

NATIONAL HEALTH REFORM

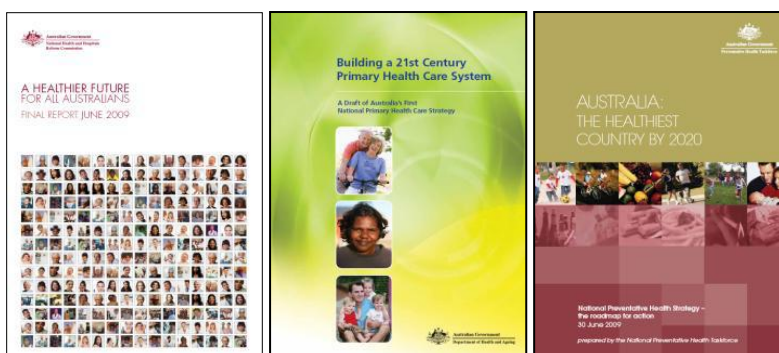
A Background Paper prepared for the South Australia Divisions Network

current as at 21 April 2010

Background

When the Rudd Labor Government took office in late 2007 one of its major policy platforms was to reform the Australian health system. The government commissioned three major reviews into the Australian health system and, following the completion of these reviews, released three strategic documents in 2009:

- The report of the National Health and Hospitals Reform Commission:
A Healthier Future for all Australians
- A draft of Australia's First National Primary Health Care Strategy:
Building a 21st Century Primary Health Care System
- A National Preventative Health Strategy: *Australia: The Healthiest Country by 2020*



A brief overview of each of these strategic documents is included at Attachment 1.

Key Announcements to Date

The Australian Government must now deliver on these two years of reviews and the Prime Minister has recently made a number of announcements relating to the Government's plan to reform Australia's health system. These include:

Key Dates	Announcement / Key Activity
3 March	Establishment of a National Health and Hospitals Network
15 March	Funding for additional GP and specialist training places
31 March	Alternate payments for GPs to improve the health outcomes of voluntarily enrolled diabetes patients
12 April	Increased services in aged care
12 April	The establishment of primary health care organisations (PHCOs)

Further announcements are likely in the 11 May Federal Budget about practice nurses, e-health, prevention, and mental health as well as funding for the transition of Divisions to primary health care organisations.

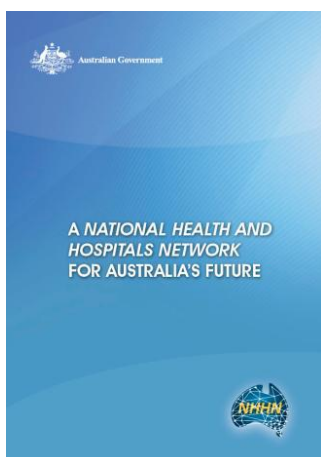
Outcomes of COAG Meeting 19-20 April

Health reform was the major topic of discussion at the Council of the Australian Governments" (COAG) meeting on 19-20 April. At the COAG meeting the Prime Minister secured a deal with all states, except Western Australia, to become the dominant funder of Australian hospitals. COAG also agreed, with the exception of Western Australia, that *"the Commonwealth will have full funding and policy responsibility for GP and primary health care, as defined in the National Health and Hospitals Network Agreement, including community health centres, primary mental health care, immunisation, and cancer screening programs"* and that *"The Commonwealth will build on its responsibility for general practice and primary health care with the introduction of primary health care organisations. These bodies will be responsible for improving integration of services and reducing access gaps so that their local community can access care that meets local needs."*

The full Communiqué is available at: http://www.coag.gov.au/coag_meeting_outcomes/2010-04-19/docs/Communique_20_April_2010.pdf

The key aspects of each of these announcements together with the implications for general practice and the Divisions of General Practice are outlined below. Further updates about the progress with national health reforms will be provided as the plans and agreements unfold.

A National Health and Hospitals Network



On 3 March 2010, the Prime Minister announced *A National Health and Hospitals Network (NHHN) for Australia's Future* as the first stage of the Federal Government's National Health Reform Plan.

This is the Government's first major policy announcement in response to the three major health reviews referred to above. This policy is significant because it represents major reform, not only health and hospitals, but also the economy and Commonwealth/State relations.

The NHHN provides a platform for reform of governance and financing on which other reforms can be built.

