

**WEST AUSTRALIAN SLEEP DISORDERS RESEARCH INSTITUTE
(Inc.)**

Annual Report 2006/2007

I am pleased to present the Annual Report of the West Australian Sleep Disorders Research Institute (the "Institute") for the financial year 2006/7, the seventh year of its operation.

The last year has, again, been challenging. Our clinical program has further expanded to meet the strong demand for diagnosis and management of sleep disorders, driven by a growing realisation by the community and its medical practitioners of the widespread impact of sleep disorders on health, productivity and safety. The concept of joint doctor/technologist staffed clinics for equipment trials and long-term follow-up has been consolidated and expanded and continues to be successful. It has allowed us to maintain a high level of service to patients despite the other pressures on us (see below). Our teaching program has continued successfully with undergraduate teaching of first year medical and dental students, fifth year medical students undertaking elective terms, trainees in respiratory medicine, advanced trainees in sleep medicine, nurses, technologists and overseas visitors. Our research program continues to compete successfully for funding at national level, and we maintain a high output of publications in high impact peer-reviewed journals and a strong presence at national and international scientific meetings both through presentation of original work and invited lectures. Our sleep epidemiology group has expanded its activities with organization of our clinical database proceeding apace and successful recruitment of a high proportion of new patients for genetic epidemiology studies. Close working relationships continue with the Department of Engineering at the University of Western Australia and the genetic epidemiology group at the West Australian Institute for Medical Research.

Finances

The major negative this year has, again, been our finances. The financial report is attached and demonstrates a net operating loss of \$157,802. The reality is that the income base of our clinical program is too restricted to support the services that our patients need. This is a result of the fact that our income is largely based on fees raised for sleep studies and consultations which never exceed the "schedule fee" and in a high proportion of cases are reimbursed at less than this (the rebate rate) because of our patients' financial disadvantage. Unfortunately the scheduled fee itself is only incremented by a cost-of-living adjustment (approximately 3% per annum) while our costs are largely labour costs which grow at 5% per annum. As a result, inexorably, costs have now overtaken income, despite efficiency gains. The problems are further compounded by a small but significant bad debt which relates to our longstanding practice of issuing accounts, rather than direct billing.

To address the direct billing problem, we have made representations to the supplier of our business software to add a direct billing facility for over a year. While this has been promised, to date this is still not available. In terms of the broader problem of

inadequate financing, we have had ongoing discussions with senior Hospital management regarding ways of addressing this. They have been supportive, although parsimonious, and over the last year have increased their subsidy to the service to compensate for services delivered to financially-disadvantaged patients. They are now paying the salary of the component of time one of our senior sessional consultants spends on inpatient services and services to the Department of Pulmonary Physiology, an expense which was previously met by WASDRI.

We envisage further changes in our relationship with the Hospital and health system and have suggested that the Hospital takes responsibility for the clinical work of the Institute, including underwriting it for the proportion of its costs that are unable to be met by Medicare-based income.

Consistent with this approach, Institute staff have participated, with other West Australian sleep physicians, in preparation of a model of care for sleep disorders to be applied across the State. This model has been prepared under the auspices of the Respiratory Health Network of the West Australian Department of Health. This will provide a road map for future development of services both at Sir Charles Gairdner Hospital and beyond. It envisages tertiary centres at Sir Charles Gairdner Hospital and Royal Perth Hospital/Fiona Stanley Hospital with secondary centres in metropolitan Perth and centres and/or visiting services in the major rural towns of Western Australia. In the latter regard, planned has be informed by experience we have gained in running a successful pilot program in Albany, Western Australia. The model provides clear guidance to the State as to its responsibilities in providing sleep medicine services – responsibilities that are only partially being met at present.

Clearly these matters must be resolved over the coming year. The viability of WASDRI depends on this. Unimpeded by this burdensome financial responsibility it will continue in its role as a national centre of excellence in clinical care, teaching and research in sleep disorders medicine.

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Director