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Mr Michael Woodland
Director
Urban Assessments
Department of Planning
GPO Box 39
SYDNEY NSW 2001

Dear Mr Woodland

REVIEW OF HEALTH SERVICES PLAN - PRIVATE HOSPITAL AT 35 WATER STREET, WAHROONGA

Shepherdson Mudge Pty Ltd is a discrete Australian company servicing the needs of health, aged and community care providers throughout Australia. Each consultant with Shepherdson Mudge has more than ten years of experience in health service planning at an infrastructure and operations level, and each has backgrounds at CEO & EGM level.

Shepherdson Mudge has been engaged to review the Health Services Plan (HSP) for the proposed private hospital at 35 Water Street Wahroonga.

In reviewing the HSP we have drawn upon the intelligence collected through our work with other major private health care providers in the Northern Sydney area. Our work within the area has included a full environmental analysis of the private & public health services, market share analysis, chargeable seps rates analysis and health needs projections. Our data is cross referenced with external data sources, both Government and third party.

We acknowledge we have received and considered the response to the HSP by Mr David Miles, Manager for Health Services Planning for the Northern Sydney Central Coast Health Service. We have considered the concerns noted by Mr Miles in his response and have addressed a number of the concerns within our review, of which a copy is attached.

Whilst the HSP reflects a hybrid mix of services offered through a single site private hospital, there is no evidence to suggest that this mix would encounter difficulties with its financial viability. To this end we find there is alignment between the types of services offered through the HSP that offers flexibility in the management of the hospital operations. More specifically, there are synergies between psychiatric care and post natal care, and between medical care and rehabilitation.

Yours sincerely,

Mark A. Mudge
BNgP, MBA, AFCHSE, AFAIM, MAICD
MANAGING DIRECTOR

Review of Health Services Plan

35 Water Street, WAHROONGA

Background

Waterbrook at Wahroonga Pty Ltd has proposed a private hospital *(the proposed facility)* development at 35 Water Street, Wahroonga. This development proposes 129 patient care places that will provide medical, rehabilitation, psychiatric and post-natal care.

The facility proposes to provide single room accommodation, a dedicated Rehabilitation Centre with hydrotherapy pool, an admissions clinic, consulting suites, and other ancillary services.

Catchment & Services

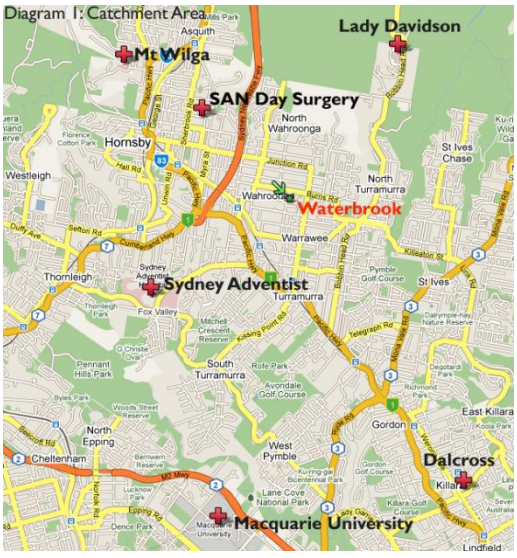
The predominant catchment area of the proposed facility will be the Ku-ring-gai and Hornsby Local Government Areas (LGA). However the provision of psychiatric and post-natal services could potentially attract referrals from any LGA on the northern side of Sydney and from the Central Coast.

In 2007/2008 within NSW there were more than 2.3 million separations from hospitals. Of these separations between 45% and 46% were identified as 'chargeable'. A chargeable separation occurs when the care recipient's fees are paid by private health insurance, DVA, workers compensation or are privately funded. Typically in health service planning the rate of chargeable separations is used as an indicator of the level of private health insurance membership within an LGA or Statistical Local Area (SLA).

In 2007/2008 the Ku-ring-gai LGA had one of the highest rates of chargeable separations within NSW at 89.03%. The Hornsby LGA had a rate of 74.12% for chargeable separations within the same year. This indicates that the predominant catchment area for the proposed facility has a high rate of private health insurance membership.

Within the predominant catchment there are four private health facilities, Sydney Adventist Hospital, Dalcross, Mt Wilga and Lady Davidson (Diagram 1).

Diagram 1: Catchment Area



The Sydney Adventist Hospital is the largest single site private hospital within Australia and provides tertiary level care across a number of services including emergency care, critical care and

maternity. The Sydney Adventist Hospital also operates the SAN Day Surgery at Hornsby which is located directly opposite the Hornsby Ku-ring-gai Hospital.

Lady Davidson is the largest single site rehabilitation hospital within Australia and is operated by Healthscope. Lady Davidson is also an accredited teaching hospital of the University of Sydney.

Mt Wilga is a rehabilitation hospital operated by Ramsay Health Care.

Dalcross is predominantly a specialist surgical hospital that offers a range of rehabilitation services.

It is our understanding that all of the aforementioned hospitals consistently operate at very high occupancy rates. These high occupancy rates constrain hospitals ability to admit new patients, and thereby delaying the timely provision of appropriate care.

