

AGPN response to the development of the Regionally Tailored Primary Health Care Initiatives through Medicare Locals Fund

January 2012

1. Background and introduction

The Australian General Practice Network (AGPN) welcomes the opportunity to comment on the discussion paper for the development of the Regionally Tailored Primary Health Care Initiatives through Medicare Locals Fund. The Regionally Tailored Primary Health Care Initiatives Fund is one of 18 flexible funds that have, or are, being established by the Department of Health and Ageing (the Department) to consolidate 159 health and ageing programs. AGPN supports, in principle, the formation of these flexible funds. They offer the potential for greater efficiencies and reduced red-tape in program funding application and reporting requirements. They also offer the potential to foster innovation by offering greater scope in the initiatives that may be funded. The Regionally Tailored Primary Health Care Initiatives Fund (the Fund) consolidates funding for Medicare Local primary health care organisations (MLs) and the soon to be established Medicare Local National Body (MLNB.) It is intended to provide, over time, MLs with greater flexibility to respond to evolving priorities as identified by the ML in conjunction with their local communities, and by the Commonwealth.

AGPN strongly supports moves toward a funding scheme that enables MLs to be most effective in delivering for their local communities through greater flexibility to address identified local needs and priorities. While AGPN believes that the proposed Fund goes some way to achieving this and gives in principle support for a number of the Fund components, including its proposed objectives and priorities, AGPN also wishes to emphasise as critical the following key points:

1. The overall size of funding to MLs needs to be sufficient. Much of what is proposed in the Fund supports the establishment of ML infrastructure. This is essential, however alone it is not enough for MLs to fulfil on their potential as true meso-level primary health care organisations. Without this, MLs risk becoming Divisions by another name. This is not the intent of government who have continued to reiterate¹ that MLs will act as true meso-level primary health care organisations (PHCOs) which work in close partnerships and collaboration with their communities, health and other agencies to allocate regional budgets/commission necessary services to address in a timely and cost effective way identified health needs and priorities in their regions^{2 3}.

¹ Minister Roxon Address to AGPN Forum November 2011:

[http://www.health.gov.au/internet/ministers/publishing.nsf/Content/EB30D81CC6504C80CA25794C0001791D/\\$File/NRSP18112011.pdf](http://www.health.gov.au/internet/ministers/publishing.nsf/Content/EB30D81CC6504C80CA25794C0001791D/$File/NRSP18112011.pdf)

² Smith and Sibthorpe 2007: Divisions of general practice in Australia: how do they measure up in the international context? <http://www.anzhealthpolicy.com/content/4/1/15>

2. MLs must be provided with both infrastructure and specific health initiative implementation funding. Only when these aspects are combined will MLs have the chance of being funded to the point where they can have adequate flexibility over the use of their funds to address regional population health needs – as identified through MLs’ mandatory regional population health assessments and subsequent service plans. For this reason, AGPN strongly recommends that a component of all other primary health care related flexible funds should, as appropriate, be directed to MLs to implement locally the objectives of that fund. Such funds will enable MLs to provide the regional coordination and value-add that is an essential part of the function of primary health care organisations but that cannot be provided from within ML core funds alone.

In this way, the ML fund should stand apart from the other types of flexible funds. Unlike those funds, which generally operate on funding discrete deliverables, the ML fund is about funding both:

- an enabling platform from which true national-regional coordinated primary health care, tailored to local need and linked to broader health and social factors can occur
- specific outcomes in nationally and locally identified areas of health need

While some of this can be provided through the ML Fund, certain aspects must be funded through the other flexible funds.

3. A further key principle in the ML fund must be “no service dilution”. AGPN notes that a number of existing programs, such as the Rural Primary Health Services Program and the Aged Care Access Initiative, are being consolidated into the fund. Such programs can be vital in helping address inequity in health in different areas (such as through lack of access to MBS based services or affordability of services for different socio-demographic groups). Thus, while the Fund should allow flexibility it must ensure that existing vital services continue.
4. Whilst acknowledging the need to honour existing contractual commitments, AGPN also recommends that the integration of proposed ‘core’ and ‘non-core’ funding for MLs available through the fund be fast-tracked and that MLs with proven capability be given the necessary autonomy to direct this funding as best suited to realise their strategic objectives and enhance access to comprehensive and well-coordinated primary health care for their local communities.

