

National Health Reform

Annual Community Health Forum VHA+ACHSM - Ballarat

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Key Messages – Realignment of Victorian Health System

health

- COAG (except WA) agreed on April 20th to the creation of a National Health and Hospitals Network. Most specifically the reforms create a national institutional framework for the health system across hospital sector and primary care sector.
- Despite Victoria's system of governance and funding being the basis of the national blueprint, there is still a significant amount of change involved. The most significant changes include: funding levels, national pricing, creation of PHCOs, eHealth records/identifiers, performance regime including measures/targets.
- Areas of no-change include HACCC, rural hospital governance/funding. Areas not-agreed (yet) include Aged Care Assessment Program; role/operations of Medicare Locals; details for pricing approach, next set of primary care services for possible realignment.
- The Victorian Department of Health approach to these matters is “lets get on with it, work out the details and lets deliver better outcomes for patients”.

National Health Reform

Key components of the Strategy

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- Creation of a national institutional framework for the health system across hospital sector and primary care sector.
- Substantial additional Commonwealth funding for public hospital services - over \$18 billion over a decade.
- Challenging new hospital performance targets (wait times - ED, Elective).
- Creation of Medicare Locals to plan for local areas and co-ordinate service delivery.
- First steps in new Chronic Care arrangements for Diabetes patients, with enrolment and capitation payments to GPs.
- New emphasis on building hospital capacity (subacute >1200 beds).
- First steps in personalised eHealth records.
- New emphasis on workforce development - planning, national accreditation and registration.
- Commonwealth to fund 60% of growth with contribution from hypothecated GST.

National Institutional Framework Public Hospital and Primary Care Sectors

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- National Independent Hospital Pricing Authority (IHPA) ***
- National Performance Authority (NPA) ***
- Australian Health Care Safety & Quality Commission (AHCSQC) ***
- Australian Health Professional Registration Agency (AHPRA)
- Health Workforce Australia (HWA)
- Australian National Preventive Health Agency ***
- National eHealth Transition Authority (NeHTA)
- Joint Inter-Government (Funding) Authorities (JIA) ***
- Local Hospital Networks
- Medicare Locals

*** Not yet legislated

The New Framework & Priorities

Impacts for Victorian Health System

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- Increased funding against priorities in EDs, elective surgery and increasing sub-acute capacity (\$900m in next 4 years + \$3.8 billion in following 6 years).
- Creation of PHCOs (Primary Health Care Organisations) aka Medicare Locals; approx 15-20 across Victoria with similar catchment areas to the localised LHNs (Local Hospital Networks).
- Creation of LHNs that include state-based networks (e.g. RCH, Eye+Ear, Peter Mac etc) and locally-focused hospital networks (e.g. 8 metro plus 8-20 regional/rural – separate from 44 small rural hospitals).
- Creation of a national performance regime including targets for ED and Elective; and hospital-level reports on infections, adverse events.
- Transfer of funding and policy responsibility to the Commonwealth for some ‘primary care-type services’ e.g. some community health centre services, ‘primary’ mental health, early intervention hospital diversion programs, cancer screening.
- National Efficient Pricing – inpatient and non-admitted – set by IHPA effectively on an annual basis.
- Increased Commonwealth funding – up to 60% of the efficient price – from sources including up to 30% of the State’s GST allocation.

Realignment of Roles – State and Commonwealth Governments

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- **Funding** of the hospital system to switch from 60-40 State funded to 40-60 Commonwealth funded – including GST dedication.
- **Payments** to hospitals – ABF via Joint InterGovernment Authority (JIGA) direct to health services; other funding via State/Department of Health.
- Joint Commonwealth-State **planning** of selected GP and Primary Care services.
- **System management** of the hospital system remains with State – including service and capital planning, negotiation of service agreements and capital project management.
- A **Performance Regime** to be developed against national standards – to be shared between State and the new National Performance Authority.

Primary Care items agreed for transfer in 2011:

- Community Health Centre services
- Primary Mental Health
- Cancer Screening
- Immunisation (not yet in Victoria)
- HACC (not in Victoria)

Primary Care items for review and report back to COAG:

- Specialist mental health – 2011
- Maternal & child health services – end of 2010
- Community health promotion/population health programs – end 2010
- Drug and alcohol treatment services – end of 2010
- Community palliative care – end of 2010
- Potential consideration of immunisation (Victoria)

- National Performance Agency will be established from 1 July 2011 as an independent Commonwealth statutory authority.
- New Hospital Performance Reports and Healthy Communities Reports on the performance of every LHN, the hospitals within it, every private hospital and every PHCO.
- Reports will reflect new service and financial performance standards (drawing on NHS performance indicators where possible); new National Standards; and selected clinical quality and safety measures drawn from the quality and safety standards developed by the ACSQHC.
- Existing 70 Indicators to be further reviewed by Heads of Treasuries following reviews by the Review of Government Services/Productivity Commission and the COAG Reform Council.
- ED Target – 95% patients - 4 hour treatment/discharge – Category 1 from Jan 2011.
- Elective Target – 95% within clinically recommended timeframes – Categories 1 and 2 from December 2014.
- Other potential targets to be included in National Partnership arrangements to be determined.

Comments on Specific Stakeholder Issues/Concerns

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- Small rural hospitals – boards to remain, block-funding to remain.
- Denominational hospitals – no mandate to change board arrangement.
- Community Health Centres – funding agreements and payment arrangements to continue as is for time being (i.e. next 12 months).
- Alcohol and drug service delivery system – review to evaluate whether ‘full funding and policy’ responsibility to transfer to Commonwealth.
- Maternal and Child Health Centres – review to evaluate whether ‘full funding and policy’ responsibility to transfer to Commonwealth.
- Cancer Screening Agencies – details to be determined.
- Mental Health – agreement to not disrupt any service system.
- HACC providers e.g. local government and RDNS – no change contemplated.
- Primary care Partnerships – PCPs – to step back as PHCOs establish their roles.
- Employees generally – no obvious areas of near term change.

Implementation and Ongoing Stakeholder Engagement

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- Victoria has set out to be an active and engaged contributor to developing next-level details and implementation support.
- Four working groups established within DH to address specific COAG issues - PHCO/LHN Creation, Realignment of Service Delivery, ABF + National Efficient Pricing.
- Standing forums to be co-opted to include reform issues and create an ongoing dialogue e.g. PCPs, Hospital CFOs, Chairs, HSPIC.
- DH regional road shows during July-August.
- Ad hoc DH contributions to special reform forums e.g. AGPN, VHA, AMA, AHHA, etc.