The full policy document is available at: <http://www.yourhealth.gov.au/internet/yourhealth/publishing.nsf/Content/home>

Key features of the NHHN reforms are as follows:

One national health system: "funded nationally, run locally"

- The NHHN creates a single national network of hospitals – comprised of Local Hospital Networks (LHNs), rather than eight separate State and Territory systems.
- The Australian Government will be the dominant funder of public hospitals, and pay for 60 per cent of all efficient public in-hospital costs by 1 July 2011.
- An Independent Hospital Pricing Authority will set the national efficient price for the Commonwealth's contribution.
- From 1 July 2011 an agreed amount of GST revenue will be retained and allocated by the Commonwealth to health and hospital services. This is intended to make more money available to meet rising health costs.

100% funding and policy responsibility for Primary Health Care

- The Australian Government will take full funding responsibility for GP and primary health care including community health care centres, primary mental health care, immunisation and cancer screening programs.
- A stock take of services funded and delivered at state/territory government is currently underway to examine what services could be included.
- By 1 July 2012, the intention is that all Australian Government primary health care funding will flow via primary health care organisations with the exception of Medicare Benefits Schedule (MBS) and Pharmaceutical Benefits Scheme (PBS) payments which will not change.

Local Hospital Networks (LHNs)

- Local hospitals will work in local networks and will be paid for each service they provide – known as activity based or casemix funding. The Government has acknowledged that this funding approach will not sustain smaller rural hospitals and a block funding model will apply instead. Direct funding is expected to flow by 1 July 2012.
- State and Territory Governments will be responsible for the establishment of statutory LHNs and will be fully responsible for determining the configuration of LHNs in their jurisdictions under service agreements between themselves and LHNs.
- While the Australian Government will be the majority funder, States will retain responsibility for hospital performance (clinical, financial, etc).
- The Australian Government will introduce national standards to apply across the health system in key areas including: access to public hospital care, particularly emergency departments and elective surgery; access to local GPs and other health professionals; financial performance and efficiency; and safety and quality in the health system.

GP and Specialist Training Places

On 15 March 2010, the Prime Minister announced \$632 million to deliver an additional 5,500 new training places for general practitioners and medical specialists over the next ten years and an expansion of the Prevocational General Practice Placement Program. The funding is to be directed to:

- increasing the number of places available for medical graduates to train to become a general practitioner to 1,200 per year by 2014;
- increasing the current number of places available for medical graduates to undertake training to become specialist doctors in private, community and rural settings from 360 to 900 by 2014;
- increasing the number of places available for junior doctors to experience a career in general practice before they become a fully fledged doctor to 975 places a year by 2013.

For further details: <http://www.pm.gov.au/node/6571> and <http://www.pm.gov.au/node/6568>

Outcomes Payments for Enrolled Diabetes Patients

On 31 March 2010, the Prime Minister announced \$436 million to be provided to general practices to flexibly deliver a range of services to meet the needs of diabetic patients. Practices will be responsible for ensuring that voluntarily enrolled patients are able to access services from a wide range of health professionals and will be rewarded if their patients' health improves.

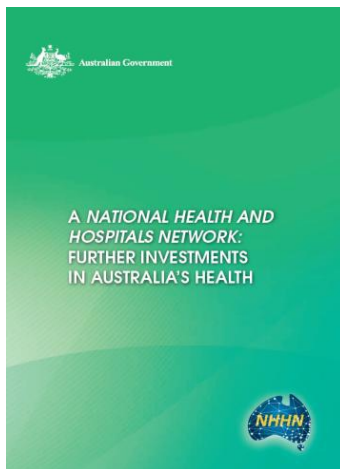
The Government will provide payments of around \$1,200 a year on average for every enrolled patient - to cover the costs of day to day GP care and additional services and payments of around \$10,800 a year for the average general practice, paid in part on the basis of performance in providing better care and improving health outcomes.

The Government expects that more than 4,300 general practices, covering around 60 per cent of all GPs, will sign-on to the program by 2012-13, its first year of operation and that approximately 260,000 patients with diabetes will be voluntarily enrolled in a personalised care program by 2013-14.

For further details: <http://www.pm.gov.au/node/6610>

Primary Health Care Organisations and Aged Care

On 12 April 2010, the Prime Minister released the second stage of the Government's health reform plan: *A National Health and Hospitals Network: further investments in Australia's health*.



This document outlines the intention of the Australian Government to establish primary health care organisations (PHCOs) to be built from the existing network of Divisions of General Practice. The announcement reports that the first PHCOs will be established by mid 2011 with funding arrangements to support their establishment to be included in the May 2010 Budget.

The Australian Government will also assume full responsibility for aged care in Australia. Significant funding was announced to increase the number of services in aged care across Australia including, around 5,000 new aged care places or beds, the expansion of the Aged Care Access Initiative and increased payments to GPs to provide services to aged care homes.

