



Background Paper: Medicare Locals Health Needs Assessment and Planning

Introduction

The Commonwealth Government's investment in Medicare Locals will drive primary health care reform to improve population health outcomes and reduce inequalities. Pivotal to Medicare Locals achieving this is for each Medicare Local to understand the health needs of their population and to use this information to inform their planning and decision-making.

This document provides background information to Medicare Locals on health needs assessment and planning, outlines an interim approach for tranche 1 and tranche 2 Medicare Locals on completing their Needs Assessment Report, and provides details of how the health needs assessment and planning approach will be finalised.

Background

Nineteen Medicare Locals are up and running across the country and in January 2012 a second tranche of 18 Medicare Locals will commence their journey to becoming fully functional primary health care organisations. The national network of Medicare Locals will be in place by July 2012.

How Medicare Locals operate and function within their catchment area is guided by a range of parameters specified by the Department of Health and Ageing (the Department) in the Guidelines for the Establishment and Initial Operations of Medicare Locals, for example, the requirement for skills based boards. This recognises that each Medicare Local is operating in a unique environment and that to better integrate and coordinate primary health care services, fill service gaps, and make it easier for patients to navigate local health care systems will require local solutions.

To develop local solutions will require Medicare Locals to have an excellent understanding of their catchment area. One key aspect of this, as required by the Department, will involve Medicare Locals carrying out comprehensive and robust health needs assessment exercises and planning in response to these exercises. Medicare Locals will be responsible for determining which priorities to pursue from within their allocated funding and for influencing, through partnerships, the funding allocations and decisions of local funders and service providers e.g. Medicare Locals are expected to partner with Local Hospital Networks to influence primary health care activities delivered by the state through hospitals and community health facilities.

Ultimately, given constrained resources and competing uses (demands), Medicare Locals will be responsible for deciding where health improvements are potentially realised through their allocation decisions. This will be a critical role for Medicare Locals to perform and will represent both a significant opportunity and a challenge.

Interim approach to health needs assessment and planning

The Department has previously outlined (Appendix A) the requirement for Medicare Locals to undertake an assessment of their population's health needs and to use this information in their planning and priority setting activities.

At this time, the Department is not prescribing the approach for Medicare Locals health needs assessment and planning processes. Instead, the Department is opting for an interim approach to health needs assessment and planning that is aligned with Medicare Locals delivering a Needs Assessment Report by 18 May 2012. This interim approach (outlined later) serves to ensure Medicare Locals reflect on the specific characteristics and health care needs of their populations in determining which priority activities to pursue.

The three main reasons for this decision are as follows:

First, the Department recognises the time it is taking for Medicare Locals to establish their organisational structures and processes. It is essential that Medicare Locals focus their efforts on establishing themselves as sound and viable entities.

Second, the Department will establish a *Regionally Tailored Primary Health Care Initiatives through Medicare Locals Fund* (the Fund) through which Medicare Locals will receive a significant proportion of their funding. The operation of the Fund has not been finalised and it is essential for the Department to reflect on how Medicare Local health needs assessment and planning might integrate with the allocation of funding from the Fund to Medicare Locals.

Third, there are a myriad of other factors that have the potential to impact on health needs assessment and planning requirements, including: the timing of the establishment of Local Hospital Networks by states and territories; finalisation of the approach to national policy and state-wide planning for general practice and primary health care; and the role of the newly established Medicare Locals National Body.

What is health needs assessment?

Health needs refer to the broad environment of individual health and encompasses questions of deprivation and inequality related to the social determinants of health.¹ In health needs assessment it is essential that the *need for health care* is distinguished from the *need for health*. The latter concept provides for a measure of morbidity and deprivation within the population without specifying opportunities to improve health outcomes i.e. health issues are described without identifying health care services or other interventions available to address such issues. The need for health care on the other hand is based on the specific opportunities to improve health outcomes and in most instances is taken to refer to the capacity or ability to benefit from health care.