A number of these points are detailed further below, as are other aspects of the proposed Fund outlined in the discussion paper.

³ [AGPN Primary Health Care Position Statement 2009: A scoping of the evidence \(Australian Primary Health Care Research Institute\)](#)

2. Fund objectives and priorities

AGPN notes support for the proposed objective for the fund to support MLs to “improve access to, and the coordination and integration of, primary health care in their local community.” We recognise this objective as applying to a comprehensive understanding of primary health care that includes prevention and health promotion activity. We further support the priorities for the fund as outlined in the discussion paper and acknowledge these as well-aligned to the strategic objectives for MLs and the MLNB. We are pleased to note the inclusion of fund priority six which is to provide “support for Medicare Locals to build their capacity over time to deliver on their strategic objectives.” This is a welcome acknowledgement of the need not only to fund MLs to realise their strategic objectives, but also to continually invest in building the capacity of MLs to perform most efficiently and effectively.

3. Fund scope

The discussion paper notes that the fund is intended to be broad in scope and flexible, with funding priorities able to be varied over time. AGPN supports the notion of a broad scope for funded activity. This is necessary to enable funding to support varying local solutions to varying local priorities.

We recognise that flexibility in funding priorities is key to ensuring responsiveness to new and emerging challenges and to driving innovation and activity to address national priority areas. We recommend that to the greatest extent possible, fund priorities remain directed toward enhancing access to comprehensive primary health care, including health promotion and prevention initiatives through the provision of local solutions to address local and regional priorities that have been identified by MLs in partnership with local communities.

4. Access to the fund

The discussion paper notes that MLs will be the primary beneficiaries of the fund, though other organisations may be funded to achieve the fund’s objective and priorities. Whilst acknowledging that it may, on occasion, be necessary to fund other organisations to support MLs and the MLNB to achieve their objectives, AGPN notes the risk to MLs achieving their objectives that lies in further diluting a limited funding pool and in funding activity that may not be sufficiently aligned and coordinated with the activities of the ML network. To help mitigate these risks, AGPN recommends that all of the Medicare Locals Fund flow to MLs/the MLNB and that local decisions are then made by MLs/the MLNB to commission services from other organisations according to local circumstances and capacity. This approach will better support MLs and/or the MLNB to realise their objectives. In instances where other services are commissioned by MLs/the MLNB, it also helps to ensure a more collaborative approach to working with the relevant ML or with the broader ML network.

4.1 Funding of establishment activities for the Medicare Local Network

The discussion paper notes that to support the effective establishment of the ML Network, funding will be allocated in 2011- 2012 and 2012-2103 to support specific infrastructure activities. AGPN recognises the need for the six infrastructure activities outlined on page 10 of the discussion paper (and also provided in Appendix A of this document) which include activities around an ML accreditation framework, online reporting system, ehealth support, support for the broader PHC sector, communication and capability development, as fundamental to the successful function and sustainability of MLs. AGPN has highlighted the need for such activity in previous communications with the Department and believe that funding for these activities will be critical to establishing a high performing ML Network. For example:

- To drive best practice, nationally-consistent ML-specific standards and an associated accreditation framework, must be established as part of a comprehensive performance development approach embedded in quality improvement principles
- Local change and adoption support will also be critical to ensure wide-spread implementation and uptake of Personally Controlled Electronic Health Records (PCEHRs) and other national ehealth initiatives across the primary care sector. MLs, with well-established relationships with local general practice and primary care services, and with responsibility to drive change management through primary care services to enhance the quality of primary health care, are ideally placed to provide local change management support.⁴
- Well-targeted communications with the broad range of ML stakeholders is key to building awareness and understanding of MLs and is a critical step in supporting effective engagement and partnership between MLs and their local communities and stakeholders. Communications activities will be most effective if they are operational at a national and local level. The MLNB in particular will have a key strategic role to play in this area and must be funded appropriately to carry out its requisite communications tasks. These include:
 - ongoing communications activities such as implementing and embedding the ML brand to ensure that the government health reforms have meaning, visibility and value to stakeholders and communities
 - joint communication activities with stakeholders. These will not only further embed messages about health reform but will help build confidence in MLs and other reform activities. They will also strengthen the growing partnerships and relationships with others across and within the primary health care sector that the MLNB will forge.