Also announced was the intention to provide PHCOs with a flexible funding pool to target gaps in primary health care for older Australians as well as a number of subsidies and additional payments to support the expansion of care packages and community support for aged care consumers.

For further details: <http://www.pm.gov.au/node/6658> and <http://www.pm.gov.au/node/6659>

The full policy document is available at: <http://www.yourhealth.gov.au/internet/yourhealth/publishing.nsf/Content/home>

Response from the Divisions Network

In South Australia, planning about the best way to respond to a potential announcement about PHCOs has been underway for some time. The members of the South Australia Divisions Network have determined that the overriding principle in this planning is to preserve the services that Division members value most, preserve the capacity for local level innovation but at the same time to position ourselves to capitalise on any opportunities that may emerge within the context of national reform.

While the Federal Government has not announced how many PHCOs it intends to establish, it has been made clear that fewer PHCOs are planned than there are currently Divisions of General Practice. There are currently 108 Divisions of General Practice, eight State Based Organisations and the national peak body in AGPN across Australia. It is anticipated that approximately 50 PHCOs will be established with boundaries developed based on communities of interest, logical links with other services, natural catchment areas and patient flows.

The Australian General Practice Network (AGPN) has produced *A Blueprint for improving the health and wellbeing of the Australian population – the role and function of Primary Health Care Organisations* in response to the three major reviews outlined above.

The Blueprint is available at:

http://www.agpn.com.au/_data/assets/pdf_file/0013/21451/20091127_pap_Australian-PHCOs-Blueprint-FINAL-Graphic-designed.pdf

The forerunner to the blueprint was a policy position statement, *Care That Puts People First*, which outlined three key pillars for a reformed primary health care system:

- comprehensive primary health delivery through general practice led multidisciplinary teams,
- reformed primary health care financing, and
- regionalised approach to planning, coordination and delivery through primary health care organisations.

The Policy Statement is available at:

http://www.agpn.com.au/_data/assets/pdf_file/0020/16274/20090402_pos_AGPN-PHC-Position-Statement-2009-FINAL---Graphic-Designed.pdf



Primary health care organisations (PHCOs) are introduced in both documents, and the NHHRC's report recommended that they evolve from, or replace, existing divisions of general practice (or General Practice Networks - GPNs). As highlighted above, this recommendation has now been agreed to by COAG.

PHCOs will have more expansive and strategic functions than existing Divisions. Accordingly, the Blueprint notes that leading reform of regional primary health care will require organisational and infrastructural development that takes time, and as agreed by members AGPN is currently developing a transition strategy for the transformation of GPNs to PHCOs, with a timescale from now until June 2012.

Key Implications for General Practice

While the details of many of the Australian Government proposals are yet to be released, it is clear that there is an increased emphasis on the delivery of care through multi-disciplinary primary care teams as well as planned reforms to better coordinate care for people with complex and chronic conditions. Workforce expansion, changing funding models and investment in greater access to general practice, allied health, nursing and after hours services are also strong themes in the reforms.

The Australian General Practice Network at a national, State and Division level has been working to ensure the centrality and needs of general practice are understood and that the reforms are planned in a way that takes account of this. With many of the reforms having fairly long lead times, there will be opportunities to influence how they are implemented.

A number of key general practice stakeholder bodies (AMA, the Australian General Practice Network, General Practice Registrars Australia, the RDAA and ACRRM) have formed an alliance known as United

General Practice Australia (UGPA). Where possible, UGPA is endeavouring to work jointly in influencing the health reform plan. Through a recent joint statement, UGPA expressed disappointment that the peak organisations were not consulted by the Australian Government prior to the announcement of proposed changes in arrangements for patients with diabetes. The group said that there is not enough detail in the current proposal to assess whether it can achieve the stated outcomes for patients with diabetes.

UGPA has also been advocating strongly for the need for additional infrastructure investment to support general practice.

Further updates about the progress with national health reforms will be provided as the plans and agreements unfold. These will also be available on Division websites as listed below.

Questions may be directed to:



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General Practice SA would like to acknowledge the work of General Practice Tasmania in preparing this information.