Further, there are important differences between need, demand and supply which have implications for health needs assessment, as follows:

- the need for health care reflects what people may benefit from;
- demand is what people want to use the health system for (or are willing to pay for); and
- supply is what is actually provided.

These differences are important given the tendency to focus on demand and supply as proxies for need – ultimately, Medicare Locals health needs assessment and planning can be conceived in terms of Medicare Locals identifying the catchment area capacity to benefit and influencing demand and supply factors.

The Department's expectations regarding health needs assessment and planning is thus for Medicare Locals to assess their population's health care needs and existing health care services, and identify locally effective and efficient services and strategies to improve health and reduce inequalities. In performing this undertaking, Medicare Locals are expected to engage with Local Hospital Networks, local service providers and organisations and local catchment populations.

Health needs assessment and planning lessons from overseas

Health needs assessment and planning activities have been performed in a number of other countries with varying degrees of success. However, in drawing comparisons with overseas examples it is important to reflect on differences in the context where health needs assessment and planning occurred. Lessons identified from comparable experiences in New Zealand, England, Scotland and Canada include:

1. The cross-sectoral nature of health – the ability to influence the health needs of a population does not always rest entirely within the health sector. The up-stream determinants of health, for example, education, employment and homelessness are outside the health sector and also play an important role. Therefore, the ability of the organisations to influence the health outcomes of their population was limited.

¹ Coster, G. Health Needs Assessment for New Zealand: Background paper and literature review.

2. Stakeholder perceptions – many countries found it challenging to balance multiple inputs and perspectives from stakeholders in the prioritisation process and were criticised for not representing public feedback in their health needs assessment. There were difficulties reaching and representing minority groups and overcoming cultural barriers.
3. Data and technical skills – the process of health needs assessment was difficult when specific data to inform decision making were missing. The specific skills required to perform a comprehensive health needs assessment were not always available to organisations which increased difficulties in completing the task.
4. Decision making – many countries were found to lack the authority needed to implement change. For example, they found it difficult to remove funding from existing services and re-direct this to newly identified priorities. Lessons from Canada recommended developing a framework that clearly identifies who has authority over processes, functions and the decision making process.

Medicare Locals conducting health needs assessment and planning

There are numerous approaches within the literature to health needs assessment and planning (Refer to Appendix B for a brief snapshot). Within the context of the Commonwealth Government's view on the Medicare Locals driving primary health care reform, Medicare Locals will need to be positioned to make informed decisions to enable providers to deliver improved health outcomes in an efficient and equitable manner. It is acknowledged that it will take Medicare Locals time to establish appropriate processes and capacity to perform this role. However, given increasing expectations that Medicare Locals will perform the role as system managers of local primary health care, it will be critical that Medicare Locals have a clear understanding of the role they will be expected to perform.

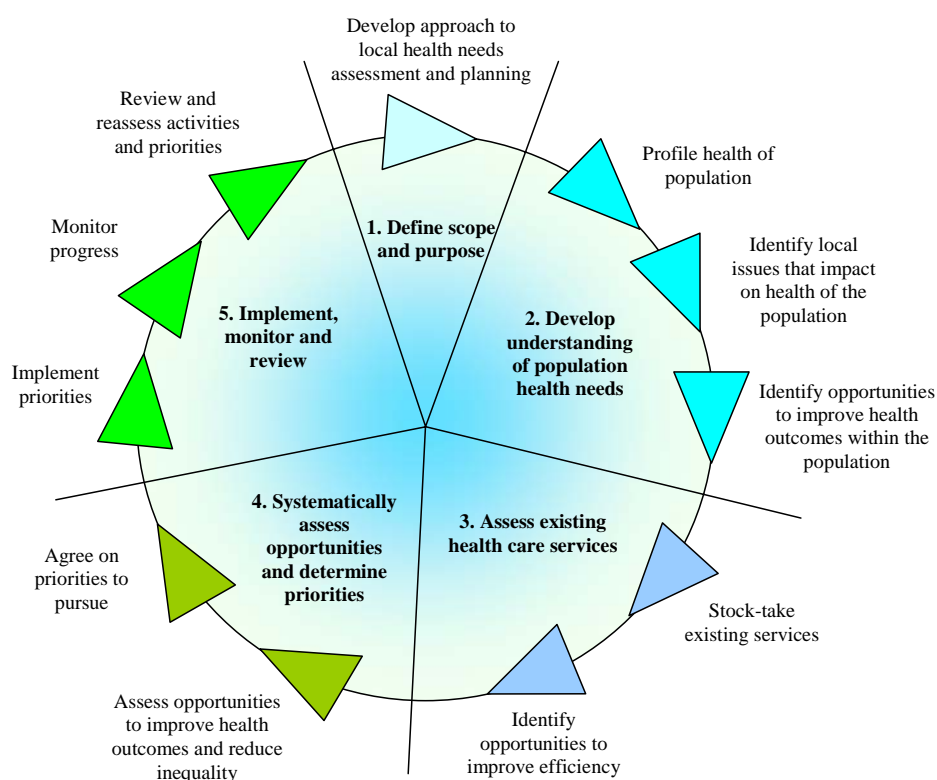
It is anticipated that health needs assessment and planning will involve Medicare Locals:

- clearly defining the scope and purpose of the local health needs assessment and planning process;
- developing a deep understanding of their population and identifying opportunities to improve their health;
- assessing existing health care services to determine what is working, what could be improved, and where resources could be used differently;
- systematically evaluating, through robust and transparent processes, competing opportunities to improve health and reduce inequalities within their population to determine their priorities and the priorities of the local primary health care system; and
- effectively implementing priorities, monitoring performance and reviewing their population and priorities.

Medicare Locals will need to establish processes that are: valid – to ensure decisions are appropriate and accountable; dynamic – to support the evolving nature of the role of Medicare Locals; and iterative – to accommodate ongoing review and changing local needs.

The following figure provides an overview of the anticipated health needs assessment and planning activities of Medicare Locals.

Figure: Overview of Medicare Locals health needs assessment and planning



Further information is provided below on each of the steps in the approach to health needs assessment and planning:

1. Clearly define the scope and purpose of the health needs assessment and planning process

Medicare Locals will need to develop a clear understanding of the scope and purpose of their approach to health needs assessment and planning. This includes:

- details of what is included and excluded in the process;
- how needs will be assessed and what criteria will be used to determine priorities; and
- how and when stakeholders will be consulted.

2. Develop a deep understanding of the Medicare Local population and identify opportunities to improve their health

Medicare Locals are expected to:

- profile the health of their population (describing the health problems of their populations) and their use of the health care system (identifying inequalities in access to services);
- identify local issues that impact on the health of their population, including issues relating to the determinants of health; and
- identify opportunities to improve health outcomes within their population.

Catchment area awareness is expected to evolve over time as the Medicare Locals become more involved and engaged with their local service systems and population.

Medicare Locals are expected to identify potential opportunities to improve the health of their population. Such improvements in health could be achieved through health care services or non-health activities or interventions, such as through the determinants of health.

Health needs assessment should focus on the need for health care (or other intervention) rather than the need for health (this includes need defined in terms of morbidity, deprivation or social-demographic measures). Assessing the need for health per se will not assist Medicare Locals to identify health care services/interventions to improve health outcomes and reduce inequalities. Assessing the need for health will assist Medicare Locals to understand the underlying health of their population but it does not identify the specific opportunities that Medicare Locals could pursue to improve population health outcomes. In contrast, the need for health care, often taken to refer to the capacity or ability to benefit from health care, provides Medicare Locals with information on specific opportunities where services/interventions will improve health outcomes. Capacity to benefit can be directly factored into Medicare Local decision-making processes to assist with identifying both the magnitude and distribution of health outcome improvements that could be pursued within the resources available. The concept of capacity to benefit can be expanded to include non-health interventions if Medicare Locals decide to adopt a broader perspective for improving their population's health.

