Australian Government
Department of Health

Frequently Asked Questions on the Establishment of Primary Health Networks

These Frequently Asked Questions have been developed to provide information regarding the establishment of Primary Health Networks. Please note that this document should not be relied upon to inform responses to the Approach to Market.

Contents

1 2014-15 Budget announcements

1.1 Why has a decision to establish Primary Health Networks been made?

The Government committed to a Review of Medicare Locals (the Review). The Review was undertaken by Professor John Horvath AO (former Commonwealth Chief Medical Officer) and was provided to Government in March 2014.

The Review provided independent advice on all aspects of a Medicare Local's structure, operations and functions, as well as options for future directions.

The Review found that many patients were continuing to experience fragmented and disjointed health care that negatively impacted on health outcomes and increased health system costs. It also identified a genuine need for an organisation that could link up the parts of the health system to improve outcomes and productivity.

The Review recommended replacing Medicare Locals with a smaller number of Primary Health Organisations and not funding a national body.

The Government has determined that these new organisations will be called Primary Health Networks (PHNs).

1.2 Will the Review report be released to the public, and if so, where can I find a copy?

The report has been made public and is available at the Department of Health's website.

1.3 When will the Primary Health Networks become operational?

PHNs will become operational from 1 July 2015, with an establishment and transition-in period from early 2015. Australian Government funding will transfer from Medicare Locals to PHNs on 1 July 2015.

1.4 What will happen to staff and health professionals currently working at Medicare Locals?

Medicare Locals were established as independent companies limited by guarantee. As such, the business decision to continue or cease operations rests with each Medicare Local. It is expected that the new PHNs will provide opportunities for some staff currently employed by Medicare Locals.

1.5 What will happen in relation to Medicare Locals accreditation?

With the introduction of PHNs, Medicare Locals are no longer required to be accredited under the MLA Scheme.

1.6 What advice is available to Medicare Locals?

The Department of Health (the department) has established a Medicare Locals Network Support Team to work directly with the network to ensure appropriate support during 2014-15.

The Network Support Team will provide communications, with a focus on facilitating best practice sharing and service continuity planning in the lead up to the establishment of PHNs from 1 July 2015. The team can be contacted through the new ML support inbox.

1.7 What are the outcomes of the Review of after hours primary health care services?

Consistent with the recommendations of the Medicare Locals Review, the Government has undertaken a Review of after hours primary health care services (the Review) led by Professor Claire Jackson. The Review focussed on existing after hours primary health care arrangements, including the *After Hours GP helpline* and services that are currently funded and supported by Medicare Locals. The Review has now been completed and the Review report was provided to Government on 31 October 2014. The Government is currently considering the recommendations of the Review.

2 Continuity of services

2.1 What will happen to services currently directly delivered by Medicare Locals?

Medicare Locals will continue to receive Commonwealth funding until 30 June 2015. Service continuity is a priority in the establishment of PHNs and the department will work with Medicare Locals and PHNs to minimise disruption to services and patient care. It is expected that, where appropriate, existing Medicare Local frontline services will be transferred to the PHN purchasing environment.

2.2 Will the organisations currently funded by Medicare Locals receive ongoing funding via Primary Health Networks?

It is anticipated that an establishment and transition-in period for PHNs from early 2015 will support transfer of activities that meet community needs from Medicare Locals to the new PHN purchasing environment prior to 1 July 2015. It is expected that in the PHNs first year of operation, services currently funded by Medicare Locals that are in scope for transfer to PHNs will be managed through comparable funding agreements. PHNs will be required to ensure that any subcontracting arrangements are contestable.

3 Role and function of Primary Health Networks

3.1 What are Primary Health Networks?

PHNs are being established with the key objectives of:

- increasing the efficiency and effectiveness of medical services for patients, particularly those at risk of poor health outcomes; and
- improving coordination of care to ensure patients receive the right care in the right place at the right time.

