Medicare Locals:
Failed Experiment or Bold Reform?

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OCT 2014
Overview

PURPOSE:
• Reflect on the Medicare Local program and consider insights for the future of organised primary health care in Australia

STRUCTURE:
• Organised Primary Health Care: yesterday - today - tomorrow

INTENT
• Spirit of learning and continuous improvement
• No commentary on appropriateness (or otherwise) of changes in policy
The Journey to Medicare Locals...

National Vision for Primary Health Care

A strong, responsive and sustainable primary health system that improves health care for all Australians, especially those who currently experience inequitable health outcomes, by keeping people healthy, preventing illness, reducing the need for hospital services and improving management of chronic conditions

National Primary Health Care Strategic Framework (April 2013)
The objectives were based on the work done by the National Health and Hospital Reform Commission.

Reflected in the COAG National Health Reform Agreement, agreed by all governments.

The strategic objectives for Medicare Locals are:

- a. improving the patient journey through developing integrated and coordinated services;
- b. providing support to clinicians and service providers to improve patient care;
- c. identifying the health needs of their local areas and development of locally focused and responsive services;
- d. facilitating the implementation of primary health care initiatives and programs; and
- e. being efficient and accountable with strong governance and effective management.

Keep People Well and Out of Hospital
2012/13 Snapshot

• Frontline Services
  • Delivered over 1,000,000 occasions of care
  • 450,000 mental health services
  • 135,000 Closing the Gap services
  • 22,000 veterans enrolled in CVC program
  • 350 new After Hours services in communities

• LHN engagement and collaboration
  • Over 1,400 joint planning meetings
  • 460 LHN staff on ML boards/committees
  • 380 ML staff on LHN boards/committees
  • 90 joint staff appointments
  • Numerous joint programs implemented (eg: Health Pathways)

• Clinician Support
  • Supported 89% of General Practices in Australia
  • 60,000 practice visits
  • 4,700 professional development activities for GPs and other health professionals

• Community Engagement
  • 2,600 community engagement events
  • 1,400 community members/consumer representatives in planning and working groups
  • 61 regional scale Comprehensive Needs Assessments and Population Health Plans

• Governance
  • Health practitioners make up 50% of Board membership
  • GPs make up 33% Board membership
Today
ML Review

- A review of MLs to ensure funding is being spent as effectively and efficiently as possible

- Review conducted by Prof John Horvath AO

Review Key Findings

- Some Medicare Locals have achieved a great deal, however as a national network, they have failed to present a compelling argument to continue in their current form

- Genuine need for an organisation to link up parts of the health system to reduce fragmentation of services

- The role of general practice is paramount

- A clear vision and purpose is a critical success factor

- Improve integration between health professionals

- Increased leverage as facilitators and purchasers
ML Review Outcomes

• **Medicare Locals Review Recommendations**
  - Establish Primary Health Networks (PHNs) as regional primary health organisations
  - *PHNs will have well-defined roles, greater economies of scale, be GP led with clear processes for community and provider consultation, and will match the boundaries of the LHNs with which they will interact*
  - Fewer PHNs than MLs
  - Comprise Clinical Councils and Community Advisory Committees
  - Focus on clinical engagement/support and system integration
  - Only provide services where there is demonstrable ‘market failure’
  - Performance tied to outcomes aligned with national priorities

• **PHN Implementation**
  - Cessation of Commonwealth funding to Medicare Locals on 30 June 2015
  - Commencement of Primary Health Network (PHN) operations from 1 July 2015
  - PHNs Invitation To Apply (ITA) to be released in November 2014
MLs: the good, the bad and the ugly

**GOOD**
- Established ‘hard’ and ‘soft’ infrastructure for OPHC in Australia
- First ever nationally coordinated, regional scale CNAs and PHPs
- Primary Care/LHN coordination/integration planning and programs
- Filled service gaps and addressed market failures at local scale
- Supported GPs and other providers with professional development and safety/quality improvement

**BAD**
- Bilaterals with State Govts not executed
- Bureaucratic contracting/reporting burden and operational interference
- ML ‘accreditation’ unnecessary, onerous and detrimental
- Flexible fund inflexibility
- Removal of State Based Organisations from the system

**UGLY**
- Use of ‘Medicare’ in the name
- Lack of agreed performance framework and performance monitoring accountability
Tomorrow
Getting PHNs Right

• Public Value strategic framework (Moore 1995)

• Authorising Environment: Mandate to act and relationships to enable delivery

• Operational Capability: Resources available to execute (financial, governance, people, systems, data, technology, functional competencies, etc)

• Value: Clear objectives, aligned to needs/expectations and agreed measures of performance
Critical Success Factors

• **Authorising Environment**
  • Federal/State agreements in-place
  • Shared understanding of PHN role and responsibilities at regional/local scale and strong relationships with key stakeholders
  • LHN/PHN agreed roles, responsibilities and accountabilities
  • Agreed ‘rules’ and appropriate administration by Dept of Health

• **Operational Capability**
  • Adequately resourced
  • Appropriate governance arrangements
  • Functional capabilities aligned to objectives
  • Access to data and appropriate analytical capability

• **Public Value**
  • Clear and measurable objectives
  • Agreed performance evaluation framework (operations and outcomes)
  • Monitoring and accountability roles/responsibilities
  • Performance reporting informing continuous improvement
Summary
In Summary

• Health Care reform takes time and will continue to be a ‘work-in-progress’

• Organised Primary Health Care is seen as a solution to providing: better value for money; improving population health outcomes; responding to increasing chronic disease burden; addressing system fragmentation; and, improving service accessibility (the WHAT)

• Primary Health Care Organisations that are people/patient centric, place-based and locally connected, acknowledge General Practice as the cornerstone, and keep people well and out of hospital (the HOW)

• Good foundations for organised Primary Health Care laid by Medicare Locals – MLs’ lessons need to be learnt and their legacy built upon

• MLs are not a ‘failed experiment’ - MLs a valuable step in the reform journey
Thankyou

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