⁴ In 2011 AGPN commissioned an independent consulting firm, Direkt Consulting, to undertake an analysis of the change and adoption support required to enable sustainable national and sector-wide adoption of eHealth in Australia's primary health care sector, and the potential role of the Network in providing this support. This analysis highlighted the need for the local delivery of change and adoption support if eHealth initiatives are to be widely adopted and the potential for local primary health care organisations to be the vehicle of local change and adoption support.

- supporting aspects of local ML communication so that national reform activities and successes can be widely broadcast through being made relevant to local audiences.
- To provide the foundation for a systematic approach to improvement in MLs, a capability development strategy that includes a sophisticated framework to assess and support the further development of long term organisational capability amongst MLs and a range of targeted training and support initiatives to facilitate ML capability development in areas of common need, is required
- MLs' capacity to network, engage, and support, the broader primary health care sector is key to their success in realising better coordination and integration. Whilst MLs are already making significant forays into this work, a national approach to support networking of non-medical PHC professionals and effective engagement, including in governance structures, of these professionals with MLs is required. To be most effective this approach should include supporting the development of the governance and leadership capacity of non-medical PHC professionals and supporting provider networking and collaboration between non-medical PHC providers at the local level.

The establishment of such infrastructure is crucial and must be adequately funded to ensure its establishment is effective. To this end, AGPN welcomes the Commonwealth's recognition that these infrastructure establishment activities require funding that is additional to the proposed core funding for the ML Network.

AGPN recommends that these infrastructure establishment activities be operationalised as soon as possible, as providing this infrastructure early in the ML establishment phase will support the successful establishment of high-performing MLs with strong stakeholder engagement and buy-in.

AGPN also recommends that these important establishment support activities will, in the main, be most efficiently carried out by the MLNB in partnership with the ML national network, as they require both national coordination and leadership and locally-tailored implementation. To this end AGPN recommends that funds for these activities flow directly to the Network for this work so that it can be undertaken in the context of comprehensive knowledge and understanding of the network as well as the capacity to drive change and development through and across the network. Where there are clear reasons for this work to be conducted by other agencies, AGPN recommends that such work is undertaken in close collaboration with the Network.

5. Approaches to funding

AGPN notes from the discussion paper that the initial intent of the fund is to provide MLs with access to 'core' funding for key operational costs, and 'non-core' funding to support specific activities directed at meeting the fund priorities. The discussion paper suggests that over time 'core' and 'non-core' funding for MLs will be integrated and MLs will have the flexibility to determine how they will utilise these integrated funds to meet their strategic objectives.

The discussion paper notes that core-funding allocations will be calculated on the basis of a funding formula that takes into account local population profiles, including rurality, age demographics, Indigenous populations and socio-economic status. AGPN supports the calculation of core funding allocations that give due consideration to both population size and characteristics. We recommend that the foundations on which funding calculations are based are as transparent as possible, and are based on current, comprehensive data that is regularly updated, whilst guarding against significant and unexpected differences in funding allocations between funding cycles.

The discussion paper notes that other 'non-core' funding will also be available through the fund to MLs for "the delivery of a range of primary health care initiatives and services." AGPN believes that to most effectively support MLs to meet their strategic objectives and improve health care access and population health outcomes across their region, 'non-core' funding should largely be directed at supporting initiatives to address identified local priorities and that it should also retain flexibility of use and application for nationally relevant programs.