PHNs will achieve these objectives by:

- understanding the health care needs of their PHN communities through analysis and planning. They will know what services are available and help to identify and address service gaps where needed, including in rural and remote areas, while getting value for money;
- providing practice support services so that GPs are better placed to provide care to patients subsidised through the Medicare Benefits Schedule (MBS) and Pharmaceutical Benefits Scheme (PBS), and help patients to avoid having to go to emergency departments or being admitted to hospital for conditions that can be effectively managed outside of hospitals;

- supporting general practices in attaining the highest standards in safety and quality through showcasing and disseminating research and evidence of best practice. This includes collecting and reporting data to support continuous improvement;
- assisting general practices in understanding and making meaningful use of eHealth systems, in order to streamline the flow of relevant patient information across the local health provider community; and
- working with other funders of services and purchasing or commissioning health and medical/clinical services for local groups most in need, including, for example, patients with complex chronic conditions or mental illness.

3.2 What is the difference between Primary Health Networks and Medicare Locals?

PHNs will be different from Medicare Locals in many ways:

- They will be outcomes focused to improve the efficiency and effectiveness of medical services delivered to individual patients and funded by the Commonwealth.
- They will provide more efficient corporate structures that reduce administrative cost to ensure funding goes to provide frontline services to benefit patients.
- They will create savings through economies of scale and greater purchasing power, have better planning capacity and increased authority to engage with Local Hospital Networks (LHNs) and jurisdictional governments.
- PHNs will have greater local GP involvement to ensure optimal patient care. GPs will lead Clinical Councils and have a direct say in the activities of PHNs.
- Clinical Councils and Community Advisory Committees will ensure local engagement and input into PHN decision-making.
- PHNs will have greater flexibility to stimulate innovative public and private health care solutions by purchasing or commissioning health and medical/clinical services for local groups most in need and will better integrate health service sectors.

3.3 How will GPs be involved with Primary Health Networks?

GPs will be involved in PHNs through Clinical Councils. These Councils will be GP-led and provide a direct link between clinicians and the PHN Board to ensure effective decision making, particularly with reference to LHN relationships and developing clinical care pathways.

3.4 How will allied health professionals be involved with Primary Health Networks?

While the Review of Medicare Locals identifies the role of GPs as central, it also recognised the important role of allied health professionals in multi-disciplinary teams in the primary care system. It is expected that the Clinical Councils will consist of representatives of all relevant parts of the health system, including allied health.

3.5 How will Primary Health Networks work with Local Hospital Networks?

PHNs will be aligned to LHNs to facilitate collaborative working relationships with public and private hospitals to reduce duplication of effort, and increase their ability to purchase care for the communities they serve. PHNs will be expected to work with LHNs in population health planning.

3.6 Under what circumstances will PHNs deliver services?

In order to ensure continuity of service following the transition of Medicare Locals, PHNs may need to continue to deliver services in the first year of operation. In the second year of operation it is expected that PHNs will transition to a commissioning model, rather than be a provider of services. Where the PHN needs assessments identify that there is a lack of, or inequitable access to medical and healthcare services, PHNs must exhaust all possibilities for local service provision by an external provider prior to seeking the department's approval to directly provide services either as an interim or longer term arrangement. In these instances, the PHN must demonstrate to the department that the region is lacking appropriate services and the PHN has investigated alternative avenues for service delivery.

3.7 What role will preventive health activities play in Primary Health Networks?

PHNs will have a role in population health assessment to ensure patients can access the frontline services they require, which could include preventive health services if determined appropriate.

3.8 How can consumers be involved in Primary Health Network decision making?

PHNs will be required to establish Community Advisory Committees to ensure that PHN decisions are informed by the needs of the community.

3.9 How will the performance of Primary Health Networks be measured?

PHNs will operate under an outcome focused performance management contract with the department.

