



**UBS WARBURG HEALTHCARE SERVICES  
CONFERENCE - 26 OCTOBER 2000  
PATRICK GRIER  
MANAGING DIRECTOR**



# A Huge Environmental Change

- **Government Initiatives**
  - 30% Rebate
  - Lifetime cover
  - dismantling of community rating



# Environment

- **Significant and sustainable change for the better**
- **2.1 million additional health fund members in the past 12 months**
- **32% increase in health fund membership**
- **\$1.6 billion additional premiums**
- **Health funds responding more rationally to the better providers**



# Sustainability

- **Bipartisan Support**
- **Greater acceptance of need for health insurance**
- **Fewer hospital beds**
- **Shortage of quality, hi tech, beds**
- **Greater strength of well positioned hospitals**



## Health Fund - Hospital Negotiations

- **Shift in the balance of power**
  - for strategically well positioned hospital groups
  - use of costing models
  - shortage of quality beds
- **Greater leadership of hospital industry**
  - willingness to walk away from contracting
  - starting to set the agenda for the good of the consumer



# Review of FY 99-2000

## **A turn around year**

- **Took the hard decisions on cost controls**
- **Strong performance by established hospitals**
- **Concentrated on improving performance of co-located hospitals**
- **Withdrew from a number of new projects**



## **Review of FY 99-2000 (cont.)**

- **Group EBIT up 15%**
- **Established hospital EBIT up 24%**
- **Despite absorbing large losses in co-located hospitals NPAT before abnormalities only decreased by 15%**



# Divisional Analysis

Division	Size	EBIT Change	Margin Change
Veterans	52%	+20%	+4%
Rural Med/Surg	11%	+21%	+9%
Psychiatric	15%	+17%	+16%
Co-Located	22%	+\$1.9M In 3 months	+40%



# Current Trading Conditions

## 1st Quarter

- **Forecasted significant profit improvement**
- **EBIT and EBT**
  - ahead of budget
  - significantly ahead of last year
- **Concentrating on solving Flinders Private Hospital**



# Current Trading Conditions

## 1st Quarter

- **Mildura Base Hospital**
  - successfully opened
  - very different to La Trobe



## Differentiation of Ramsay Health Care

- **Continual strong performance for existing hospitals**
- **Additional services where there is good return**
- **Large improvement in co-located hospitals**
- **50% health fund 50% DVA funding**
- **Sustainable strength in health fund partnership**



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