



## Special Arrangements

2014 (November) - DAY 2 – Q6

You are a recently appointed Medical Director of a medium-sized (250 bed) non-metropolitan hospital in a low socio-economic area that often struggles to attract full and part-time clinical staff.

Medical Leader	
Medical Expert	•
Communicator	•
Advocate	
Scholar	
Professional	
Collaborator	
Manager	□

Just after you take up your new position, you discover that the hospital has just appointed a new full-time obstetrician and gynaecologist (Dr XY). It has taken over 15 months to attract an obstetrician to this position.

While his appointment is being finalised, Dr XY comes to you and asks for the 'special deal' that was given to the last obstetrician to be appointed. This comes as a surprise to you since in your jurisdiction every doctor's entitlements should be in accordance with the relevant Senior Medical Officer Industrial Award (SMOIA).

The young specialist is adamant that he wants the same 'special deal' that is at least 25% above the award. He also tells you that just about every doctor in the hospital has the same 'special deal'. You are amazed by this and tell Dr XY that you will have to investigate further and get back to him in the next couple of days.

Human Resources confirms that what Dr XY has claimed is correct – most doctors are, in fact, receiving payments above the SMOIA, even though this has occurred without the delegated authority to negotiate over-award payments. You realise this should not be happening in your jurisdiction, but it has been claimed that the practice was forced on the hospital because of the great difficulty in specialist recruitment and retention.

When you discuss this issue with your Director of Human Resources and Director of Finance, they quickly point out that the newly elected government through the Minister for Health Services has indicated that it wishes to tighten up on 'special deals' for doctors done under the previous administration.

### Questions

1. How would you manage Dr XY's request?
2. How would you advise your CEO regarding this situation?

## Guidance for Censors:

### ISSUES

- 1. Recruitment and retention of specialist medical staff**
  - 2. Industrial agreements and negotiations**
  - 3. Financial and HR delegations within the organisation**
  - 4. Political ramifications – managing upwards.**
- The bottom line for Australian hospitals is Activity Based Funding and the potential impact on ABF of over-award specialist contracts.
  - Changing marketplace with increased numbers of medical staff, make this an opportunity to regularise salaries to award arrangements, across the specialties in the health service
  - Challenging over award payments runs the risk of industrial action or resignation of consultant staff
  - Set Ministry of Health advice regarding over award payments and ruling on how they are to be decreased e.g. immediately or longer term e.g. over three years
  - May be a widespread practice across the jurisdiction, which Ministry may or may not wish to tackle publicly, and may wish to rely on local health services managing it more locally
  - Implications for the new specialist if he starts on the award and existing specialists are receiving 25% above the award: he could claim disadvantage under industrial law.
  - Implications for other specialties in the health service he would appear to be on over award payments, would have to employ all new consultant staff on Award arrangements, and put in place 'phase-in' arrangements for existing staff
  - Developing alternative ways to market the health service to potential applicants to recruit new applicants and retain the current consultants
  - Contracts offered above the level of delegated authority – implications under State Service / Public Service legislation; probity issues
  - Alternatives – use of an external contract? Have all entitlements under the Award been maximised?
  - Seek legal advice.