The requirement is for a population based approach to health needs assessment and not an assessment of the specific health needs of individuals – identifying and responding to the health care needs of individual patients remains the responsibility of health practitioners.

Medicare Locals will need to draw on a range of incidence and prevalence data as part of their health needs assessment – pivotal to using these data will be to identify where people have an ability to benefit from particular services or interventions as opposed to simply identifying the number of people with a particular condition and using the size of a problem as the driver for identifying priorities.

Central to identifying the Medicare Locals population's ability to benefit is the determination of the effectiveness of opportunities to improve health outcomes. This will represent a challenge for Medicare Locals since the availability of relevant and reliable 'evidence' can be sparse. Improving the evidence base and interpreting it within a local context will be a collective challenge for Medicare Locals.

Medicare Locals should obtain community views on opportunities to improve health, particularly with respect to services that are not provided or where there are process gaps (for example, in service coordination and integration). Where relevant, Medicare Locals should focus on the specific health care needs of hard to reach populations.

It will be important for Medicare Locals to get the balance right between conducting their health needs assessment relative to other activities i.e. the health needs assessment must be specific enough to enable Medicare Locals to differentiate between the needs of different populations and interventions but should not be so overwhelming that it diverts Medicare Locals from their core activities or adds limited value to decision-making.

3. Assessing existing health care services to determine what is working, what could be improved, and where resources could be used differently

Medicare Locals will need to assess their existing local health care service systems to identify opportunities to improve efficiency. This includes identifying opportunities to improve how health care resources are used to produce health outcomes i.e. technical efficiency, and how these outcomes are distributed across the Medicare Local population i.e. allocative efficiency.

This will involve Medicare Locals conducting a stock take of their local health care service system, including identifying the health care services available, how much they cost, how they are utilised, how well they perform, and what outcomes they deliver.

Medicare Locals will need to work in partnership with local stakeholders, in particular Local Hospital Networks, to assess the scope to change funding allocations. It will be essential for Medicare Locals to demonstrate to their local partners the additional value that can be achieved through both improving technical and allocative efficiency, and specifically in terms of the positive flow-on effects of reduced hospital demand.

4. Systematically assess, through robust and transparent processes, competing opportunities to improve health and reduce inequalities – determine the priorities for Medicare Locals

Medicare Locals will be responsible for determining which priorities to pursue from within their allocated funding and for influencing the priorities and decisions of other local service providers and funders.

Through health needs assessment, Medicare Locals will have identified opportunities to improve the health of their populations. Further work will be required to assess cost effectiveness of meeting these health care needs since decisions on priorities should simultaneously take into account both costs and effectiveness. Medicare Locals should seek to apply evidence based primary health care decision-making. It is recognised that it will take time for Medicare Locals to develop the skills and evidence based to perform this effectively. A potential role for the Medicare Local National Body would be to provide guidance and advice in this regard and to lead the dissemination of evidence between Medicare Locals.

Through assessing existing services, Medicare Locals will have identified possible opportunities to improve the use of resources or where resources could potentially be reallocated between uses.

Medicare Locals will need to establish priority setting processes to inform how best to use their own funding and influence the resource use of others. This will involve Medicare Locals simultaneously considering a range of factors, including: costs and benefits; equity; feasibility; acceptability; community preferences; and Commonwealth and state government priorities.

It is essential that Medicare Locals priorities are determined through transparent processes that appropriately engage stakeholders. Ultimately, priorities should reflect the preferences and values of local communities.

5. Effective implementation of priorities, monitoring performance and review

Medicare Locals will be responsible for actioning their identified priorities and achieving value for money in their efforts to improve health outcomes and reduce inequalities. This will also involve Medicare Locals considering how and where services/interventions will be provided.

Medicare Locals will also need to set up appropriate performance indicators to monitor their activities and assess whether expected outcomes are being achieved.

Medicare Locals health needs assessment and planning should be an iterative activity. Medicare Locals are expected to review priorities, at a minimum, on an annual basis, but should also be prepared to respond to specific issues as they arise.

