



Australian Government

Department of Health

Frequently Asked Questions on the Establishment of Primary Health Networks

These Frequently Asked Questions have been developed to provide information regarding the establishment of Primary Health Networks. Please note that this document should not be relied upon to inform responses to the Approach to Market.

Contents

| | | |
|---|---|---|
| 1 | 2014-15 Budget announcements..... | 2 |
| 2 | Continuity of services..... | 3 |
| 3 | Role and function of Primary Health Networks..... | 3 |
| 4 | Boundaries and funding..... | 5 |
| 5 | Governance..... | 5 |
| 6 | Approach to Market..... | 6 |
| 7 | Contact..... | 6 |

1 2014-15 Budget announcements

1.1 Why has a decision to establish Primary Health Networks been made?

The Government committed to a Review of Medicare Locals (the Review). The Review was undertaken by Professor John Horvath AO (former Commonwealth Chief Medical Officer) and was provided to Government in March 2014.

The Review provided independent advice on all aspects of a Medicare Local's structure, operations and functions, as well as options for future directions.

The Review found that many patients were continuing to experience fragmented and disjointed health care that negatively impacted on health outcomes and increased health system costs. It also identified a genuine need for an organisation that could link up the parts of the health system to improve outcomes and productivity.

The Review recommended replacing Medicare Locals with a smaller number of Primary Health Organisations and not funding a national body.

The Government has determined that these new organisations will be called Primary Health Networks (PHNs).

1.2 Will the Review report be released to the public, and if so, where can I find a copy?

The report has been made public and is available at the [Department of Health's website](#).

1.3 When will the Primary Health Networks become operational?

PHNs will become operational from 1 July 2015, with an establishment and transition-in period from early 2015. Australian Government funding will transfer from Medicare Locals to PHNs on 1 July 2015.

1.4 What will happen to staff and health professionals currently working at Medicare Locals?

Medicare Locals were established as independent companies limited by guarantee. As such, the business decision to continue or cease operations rests with each Medicare Local. It is expected that the new PHNs will provide opportunities for some staff currently employed by Medicare Locals.

1.5 What will happen in relation to Medicare Locals accreditation?

With the introduction of PHNs, Medicare Locals are no longer required to be accredited under the MLA Scheme.

1.6 What advice is available to Medicare Locals?

The Department of Health (the department) has established a Medicare Locals Network Support Team to work directly with the network to ensure appropriate support during 2014-15.

The Network Support Team will provide communications, with a focus on facilitating best practice sharing and service continuity planning in the lead up to the establishment of PHNs from 1 July 2015. The team can be contacted through the new [ML support inbox](#).

1.7 How will the review of the delivery of after hours services be conducted?

A review of the delivery of after hours services was recommended in the Review of Medicare Locals. The Review will focus on existing after hours primary health care arrangements, including the after hours GP helpline and services that are currently funded and supported by Medicare Locals. The Review is being conducted by Professor Claire Jackson, a respected general practitioner, educator and researcher. The Review commenced on 19 August 2014, with recommendations expected to be made to Government by 31 October 2014. Consultations are being held with peak primary health care organisations.

2 Continuity of services

2.1 What will happen to services currently directly delivered by Medicare Locals?

Medicare Locals will continue to receive Commonwealth funding until 30 June 2015. Service continuity is a priority in the establishment of PHNs and the department will work with Medicare Locals and PHNs to minimise disruption to services and patient care. It would be expected that, where appropriate, existing Medicare Local frontline services would be transferred to the PHN purchasing environment.

2.2 Will the organisations currently funded by Medicare Locals receive ongoing funding via Primary Health Networks?

It is anticipated that an establishment and transition-in period for PHNs from early 2015 will support transfer of activities that meet community needs from Medicare Locals to the new PHN purchasing environment prior to 1 July 2015. PHNs will be required to ensure that any subcontracting arrangements are contestable.

3 Role and function of Primary Health Networks

3.1 What are Primary Health Networks?

PHNs are being established to improve the efficiency and effectiveness of medical services delivered to individual patients and funded by the Commonwealth.

PHNs will achieve this by working directly with general practitioners, other primary care providers, secondary care providers and hospitals to ensure improved outcomes for patients as a result of:

- more effective services provided for identified groups of patients at risk of poor outcomes; and
- better coordination of care across the local health system with patients requiring assistance from multiple providers receiving the right care in the right place at the right time.

3.2 What is the difference between Primary Health Networks and Medicare Locals?

PHNs will be different from Medicare Locals in many ways:

- They will be outcomes focused to improve the efficiency and effectiveness of medical services delivered to individual patients and funded by the Commonwealth.
- They will provide more efficient corporate structures that reduce administrative cost to ensure funding goes to provide frontline services to benefit patients.