ATTACHMENT 1: A Brief Overview of Key Strategic Documents Released by the Australian Government

A Healthier future for all Australians and Building a 21st century primary health care system



This is the report of the National Health and Hospitals Reform Commission (NHHRC) – a national independent body established in 2008 to provide a blueprint for tackling future challenges in the Australian health system including:

- The rapidly increasing burden of chronic disease
- The ageing of the population
- Rising health costs, and
- Inefficiencies exacerbated by cost shifting and the blame game

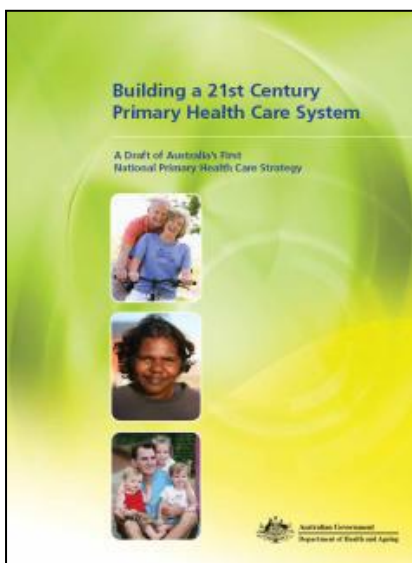
The Report contains a total of 123 recommendations under the broad themes of:

- Taking Responsibility
- Connecting Care
- Facing Inequities
- Driving Quality Performance

One of the key recommendations included in the NHHRC report calls for the Federal Government to take full policy and funding responsibility for primary health care as well as the creation of primary health care organisations to coordinate primary care service delivery and population health planning at a local level

The NHHRC report is available at: <http://www.yourhealth.gov.au/internet/yourhealth/publishing.nsf/Content/nhhrc-report-toc>

Building a 21st Century Primary Health Care System: A Draft of Australia's First National Primary Health Care Strategy



The draft Strategy identifies **five building blocks for reform:**

1. Regional Integration
2. Information and Technology including e-health
3. Skilled workforce
4. Infrastructure
5. Financing and System Performance

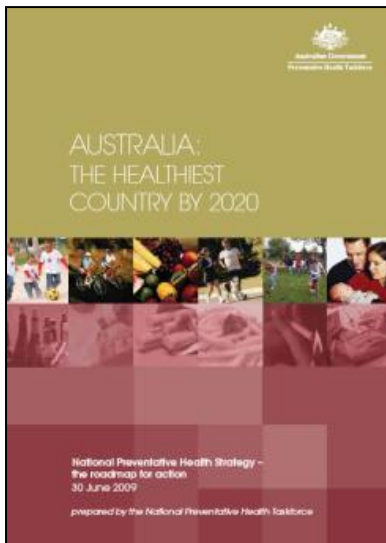
And **four key directions for change:**

1. Improving Access and Reducing Inequity
2. Better Management of Chronic Conditions
3. Increasing the Focus on Prevention
4. Improving Quality, Safety, Performance and Accountability

The draft Strategy incorporates a number of the National Health and Hospital Reform Commission's final report recommendations including the voluntary registration of eligible individuals with chronic conditions with a practice or provider and the adoption of an individual electronic health record.

The National Primary Health Care Strategy is available at: <http://www.yourhealth.gov.au/internet/yourhealth/publishing.nsf/Content/nphc-draft-report-toc 7>

Australia: The Healthiest Country by 2020 - National Preventative Health Strategy - the roadmap for action



The Federal Government established a Preventative Health Taskforce in 2008 to provide evidence-based advice to governments and health providers on preventative health programs and strategies, focusing on the burden of chronic disease caused by obesity, tobacco and the excessive consumption of alcohol.

During 2008-09 the Taskforce was responsible for providing advice to the Australian Government on the framework for the Preventative Health Partnerships between the Commonwealth and the State and Territories and to develop a National Preventative Health Strategy.

The Strategy is to be considered within the broader health reform agenda and in conjunction with the National Health and Hospitals Reform Commission's report, and the draft Primary Health Care Strategy.

The Strategy identifies seven strategic directions including the need to develop strategic partnerships at all levels; to act early and throughout life; to engage communities; to inform, enable and support people to make healthy choices; to influence markets and develop coherent policies; to reduce inequity through targeting disadvantage – especially low socioeconomic status population groups; to „Close the Gap“ in health outcomes for indigenous Australians; and to refocus primary healthcare towards prevention.

The Strategy makes recommendations in relation to obesity, tobacco, alcohol and infrastructure and sets a number of ambitious targets:

- Halt and reverse the rise in overweight and obesity
- Reduce the prevalence of daily smoking to 10% or less
- Reduce the proportion of Australians who drink at short-term risky/high-risk levels to 14%, and the proportion of Australians who drink at long-term risky/high-risk levels to 7%
- Contribute to the „Close the Gap“ target for Indigenous people, reducing the life expectancy gap between Indigenous and non-Indigenous people.

These targets have been aligned with similar targets set by the Council of Australian Governments (COAG) for the National Partnership on Preventive Health and the National Health Care Agreement.

The National Preventative Health Strategy is available at:

<http://www.yourhealth.gov.au/internet/yourhealth/publishing.nsf/Content/nphs-report-roadmap>