Establishment of Primary Health Networks (PHNs)

Summary
July 2014

The Alliance was represented at an information session for peak bodies hosted by Mark Booth, Head Primary & Mental Health Care Division, Department of Health, in Canberra on 7 July 2014.

Alliance staff prepared this summary for Council, based on the information provided by the Department, to inform its ongoing policy work on ensuring that new Primary Health Networks will work well in rural and remote areas.

Medicare Locals Review
- Review of Medicare Locals undertaken by Professor John Horvath AO
- Independent advice on all aspects of Medicare Locals
  - structure, operations, and future directions
- Around 270 submissions were received

The NRHA made a submission to the Review - available here.

Key Findings of the Review
- There is a genuine need for regional primary care organisation to link up parts of the health system and reduce fragmentation of services
- The role of general practice is paramount
- A clear vision and purpose is a critical success factor\(^1\)
- Important role in improving integration between multidisciplinary health professionals
- Larger size would increase leverage as facilitators and purchasers (not providers except where demonstrated market failure)

Horvath's Review is available here.

Review’s Recommendations
- Establish primary health networks (= PHNs) that involve clinicians and communities through Clinical Councils and Community Advisory Committees
- Emphasis on clinical outcomes and as system integrators
- Aligned with LHN boundaries\(^2\)

\(^1\)“...a few high performing Medicare Locals, a great many are not fulfilling their intended role.” (Horvath Review)
• Only providers where there is demonstrable market failure
• Performance tied to outcomes aligned with national priorities
• Specific review of existing after-hours care arrangements needed

2014-15 Budget announcement
• Government accepted all of the recommendations of the Review in the context of the 2014-15 Budget
• Announcements in the 2014-15 Budget include:
  o Cessation of Commonwealth funding to Medicare Locals on 30 June 2015
  o Commencement of Primary Health Network (PHN) operations on 1 July 2015
  o Cessation of Commonwealth funding to the Australian Medicare Local Alliance on 30 June 2014

Development of the Primary Health Networks
• The department is currently undertaking policy development work in relation to PHNs
• A series of meetings will be held across the country to inform PHN policy development
• Meetings will be held with (or have been held with):
  o Medicare Locals;
  o State and territory governments; and
  o peak health organisations.

Primary Health Networks
• Fewer, therefore more economies of scale
• There will be around 24-30 PHNs
• Boundaries will align with LHNs
• Clinically focused care integrators
  o Primary, community and secondary care
• Regional purchasers of services, not providers (except where there is market failure)
• Performance expectations to focus on health outcomes
• Aimed at improving efficiency to maximise investment in frontline services

2 A total of 136 Local Hospital Networks have been established across all States and Territories.
3 How ‘market failure’ will be determined remains unclear. In areas where there are no available providers (loosely termed, “areas of market failure”), there will be a needs-assessment process to determine whether Government will intervene as a provider.
4 “The rollout of eHealth across primary health care and other sectors and the use of population data in cooperation with LHNs and state health authorities in the long term, should provide more meaningful tools to measure health improvements and performance more generally. This would further benefit from developing a national primary health care data strategy that includes indicators of integration.” (Horvath Review)
Clinical Councils
- PHN Boards will be advised by, and accountable to, the clinicians in their local community through Clinical Councils
- GP-led
  - The Clinical Councils will form a direct link between clinicians and PHN Boards to underpin effective decision making
- Exact scope of the role will be determined following consultations and may vary according to local requirements

Community Advisory Committees
- Will report to the PHN Board and collaborate with Clinical Councils
- Ensure accountability and relevance of PHN activities to local communities
- Promote patient centred decision making and needs identification
- Representation to reflect the diversity and needs of the local population
- Alignment with Clinical Councils to be determined by PHNs, based on regional needs

PHN Establishment Indicative Timeline

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<tr>
<td>June/July 2014</td>
<td>Information sessions - State and Territory governments, Medicare Locals, peak bodies</td>
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<td>November 2014</td>
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<td>Invitation to apply to tender closes</td>
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<td>December 2014/January 2015</td>
<td>Assessment of tender applications</td>
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<td>February 2015</td>
<td>Tenderers notified of the outcome of their applications</td>
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<td>Quarter 2 2015</td>
<td>Transition period from Medicare Locals to PHNs</td>
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<tr>
<td>1 July 2015</td>
<td>PHNs commence full operations</td>
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**Further Information from the Department of Health**

- Access the “Establishment of PHNs – Frequently Asked Questions” document [here](#).
  - More information will be uploaded as it becomes available.
- Raise queries via email to: phn@health.gov.au
  - For queries specifically related to rural and remote aspects of the transition, please cc the NRHA at nrha@ruralhealth.org.au