4 Boundaries and funding

4.1 How many Primary Health Networks will there be?

The former Minister for Health and Sport, the Hon Peter Dutton MP, approved a total of 30 PHNs, the boundaries for which were released on 15 October 2014.

4.2 How were the boundaries of the Primary Health Networks determined?

Boundaries of the PHNs align with LHNs, or clusters of LHNs. This will facilitate collaborative working relationships and reduce duplication of effort. In determining boundaries, a number of factors were considered, including population size, LHN alignment, state and territory borders, patient flows, stakeholder input and administrative efficiencies.

4.3 How can a suburb or town be located within a Primary Health Network boundary?

The PHN locator will allow the identification of a PHN by entering a street name, suburb/town or postcode and is available on the Department's website. The Australian Bureau of Statistics (ABS) has also provided a number of concordance files which are available for download on the department's website.

4.4 What funding will Primary Health Networks receive?

Funding for PHNs will be provided through four streams – operational funding, flexible funding, programme funding, and innovation and incentive funding. Further information on these streams is available in the PHN Programme Guidelines.

Indicative operational and flexible funding amounts are available as part of the Invitation to Apply (ITA) documentation for the establishment of PHNs.

5 Governance

5.1 What will be the role of the Clinical Councils and Community Advisory Committees?

PHNs will establish and maintain GP-led Clinical Councils that will report on clinical issues to influence PHN Board decisions on the unique needs of their respective communities, including in rural and remote areas. Community Advisory Committees will provide the community perspective to PHN Boards to ensure that decisions, investments, and innovations are patient centred, cost-effective, locally relevant and aligned to local care experiences and expectations.

5.2 Will PHNs need to establish a separate Clinical Council or Community Advisory Committee if the LHN in the region already has existing community or clinical engagement mechanisms?

PHNs will be expected to develop collaborative working relationships with LHNs and public and private hospitals to reduce duplication of effort and resources. The department has discussed existing community and clinical engagement structures with state and territory governments and intends to avoid duplication, where possible.

5.3 Will there be any restrictions on the membership of Clinical Councils and Community Advisory Committees?

While GP-led, it is expected that Clinical Councils will comprise other health professionals, including but not limited to nurses, allied and community health, Aboriginal health workers, specialists and hospital representatives. PHNs will be expected to ensure that Community Advisory Committee members have the necessary skills to participate in a committee environment and are representative of the PHN.

5.4 Will there be any restrictions on the membership of Primary Health Network Boards?

PHNs will be required to establish skills based Boards as recommended in the Review of Medicare Locals.

6 Approach to Market

6.1 What will the selection process for Primary Health Networks involve?

PHN operators will be selected through a transparent, competitive, open process.

6.2 Who can apply to become a Primary Health Network?

Applications are encouraged from a wide variety of entities including public and private organisations and state and territory governments.

6.3 When will the selection process for Primary Health Networks take place?

The ITA documentation for selection of PHNs was available between 29 November 2014 and 27 January 2015 on the Tenders and Grants section of the department's website - www.health.gov.au. Applications closed at 2:00pm (AEDT) on 27 January 2015. The assessment process for PHNs has commenced upon the closure of the ITA.

6.4 What will Primary Health Network operators be expected to demonstrate in the Approach to Market?

Applicants applying to be a PHN will be expected to address selection criteria in their applications.

6.5 Can I apply to operate more than one PHN?

Yes, applicants can apply to operate more than one PHN. However, a separate application must be submitted for each PHN. To be compliant, an application must identify the specific PHN that the application relates to. If an applicant intends to apply to operate more than one PHN, each application:

- must identify the PHN the application relates to;
- should identify any other PHN(s) the applicant has submitted separate applications for; and
- where relevant identify the effects on the proposed business model, any efficiencies, how relevant risks will be mitigated and any other relevant factors to be considered if the applicant is successful in respect of more than one PHN.

7 Contact

If you have a question that has not been addressed above, please contact the department via the PHN inbox and your question will be responded to as soon as is possible.