NCOSS Brief: Medicare Locals Review

May 2014

Introduction

This brief provides an overview of the Medicare Locals review report, NCOSS analysis of the recommendations, and the Government's response.

The Department of Health released the *Review of Medicare Locals – Final Report* by Professor Horvath on 12 May 2014. The report makes recommendations on Medicare Local's structure, operations and functions, as well as options for future directions.

Background

In late 2013, the Commonwealth Government appointed Professor John Horvath AO to conduct an independent review of Medicare Locals. The review was a pre-election commitment by the Coalition.

NCOSS submission to the review focused on their role in addressing health inequities and their engagement with the non-government community sector. The submission was informed by the results of the sector survey. See: Healthy Relationships? Survey report: Not-for-profit community sector's engagement with NSW Medicare Locals (September 2013).

Review report: summary

The key findings of the review are:

- Patient outcomes can be improved by an organisation to coordinate and integrate care
- General Practice is paramount and must have a central role within corporate governance
- Medicare Locals lack a clear sense of purpose, and AML Alliance is unnecessary
- Fewer, larger geographic organisations would increase effectiveness and efficiency
- Their role should be facilitators and purchasers of services, not direct providers unless there is market failure
- Financial performance can be improved through economies of scale and streamlined reporting requirements

The report makes ten recommendations:

1. The government should establish organisations tasked to integrate the care of patients across the entire health system in order to improve patient outcomes.
2. The government should consider calling these organisations Primary Health Organisations (PHOs).
3. The government should reinforce general practice as the cornerstone of integrated primary health care, to ensure patient care is optimal.
4. The principles for the establishment of PHOs should include:
    - contestable processes for their establishment;
    - strong skills based regional Boards, each advised by a number of Clinical Councils, responsible for developing and monitoring clinical care pathways, and Community Advisory Committees;

- flexibility of structure to reflect the differing characteristics of regions;
- engagement with jurisdictions to develop PHO structures most appropriate for each region;
- broad and meaningful engagement across the health system, including public, private, Indigenous, aged care and NGO sectors; and,
- clear performance expectations

5. PHOs must engage with established local and national clinical bodies.
6. Government should not fund a national alliance for PHOs.
7. The government should establish a limited number of high performing regional PHOs whose operational units, comprising pairs of Clinical Councils and Community Advisory Committees, are aligned to LHNs. These organisations would replace and enhance the role of Medicare Locals.
8. Government should review the current Medicare Locals' after hours programme to determine how it can be effectively administered. The government should also consider how PHOs, once they are fully established, would be best able to administer a range of additional Commonwealth funded programmes.
9. PHOs should only provide services where there is demonstrable market failure, significant economies of scale or absence of services.
10. PHO performance indicators should reflect outcomes that are aligned with national priorities and contribute to a broader primary health care data strategy.

NCOSS analysis

NCOSS welcomes a continued role for organisations dedicated to integrating patient care (*Rec 1*), but this needs to extend beyond the formal health system to the interface with community and social care. Better coordination between the sectors would facilitate more timely referrals, information exchange, and care pathways to support people live healthy and well in the community.

We do not support the establishment of a new network of organisations in place of Medicare Locals (*Rec 1*). Significant resources have been invested in establishing the Medicare Locals network. It would be more efficient to let them mature and address under-performers on a case-by-case basis, rather than undertake a wholesale reorganisation in an already change-fatigued sector.

NCOSS has concerns about placing a greater emphasis on GPs (*Rec 3*). A criticism of the former Divisions of General Practice was their narrow clinical focus and failure to engage with a broader range of primary care providers. In our submission, NCOSS argued Medicare Locals must work with the full range of providers across the spectrum of health and social support in order to effectively integrate services and improve community health and well-being. Reinforcing the centrality of general practice risks the PHO's will return to this more medical, siloed orientation.

We welcome the establishment of Community Advisory Committees and the principle for broad engagement including with NGO (*Rec 4*). NSW community sector organisations report mixed experiences engaging with Medicare Locals and engagement practices vary across regions. Formalised participation mechanisms will improve consistency and the opportunities for local communities' voice to be heard.

The critical issue is how the PHOs will engage with the community. Some community sector organisations reported tokenistic consultation by Medicare Locals and a lack of genuine engagement. A further issue is whether the Community Advisory Committees will be given equal standing with the Clinical Councils. Too often 'expert' professional opinion is preferenced and has more standing than community experience.

While NCOSS does not have a view on the effectiveness of the AML Alliance, we believe there is a need for a coordinating body at the national level and state level (*Rec 6*). A coordinating body can increase PHO's efficiency by reducing duplication and gaps amongst PHOs, and provide a point of engagement with other state-wide organisations and programs.

NCOSS strongly supports the recommendation that PHO's should not provide services directly unless there is clear market failure (*Rec 9*), as outlined in our submission. Medicare Locals' have a conflict of interest as both funder and provider of services. Competition with existing services is also an inefficient use of resources.

Government response

The Commonwealth Government outlined its support for the recommendations in the 2014 budget. From 1 July 2015, Medicare Locals will be replaced with a reduced number of 'Primary Health Networks' established through a competitive process.

They will establish Clinical Councils, with a significant GP presence, and local Consumer Advisory Committees that are aligned to Local Hospital Networks, to ensure primary health care and acute care sectors work together to improve patient care (*Budget Paper 2, Part 2: Expense Measures – Health*).

Council of Social Service of NSW (NCOSS)

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