

## MARKET-LED PROPOSAL EVALUATION SUMMARY – APRIL 2024

**PROPOSAL NAME:** MLP23002 Peel Public Health Services

**PROPONENT:** Ramsay Health Care Pty Ltd (Ramsay)

**PROCESS:** Agency-led by the Department of Health

**PROPOSAL STATUS:** Successfully met criteria and key terms accepted. Department of Health finalising contracts.

**PROJECT VALUE:** Approximately \$76.5 - 91.5 million<sup>1</sup>

### PROPOSAL DESCRIPTION

The Western Australian (WA) Government received an unsolicited proposal from Ramsay to enter into a contract for the provision of public health services for a minimum of three years commencing 2026.

The Market-led Proposal is provisional on Ramsay funding the construction of a new surgical centre in the Peel region.

The services to be provided at the proposed new surgical centre will include procedures in the following specialties: general surgery, ears, nose and throat, gynaecology, ophthalmology and orthopaedics.

### BENEFITS

- The purchase of health care services through the new surgical centre will expand capacity for elective surgery, freeing up available public hospital capacity for other patients. This aims to reduce waiting times for residents in the catchment.
- Retention of medical specialists servicing the public and private systems following the upcoming switch to public operations at the Peel Health Campus.
- Choice between private and public services (both as a consumer and provider).
- Delivering services at a cost that is no more expensive than those delivered within public facilities.

### QUALITATIVE ASSESSMENT

The proposal has strong strategic alignment with the following Government focus areas:

- To provide elective procedures within clinically appropriate timeframes and in a manner that is safe, efficient and high quality.
- Equity of access to health care.
- 2019 Sustainable Health Review - Enduring Strategy 5 to drive safety, quality and value through transparency, funding and planning. Specifically, reducing pressure points in the Murray-Peel region through collaborative planning with local communities, primary care and other providers.

The following additional points were noted in the assessment of the proposal:

- Ramsay is a known and trusted partner of WA Health.
- Ramsay has the technical capability required, an existing presence and established workforce and networks within the Peel region to deliver the proposal.

- The risk to the State is low as the service contract will not be executed until all conditions precedent have been satisfied by Ramsay, which includes (but is not limited to) regulatory approvals for design and construction, licence to operate and confirming the facility is ready to accept public and private patients.

## QUANTITATIVE ASSESSMENT

Item	Cost	Funding Source
Surgical Centre <sup>2</sup>	Estimated to be \$55 - 70 million	Proponent funding
Contract for the provision of services <sup>3</sup>	Approximately \$21.5 million based on 1,000 National Weighted Activity Units per year for a three year term <sup>4</sup> .	State funding

<sup>1</sup> The total project value comprises capital costs to construct the new surgical centre (estimated by Ramsay to be \$55 - 70 million) and the State Government service contract (estimated to be \$21.5 million) totalling \$76.5 – 91.5 million.

<sup>2</sup> The State Government is not providing a financial contribution towards capital. Ramsay assumes all risk associated with undertaking a private hospital development.

<sup>3</sup> No ongoing commitment from the State Government beyond the initial three year term.

<sup>4</sup> National Weighted Activity Unit is a measure of health service activity expressed as a common unit, against which the National Efficient Price is paid. It provides a way of comparing and valuing each public hospital service, whether they are emergency department presentations, admissions, or outpatient episodes, weighted for clinical complexity. For example, the most intensive and expensive activities are worth multiple NWAU, the simplest and least expensive are worth fractions of a NWAU.

**DATE:** 22 April 2024