessibility challenges are consistently worse in regional and remote communities. GPs reported greater difficulty accessing specialists, longer waiting times and more frequent need to manage conditions themselves due to limited referral options. Patients surveyed reported similar experiences.

The loss of private hospitals in regional areas, demonstrated by the experience in the maternity sector, is evidence of the disproportionate impact expected in regional and remote areas. This is playing out in real-time in the Northern Territory, following the closure of maternity services at Darwin Private Hospital last year (as noted above).

Avant believes that maintaining the viability of the private health sector, particularly in rural and regional Australia, is essential to ensuring patients can access quality care and should remain a priority for government.

We support targeted increases in second-tier benefits for regional private hospital when a clear need is identified, rather than a blanket uplift for all regional private hospitals.

Eligibility should be assessed based on a number of factors, including distance to alternative specialist services, the impact the loss of private services would have on the public health system, and the consequences to patients and the local health workforce.

Where markets already have sufficient provider competition, a blanket increase risks becoming a financial windfall rather than a measure to improve access to care. Consistent with Doctors' Health Fund approach, we recommend any increase in second-tier benefits be limited to hospitals where there is a demonstrated access gap.

Classify regional private hospitals as essential infrastructure

Access to essential services in regional Australia cannot always be sustained by market forces alone. Governments already recognise this principle in other sectors where services are critical to communities but

the economics of providing them in areas with smaller and dispersed populations can make them commercially challenging.

Telecommunications provides a clear precedent. Telecommunications services in rural and regional Australia are recognised by the Australian Government as essential infrastructure because they underpin economic participation, social connectivity, and access to critical services, including healthcare and education. This occurs through a range of programs including the universal service arrangements, the Regional Broadband Scheme, the Mobile Blackspot Program among other initiatives. Without such interventions, many regional communities would not receive an adequate level of service.

The same principle should apply to regional private hospitals. They improve access to healthcare, provide patients with greater choice, and support the broader health system by enabling the public sector to focus on emergency care, highly complex cases, vulnerable patients, medical training, and care for those who do not have private health insurance or choose to use the public system. Where private hospital capacity is lost, care may be delayed, patients may need to travel significant distances, or demand may shift to public hospitals that are already under considerable pressure. This is particularly important in regional Australia, where health services generally operate with less redundancy and fewer alternative providers.

These consequences need to be considered against increasing pressure on regional public hospitals. The public health system is under increasing pressure, particularly in regional Australia. For example, Victorian Department of Health data shows approximately 3,300 patients admitted through emergency departments between January and March 2026 remained there for at least 24 hours. According to the ABC, around 2,330 of these patients, or 70 per cent, were in regional and rural hospitals, with the highest numbers recorded in Ballarat, Albury (which is accountable to the Victorian Health Minister), and Bendigo.

This pressure is worsening. Between January and March 2025, around 1,900 patients stayed 24 hours or more in Victorian emergency departments. The health department's performance target is zero patients spending more than 24 hours in an ED.

Avant therefore recommends the government recognise regional hospitals as essential infrastructure and establish a dedicated Regional Hospital Sustainability Scheme to support services that a critical to regional communities but cannot be maintained through existing funding mechanisms like private health insurance and commercial funding alone.

Drawing on the approach used to sustain essential telecommunications services in regional Australia, government support should be targeted to addressing an identified viability gap rather than providing an open-ended subsidy to private hospital operators. Eligibility could be based on factors such as the absence of alternative services within a reasonable distance, demonstrated community need, pressure on nearby public hospitals, the importance of the hospital to the regional health workforce, and the consequences for patients and the broader health system if services were withdrawn. This should complement the hospital viability framework recommended earlier in this submission. The viability framework would provide a consistent, evidence-based means of identifying hospitals and services at risk and assessing their importance to the broader health system.

Funding could be provided through multi-year service agreements, with participating hospitals required to maintain an agreed level of capacity and specified services, such as maternity, mental health and surgical services.

The objective should be to preserve essential regional health capacity where the wider value of maintaining that capacity exceeds the commercial return available to the individual hospital. This would recognise, as governments already do in regional telecommunications, that maintaining access to an essential service can require targeted public investment where market settings alone are insufficient

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Expanding Hospital in the Home with appropriate safeguards

We support the concept of private health insurance funding for Hospital in the Home (HITH) services where appropriate. This should be subject to patients holding appropriate levels of cover and HITH providers meeting relevant accreditation, clinical governance and service quality standards.

Referral by a doctor to HITH is critical to ensure there is a clinical benefit and that the care provided in the home setting does not result in patient harm or clinical disadvantage compared to care that would otherwise be provided in hospital. Access to HITH should always remain the patient's choice, in consultation with their treating doctor, and HITH should not be mandated or required by the hospital.

There are well-established and successful HITH programs operating in both the public and private sectors, and we recommend the government work with industry to identify and expand these proven models more broadly across the health system.

Doctors Health Fund addresses the specifics of the HITH initiatives proposed in more detail in its submission.

Conclusion

A strong private health system is critical to maintaining Australia's world class health system. At present, Australian public hospitals are at historically high levels of activity, with prolonged waiting lists for specialist consultations and planned surgery. The continued closure of private hospitals and services across the country, particularly in our regional areas, is adding further strain to a stretched system. Avant welcomes the government's commitment to supporting private health viability. It is essential any reforms to strengthen this critical pillar of Australia's health system are targeted, evidence-based and focused on maintaining access to safe, high-quality care.

We would welcome the opportunity to work with the department on the design and implementation of these reforms to ensure they achieve their intended objectives and benefit patients, doctors and the broader health system.

Yours sincerely,

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