Current situation for Medicare Locals

Skills and capacity

To conduct a comprehensive health needs assessment, Medicare Locals will need to have access to people with advanced skills in statistical analysis, public health and economic evaluation, either by employing these people directly or by outsourcing these activities from time to time. They will also need to establish processes that are: robust – to ensure decisions are appropriate and accountable; dynamic – to support the evolving role of Medicare Locals and the changing environment in which they will operate; and iterative – to accommodate ongoing review and changing local needs.

The capacity of Medicare Locals to perform a comprehensive health needs assessment is likely to be variable and will improve over time as Medicare Locals establish appropriate processes and capacity to complete this activity, especially given the broad scope of Medicare Locals.

Historically, Divisions of General Practice have undertaken needs assessments for a number of their programs for both state and federal governments. However, these have been very limited in scope and in some cases have been conducted for much smaller catchment areas. Additionally, the Commonwealth has used the needs assessments in different ways in terms of performance management, policy development and planning activities and these would need to be standardised over time. While Divisions of General Practice have used various approaches to needs assessment, in general these approaches have been more likely to use the consultative method of needs assessment with little or no evidence of the use of research, data, epidemiology or explicit

prioritisation of the needs identified.² Regardless of these varied approaches, it is positive to note that existing skills may be utilised and built upon to enable more comprehensive needs assessment to be performed.

Data availability

Medicare Locals will have difficulty accessing adequate planning data due to the health data landscape being complex and difficult to navigate. In addition, permission to use data is limited by the agreements under which it was collected.

Other countries have shown that during the health needs assessment process, using data that has been collected by the central government administration ensures consistency and comparability of data between regions. In Australia, some data is available at the national level. For example, demographic information is collected by the Australian Bureau of Statistics via the national census every five years. Acute care data is collected by the state and territory governments and collated nationally by the Australian Institute of Health and Welfare annually. Information on the incidence and prevalence of some diseases and risk factors is available through national disease registers, national health surveys, and specific reports, including those produced by the Australian Institute of Health and Welfare (AIHW). However, in general, the use of these data can be limited by the sample size reducing the ability to extrapolate the information to the entire Australian population or disaggregate the information to a meaningful level such as Medicare Locals catchment areas.

Information related to primary health care treatment and service utilisation is generally restricted to Medicare Benefits Schedule data which shows the Medicare items claimed by patients when visiting a practitioner. Other reasons for why patients visit a GP have been captured in small surveys such as the Bettering the Evaluation And Care of Health (BEACH).

Many Divisions of General Practice have access to data that are collected at the regional level, for example through data cleansing processes, development of Practice Health Atlases, and involvement in the Australian Primary Care Collaboratives.

Interim approach for Medicare Locals – what will be required

In view of the issues discussed above, it will be prudent to adopt a measured approach to the conduct of health needs assessment and planning by Medicare Locals. Medicare Locals will therefore be required to implement an interim approach to health needs assessment and planning that ensures all Medicare Locals continue to develop their awareness of their local population. Through this approach Medicare Locals will be expected to use this information to inform their decision-making and priority setting in relation to where to focus their activities to address the health needs of their population from within the resources available to them. It is suggested that Medicare Locals should initially focus their efforts on identifying opportunities through primary health care services/interventions to improve health outcomes.

The interim approach to health needs assessment and planning requires Medicare Locals to:

1. Describe the approach they have used to identify the primary health care needs of their population:
 - Medicare Locals will be required to demonstrate they have progressed their understanding of the health care needs of their population.
 - Medicare Locals will be required to demonstrate working in partnership with a range of local stakeholders to identify and understand health care needs.

² Primary Health Care Research & Information Service (PHCRIS), 2011, Regionally-based needs assessment in Australian primary health care.

