For immediate release

VHA resists federal pressure for networked hospitals

Federal Government pressure on Victoria to move towards larger, more centralised Local Hospital Networks (LHN’s) is unacceptable, according to the Victorian Healthcare Association (VHA).

The Heads of Agreement – National Health Reform agreed to in February states that: “LHNs, to be established by States, will be single or small groups of public hospitals with a geographic or functional connection that are large enough to operate efficiently and provide a range of hospital services, and small enough to enable the LHNs to be effectively managed to deliver high-quality services”. The first group of LHN’s will be operational on July 1, with the remainder commencing within a year.

Health Minister Nicola Roxon has given conditional support for Victoria’s model of devolved governance for LHN’s, providing they are reviewed within two years of becoming operational with a view to becoming “greater networked hospitals”.

VHA Chief Executive Trevor Carr said the Minister’s position, declared at the eleventh hour, was unacceptable.

“Victoria already has a fully devolved model of health system governance that is unique within Australia. Here, local boards govern each hospital, community health service and aged care facility across our state.

“There is no evidence to support that networked area-based models are more effective than Victoria’s devolved model, and consequently, the benefits of existing local decision-making is in jeopardy” Mr Carr said.

“During the work of the National Health and Hospital Reform Commission, many independent commentators hailed the design of Victoria’s public healthcare system as being at the forefront of systems design across Australia.

“A key feature of this design is our devolved governance system compared with the centralised, bureaucratically-led systems in all other states and territories. As a result, it had been agreed that the governance and catchments of Victoria’s public hospitals will not change as they already meet the requirements of this reform.

“Yet now, in the interests of serving an untested conviction of the Federal Government, this may be at risk within a few years.”

Mr Carr said the suggested federal model would be a significant loss for rural Victorian communities who are actively engaged with their local health service through a local healthcare board.

“Without a local voice, communities are at risk of service loss, reduced consumer involvement and decision making that may not reflect local needs, simply because of a belief in Canberra that they can do it better.”

Mr Carr said the federal model for greater networked hospitals could also cause unnecessary upheaval amongst Victoria’s metropolitan health services, particularly in geographical zones where a number of larger providers coexist - for example, Peter MacCallum Cancer Institute and
MEDIA RELEASE

Melbourne Health; Northern Health and Austin Health; Dental Health Services Victoria and the Eye and Ear Hospital.

“Intuitively, the closer you are to the management of risk within an organisation, the more you are able to stop that risk becoming a catastrophe,” he said.

“Could the Bundaberg crisis occur in Victoria? Possibly, but under our devolved governance model the likelihood is significantly reduced because of the responsibility this model places on the serving board directors.

“I am increasingly concerned that the Federal Government - while claiming to support the notion of the states as health system designers and managers - are in fact seeking to impose a one-size-fits-all approach to healthcare.”

Mr Carr said an alternative would be for the Federal Government to set minimum standards and allow the states, as system designers, to determine the extent to which they exceed these standards.

Under this approach, Victoria would ‘exceed’ the minimum standard for local governance, while other jurisdictions choosing the area-based networked approach would simply ‘meet’ the standard.

“Minister Roxon has been dogmatic on a number of matters in relation to her ‘grand design’ for healthcare,” Mr Carr said.

The VHA believes any efforts to reform the health system should not disadvantage Victoria. The VHA is the peak body representing the public healthcare system in Victoria. Its members include public hospitals, rural and regional health services, aged care facilities and community health services.

For further information and interviews contact:
Trevor Carr
CEO
Victorian Healthcare Association
(03) 9094 7777 or 0409 362 382