It is evident the Ku-ring-gai and Hornsby LGAs have a higher proportion of private rehabilitation services than other LGAs throughout NSW. This is reflective of the ageing population within the areas together with the high rate of private health insurance.

There has been an increasing trend in the requirement for rehabilitation services throughout NSW over the past five years and this trend is predicted to further increase as a result of the ageing baby boomer population.

The need for rehabilitation services is unlikely to decline within the Ku-ring-gai and Hornsby LGAs within the foreseeable future, suggesting that providing rehabilitation services at the proposed facility is reasonable. Geographically the proposed facility is more centrally located than other dedicated rehabilitation facilities in the area, which would be more attractive to consumers.

Within the predominant catchment area there are no private in-patient psychiatric facilities, however there are out-patient services located in Hornsby and Gordon. Private psychiatric facilities are able to offer flexible care models ranging from respite to sub-acute and acute care. Given the population projections within the predominant catchment area, together with the high rate of private health insurance membership and the accepted population ratio indicators for mental illness, offering a private psychiatric in-patient service at the proposed facility is warranted.

Post-natal care services planned for the proposed facility maybe be aimed at the management of women with depressive conditions associated with pregnancy and child birth, and the care of women's physical conditions following child birth. It is widely accepted that physical complications during child birth are linked with post-natal depressive conditions. Therefore the model of care for the proposed facility could offer services to manage the physical and psychological continuum of post-natal care needs.

The proposed post-natal care services could work in synergy with the provision of in-patient psychiatric care. We note there are no in-patient facilities offering dedicated post-natal mental health care within the catchment.

The provision of medical in-patient services in the proposed facility will admit patients through referral from hospitals with emergency departments within the catchment, namely the Sydney Adventist Hospital and the Hornsby Ku-ring-gai Hospital and General Practitioners.

Access block is a problem that faces emergency departments in the public and private health sectors causing patients to endure extended stays within the emergency department environment. When patients remain in the emergency department environment for extended

periods of time their health outcomes are impeded because of inconsistent definitive care provision.

The proposed facility will provide both the Sydney Adventist Hospital and the Hornsby Ku-ring-gai Hospital the capacity to transfer privately insured patients from their emergency departments to the proposed facility during times of access block. This will assist both hospitals in providing timely and appropriate care for their patients in accordance with best practice and the meeting of patient expectations.

It is possible, however unlikely, that the Sydney Adventist Hospital and/or the Hornsby Ku-ring-gai Hospital may elect to keep patients in their emergency departments during times of access block for economic purposes, in preference to transferring them to the proposed facility. An inter-hospital agreement would need to be reached to ensure appropriate levels of health care are provided for transferred patients.

Facility Design

The design of the facilities will need to meet the requirements of the Australasian Health Facility Guidelines (AHFGs), the Building Code of Australia (BCA) Class 9A and any provisions relevant and applicable to health infrastructure contained within State and Federal Legislation.

Cross reference has been made against the architectural drawings provided for exhibition. A patient flow overview has been considered using the architectural drawings.

There is no evidence that the design is non-compliant, and there is indication that room sizes exceed the AHFGs. There does not appear to be impediments to patient flow. There are varying ward sizes that will be best managed with flexible bed management and flexible staffing.

It is noted there does not appear to be a dedicated Well Baby Nursery area within the design. It is important that there are facilities to support both rooming-in of babies with their mothers and separate care where the babies can be managed in a Well Baby Nursery. Without a Well Baby Nursery the scope of post-natal care could be limited. We recommend that an area be dedicated for a Well Baby Nursery. This area would need to be secure and proximate to the Nurses Station. It would be important to provide acoustic treatments that prevent the sounds of crying babies from the nursery resonating into the post-natal patient rooms.

Health care facilities of this nature generally need to demonstrate confirmation that they comply with the AHFGs in order to be issued with an Occupancy Certificate and licensure to operate as a private health facility.

Operations Management Plan

The Operations Management Plan (OPM) described in the HSP advises that the plan is an indicative schedule and subject to further review. This review has not undertaken to prove the OPM.

Critical and diligent casemix planning is important to the maturing of the OPM. Part of this in due course will include the negotiation of rates and contracts with health funds providers, suppliers and the development of an industrial framework for the management of staffing. The full OPM once formalised is a highly sensitive document that should always remain commercial in confidence.

Within the HSP there is no evidence to indicate the proposed services would be unviable, given all the information that is available to consider the health needs and demographic profile of the predominant catchment.

Concluding Statement

The HSP challenges the traditional composition of private health in-patient services both within NSW and wider Australia. What may be described as an 'eclectic' mix of services, when considered, has underlying synergies along the continuum of care. Specifically, there are synergies between psychiatric and post-natal services, and medical services care and rehabilitation.

Based upon the HSP there is no evidence to suggest the proposed facility would have viability concerns. In the maturing the OPM it is important that key relationships are developed with other health care providers to take full advantage of the health care model for the proposed facility.