AGPN strongly supports the intent to integrate funding for MLs and to provide MLs with the greatest practicable degree of flexibility in determining how they direct their funding to meet objectives and address local priorities. It is only when sufficient flexibility in funding arrangements is provided that MLs will be able to realise their full potential to drive improvement in primary health care for local populations.

The funding scheme for 'non-core' activities outlined in the discussion paper appears to be one in which MLs can access grants to undertake specific activities. Presumably, as with other Commonwealth grant programs, grants would be short-term in nature. As described at the outset, this is not the most appropriate funding approach to support MLs to realise their strategic objectives as it does not enable them the necessary autonomy to realise these objectives most efficiently. AGPN recommends that instead, MLs have access to adequate pooled funds that can be used with suitable flexibility.

In particular, integrating the 'core' and 'non-core' funding provided to MLs and providing them with sufficient autonomy to determine how to direct this funding to realise their strategic objectives will enable them to be most effective in addressing local priorities and, as the discussion paper indicates, enable administrative and organisational efficiencies. AGPN recommends that MLs are supported to realise their full potential to deliver for their local communities through access to an integrated funding pool, rather than to grant funding, as soon as possible. This can be done in a way that offers security to the Commonwealth as funders by linking access to integrated funding to a ML capability assessment process coordinated through the MLNB.⁵ This would provide a

⁵ AGPN through the Commonwealth-funded National Transition Project has initiated development of a capability assessment framework to support the assessment and further development of ML organisational capability. As per previous communications between AGPN and the Department, and as articulated below, there is a need to support continual quality improvement amongst MLs through the further development of a sophisticated organisational capability framework. The discussion paper indicates the Department's intention to utilise the Fund to support capability development for MLs. AGPN believes that the establishment of a comprehensive capability framework should be the foundation of ML capability development activity, and, as suggested here, would also provide a mechanism through which to assess the readiness of MLs to access integrated 'core' and 'non-core' funding.

mechanism for ensuring that each ML has developed the capability to manage an integrated funding pool to effectively and efficiently address identified local need.

6. Medicare Local access to other Flexible Funds

The discussion paper notes that it is expected that MLs will remain eligible to apply for funding, as appropriate, through the other Flexible Funds that have been/are being, established, by the Department. AGPN advises that MLs are well placed to support the realisation of the objectives of many of the other Flexible Funds, including but not limited to, the Chronic Disease Prevention and Service Improvement Fund, the Aged Care Service Improvement and Healthy Ageing Grants Fund and the Health System Capacity Development Fund. As MLs continue to evolve and develop, their capacity to work in partnership with local stakeholders, to realise the objectives of additional Flexible Funds is expected to increase. AGPN strongly recommends that, to support MLs realise their full potential and fulfil their obligations as regional primary health care organisations with responsibility for their communities' health care needs, such funds should, where relevant to MLs/the MLNB's core business, flow directly to the ML Network. Decisions about the use of these funds can then be determined in consultation with regional communities, to best address local health needs.

Appendix A:

Infrastructure activities proposed for 'non-core' funding (11-12/12-13) from *The Fund*

1. The establishment of a new accreditation framework for Medicare Locals, including the development of accreditation standards that are specifically tailored to the unique role of Medicare Locals
2. The development of a new online reporting system for Medicare Locals
3. eHealth infrastructure support payments to Medicare Locals, to support the implementation and uptake of the Personally Controlled Electronic Health Record (PCEHR) and other new eHealth and tele-health initiatives, and to facilitate improved patient registers, data collection and reporting activities
4. Funding to Medicare Locals to assist in the extension of support services and activities beyond general practice, to the full range of primary health care organisations
5. Communication activities, appropriately targeted to a range of stakeholder groups, to promote improved understanding and awareness of the role of Medicare Locals, and to support stakeholder engagement with their local Medicare Local
6. Capability development, training and support – a range of activities to improve the capacity of Medicare Locals, and primary health care organisations in their communities, to participate in continuous quality improvement activities, population health and service planning, etc.