- They will create savings through economies of scale and greater purchasing power, have better planning capacity and increased authority to engage with Local Hospital Networks (LHNs) and jurisdictional governments.
- PHNs will have greater local GP involvement to ensure optimal patient care. GPs will lead Clinical Councils and have a direct say in the activities of PHNs.
- Clinical Councils and Community Advisory Committees will ensure local engagement and patient-centred decision-making.
- PHNs will not be providers of health services. Instead, they will be regional purchasers of health services, and providers only in exceptional circumstances, with the flexibility to stimulate innovative public and private health care solutions to improve frontline services and better integrate health service sectors.

3.3 How will GPs be involved with Primary Health Networks?

GPs will be involved in PHNs through Clinical Councils. These Councils will be GP-led and provide a direct link between clinicians and the PHN Board to ensure effective decision making, particularly with reference to LHN relationships and developing clinical care pathways.

3.4 How will allied health professionals be involved with Primary Health Networks?

While the Review of Medicare Locals identifies the role of GPs as central, it also recognised the important role of allied health professionals in multi-disciplinary teams in the primary care system. It is expected that the Clinical Councils will consist of representatives of all relevant parts of the health system, including allied health.

3.5 How will Primary Health Networks work with Local Hospital Networks?

PHNs will be aligned to LHNs to facilitate collaborative working relationships with public and private hospitals to reduce duplication of effort, and increase their ability to purchase care for the communities they serve. PHNs will be expected to work with LHNs in population health planning.

3.6 What process will be used to determine 'market failure'?

A definition of 'market failure' is currently being considered as part of the policy development process. Further information will be provided in the Approach to Market documentation.

3.7 Will Primary Health Networks be service providers?

PHNs will operate as regional purchasers and commissioners of health services. PHNs will only provide services under exceptional circumstances, including where there is demonstrable market failure.

3.8 What role will preventive health activities play in Primary Health Networks?

PHNs will have a role in population health assessment to ensure patients can access the frontline services they require, which could include preventive health services if determined appropriate.

3.9 How can consumers be involved in Primary Health Network decision making?

PHNs will be required to establish Community Advisory Committees to ensure that PHN decisions are patient-centred and address the needs of the community.

3.10 How will the performance of Primary Health Networks be measured?

PHNs will operate under an outcome focused performance management contract with the department.

4 Boundaries and funding

4.1 How many Primary Health Networks will there be?

The Minister for Health, the Hon Peter Dutton MP, approved a total of 30 PHNs, the boundaries for which were released on 15 October 2014.

4.2 How were the boundaries of the Primary Health Networks determined?

Boundaries of the PHNs align with LHNs, or clusters of LHNs. This will facilitate collaborative working relationships and reduce duplication of effort. In determining boundaries, a number of factors were considered, including population size, LHN alignment, state and territory borders, patient flow, stakeholder input and administrative efficiencies.

4.3 How will the level of funding for Primary Health Networks be determined?

Funding for the PHNs is being considered as part of the PHN policy development process. It is expected that information on the level of funding for PHNs will be included in the Approach to Market documentation.

5 Governance

5.1 What will be the role of the Clinical Councils and Community Advisory Committees?

Clinical Councils and Community Advisory Committees will ensure local engagement and patient-centred decision-making and will report to the PHN Board. Specific roles will be considered as part of the PHN policy development process.

5.2 Will PHNs need to establish a separate Clinical Council or Community Advisory Committee if the LHN in the region already has existing community or clinical engagement mechanisms?

The department has discussed existing community and clinical engagement structures with state and territory governments and intends to avoid duplication, where possible.

5.3 Will there be any restrictions on the governance and membership of Clinical Councils and Community Advisory Committees?

The department is considering the structure and membership of Clinical Councils and Community Advisory Committees as part of the policy development process. Further information will be included in the Approach to Market documentation.

5.4 Will there be any restrictions on the membership of Primary Health Network Boards?

PHNs will be required to establish skills based Boards as recommended in the Review of Medicare Locals.

6 Approach to Market

6.1 What will the selection process for Primary Health Networks involve?

PHN operators will be selected through a transparent, competitive, open process.

6.2 Who can apply to become a Primary Health Network?

The Approach to Market will be open to public and private organisations.

6.3 When will the selection process for Primary Health Networks take place?

The selection process for PHNs is expected to commence in late 2014.

6.4 Will industry briefings take place following the release of the Approach to Market?

The department will conduct industry briefings shortly after the release of the Approach to Market.

6.5 How can I register to attend an industry briefing?

The department encourages health industry organisations to contact the [PHN inbox](#) to express interest in attending the industry briefings regarding the Approach to Market.

6.6 Will the department provide guidance or assist in the formation of partnerships for the Approach to Market?

The department is not in a position to advise on likely partners or assist in the formation of partnerships for the Approach to Market for PHN operators. The department is mindful of not providing a competitive advantage to any entity or sector in this process and will not enter into discussions with any party around partnership arrangements.

7 Contact

If you have a question that has not been addressed above, please contact the department via the [PHN inbox](#) and your question will be responded to as soon as is possible.