2. Provide an overview of the health care needs of their population:
 - Medicare Locals will be required to describe the health care needs of their population, describe the health service system – identifying what works well, what doesn't work well and what gaps exist.
 - Medicare Locals will be required to identify opportunities to improve the health outcomes of their population through primary health care services/interventions.
 - Medicare Locals will be required to assess the levers available to address identified primary health care health care needs.
3. Provide justification for priority activities to be pursued in 2012-13:
 - Medicare Locals will be required to describe the process they used to identify priorities for 2012-13.
 - Medicare Locals will be required to provide details of their priorities including: the reason for selecting the priority; a description of activities to deliver the priority; estimated costs; and, expected outcomes.

Medicare Locals are required to produce a Needs Assessment Report (based on the template provided) by 18 May 2012. This Report should complement and inform the Medicare Locals Annual Plan for 2012-13.

Finalising an agreed approach to health needs assessment and planning

Once all Medicare Locals have been established, a comprehensive national approach to health needs assessment and planning will be rolled out which builds on the experiences and outcomes of Medicare Locals.

The Department will undertake a range of development work over the coming months to develop a comprehensive approach to needs assessment and planning, including:

- establishing a steering committee with high performing and interested Medicare Locals and the Medicare Local National Body to inform the development of the health needs assessment and planning processes;
- engaging Medicare Locals to draw on their experiences and expertise; and
- putting in place a mechanism to design a comprehensive health needs assessment framework for Medicare Locals to implement in a consistent and systematic way.

The comprehensive approach to health needs assessment and planning will be finalised and disseminated to Medicare Locals by July 2012, for all Medicare Locals to implement.

Appendix A – Medicare Locals requirement for health needs assessment and planning

The Department has previously outlined the requirement for Medicare Locals to undertake an assessment of their population's health needs and to use this information in their planning and priority setting activities:

- Medicare Locals Strategic Objective 3 – 'Identification of the health needs of populations within local areas and the development of locally-focussed and responsive services' outlined the requirement for Medicare Locals to undertake population health needs assessment and planning.
- Schedule 3 of the Deed requires Medicare Locals to demonstrate "...local needs-based population health planning, including analysis of service gaps and identification of evidence-based strategies to improve health outcomes and the quality of service delivery in local area populations."

- Further, Schedule 3 states that Medicare Locals are “...expected to undertake local needs-based population health planning to input into the Participant’s own strategic planning and reporting and broader local health planning, including joint service planning with Local Hospital Networks and other appropriate organisations.”

Appendix B – Approaches to health needs assessment

Global approaches

This approach is also known as locality based needs assessment and uses epidemiological data to identify service gaps and inefficiencies. This approach has been favoured in New Zealand and follows an eight step process starting with the setting of objectives, through to prioritisation of the interventions.

Community based approaches

Community based needs assessment approaches rely significantly on public consultation and user involvement in determining priorities and needs. This approach is also characterised by engaging in large amounts of fieldwork and deriving largely qualitative data. Community based needs assessment has previously been a popular approach but evidence suggests it is time intensive and that many health authorities often perceive a loss of control of priorities through this process.

Epidemiologically based approaches

These approaches generally collect in-depth information regarding specific populations. Epidemiological approaches have a tendency to be disease focused and consist of six components commencing with a statement of the problem and context through to establishing a model of care and suggested recommendations. The depth of analysis in this approach can often mean that it is more time consuming as compared with other approaches.

Comparative approaches

Comparative approaches focus primarily on the services received in one area as compared to another. This approach is generally appropriate in the absence of data or information on disease prevalence or population numbers. Whilst caution has been advised with this approach, it may be useful when working with populations not adequately captured within data sources such as the Census, for instance Aboriginal and Torres Strait Islander people.

Corporate approaches

This approach relies predominately on the collection of perspectives from key stakeholders and informants. It has however, been criticised as it allows providers and vested interests to take over the priority setting process. However, it may be useful to understand how need is shaped by local circumstances.

Combined life source and logic model approaches

Whilst not typically considered as one the approaches to needs assessment, this approach focuses on the importance of particular events at different times in a person’s life and how these events contribute to chronic disease outcomes. This approach is informed by the development of a logic model that outlines the stages and influences which are informed by available research.