



A National Organisation for Medicare Locals: a blueprint

May 2011

Delivering local health solutions through general practice



AGPN represents a network of 111 general practice networks as well as eight state based entities. More than 90 percent of general practitioners (GPs) and an increasing number of practice nurses and allied health professionals are members of their local general practice network. The Network is involved in a wide range of activities focused on improving the health of the Australian community including health promotion, early intervention and prevention strategies, data and information management, health service development, chronic disease management, and workforce support and education.

AGPN aims to ensure Australians have access to an accessible, high quality health system by delivering local health solutions through general practice.

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Executive Summary

In announcing the establishment of Australian primary health care organisations (Medicare Locals), the Government has given them a mandate which includes a much broader scope of activity and primary health care than currently fulfilled by General Practice Networks (GPNs).

The establishment of the Medicare Locals is about shifting the balance towards primary health care and local decision making so that communities can reconnect with the health system and services. Medicare Locals will have responsibility for planning, health improvement, services and resources and will need to foster new partnerships and alliances to achieve this.

Building the necessary competencies, capacities and credibility across all spheres of the primary health care sector is a major industry development exercise that will require strong national, state/territory and local leadership and effective change management strategies. In this light, both the Government and GPNs have recognised that it will be essential for Medicare Locals to have ongoing support at a national level.

The chief value proposition of the National Organisation is, therefore, to contribute to and support a strong general practice and primary health care system and can be summarised as:

Enabling/creating conditions for:	Which leads to:
Nationally consistent business model standards	A high quality, high performing nationally consistent primary health care system with national standards and local flexibility and responsiveness
Nationally consistent approach to the measurement of performance	Reliable, evidence-based measurement of health outcomes
Nationally consistent service delivery	Quantifiable benefit to the national primary health care system and the community
A connected and integrated PHC sector	Comprehensiveness
Greater efficiency and effectiveness	Optimum value to funders and communities
Replicable successes & innovations	Accelerated, distributed improvements
Implementable health policy	Effective implementation
Medicare Local collegiality	Professional identity and positive culture

A National Organisation for Medicare Locals will strengthen the Government's ability to coordinate the delivery primary health care services, via Medicare Locals, in a consistent way across the country. In the same way that Medicare Locals will perform roles that go beyond the scope of the current GPNs, the National Organisation should also fulfil a number of functions that are over and above AGPN's current functions and that place greater emphasis on capacity building in areas of new functions and responsibilities.

In this context, the primary roles and functions of the National Organisation will be in:

- providing leadership and direction to Medicare Locals; and

- optimising the capacity and capability of Medicare Locals to fulfil their role as part of the Government's National Health Reform agenda.

The Australian Government would be the primary funder of the National Organisation. In addition to this core funding agreement, there would be value in the Government entering into another agreement, or compact, with the National Organisation which recognises its position as the preeminent national body in the primary health care system. Such an agreement would formalise the National Organisation's role within the primary health care system and would, ideally, ensure it was able to act as the Government's chief adviser on primary health care with a key role in the development and implementation of primary health care programs and initiatives.

The National Organisation should evolve from AGPN and be established as a not-for-profit industry-based company limited by guarantee with Medicare Locals as founding members. The National Organisation together with Medicare Locals would comprise the *Medicare Locals National Network*. This overarching structure reflects COAG's long-range intent that National Health Reform will deliver a nationally unified and locally controlled health system as well as COAG's acknowledgement of the Australian Government's lead role in delivering primary health care reform.

The COAG Agreement makes clear that the States/Territories will continue to play a significant role in the delivery of primary health care services. Governments have agreed to work together on system-wide policy and state-wide planning for GP and primary health care services. Therefore, it will be essential for the National Organisation to have a strong and credible state/territory-based presence in order to secure a significant role for Medicare Locals within and across regional health care delivery and to drive and deliver health reform objectives and integrated comprehensive primary health care.

The National Organisation should commence operations on or before 1 July 2012 to coincide with the final tranche of Medicare Locals.

The legal pathway will be via changes to AGPN's existing Constitution's objects to include Medicare Local primary health care organisations and the subsequent establishment of a new company limited by guarantee from or before 1 July 2012 to represent the full body of Medicare Locals.

Blueprint Overview

Definition	National Organisation means the organisation which carries out roles and functions on behalf of its funders and member Medicare Locals at national, state and territory levels.
Policy framework	<ul style="list-style-type: none"> • National Primary Health Care Strategy • COAG National Health and Hospitals Network Agreement and Heads of Agreement: National Health Reform • Relevant, complementary State/Territory policies developed under the COAG National Health Reform umbrella • Guidelines for the establishment and initial operation of Medicare Locals
Legal framework	The Medicare Local National Organisation should be a not-for-profit, industry-based company limited by guarantee under the <i>Corporations Act 2001</i> . In time, the role of the National Organisation and of primary health care organisations generally could be articulated in enabling legislation to give greater certainty to the ongoing role of the Medicare Locals Network. Reflecting the independent nature of proposed membership, the National Organisation should not be a statutory authority.
Proposed Objects	<p>The proposed object of the National Organisation is to promote the health and wellbeing of Australians, including by:</p> <ul style="list-style-type: none"> • strengthening the effectiveness, vitality, responsiveness and performance of the general practice and primary health care sector through support to primary health care organisations and advocacy and representation of primary health care organisations so as to improve the provision of health care to Australians and to promote the health and wellbeing of the Australian community; • providing national leadership in health system development and integration with a focus on improving equity of access, quality and safety and improving the patient journey through the health system; • facilitating the implementation of successful primary health care and preventive health initiatives and programs; • contributing to the development of national health policy in collaboration with primary health care organisations and in cooperation with other similar national organisations in the health and social care sectors; and • doing all such things as are incidental, convenient or conducive to the attainment of all or any of the above.
Roles and Functions	<p>In addition to the policy, advocacy and communications functions typically undertaken by peak national bodies, the National Organisation will focus on supporting Medicare Locals to deliver on their strategic objectives and to build capacity, capability and competence in new areas of activities over and above those currently done by GPNS.</p> <p>The roles and functions of the National Organisation are therefore two-fold:</p> <ol style="list-style-type: none"> 1. Leadership and direction on behalf of Medicare Locals and the primary health care system; and 2. Optimising capacity and capability of Medicare Locals.

Membership	<p>Medicare Locals would be full members of the National Organisation. A Members' Agreement could guide the relationship between the National Organisation and members.</p> <p>Associate membership could be open to organisations in the wider primary health care community.</p> <p>The membership status of GPNs and SBOs that continue to operate as independent entities requires further consideration and should be a matter for founding members – the Medicare Locals.</p>
Governance and structures	<p>The National Organisation's governance framework should include:</p> <ul style="list-style-type: none"> • a small skills-based Board; • Directors with competencies mapped to a matrix of skills relevant to strategic direction e.g. organisational knowledge, primary health care service provision and development, business, community, legal and marketing; • a proportion of appointed and member-elected directors to ensure optimum skill mix; • appropriate clinical governance arrangements; and • effective advisory and consultative structures and engagement strategies to garner member, clinical, community and other stakeholder input into direction setting and decision making.
Funding models	<p>The National Organisation will receive its 'core' funding from the Department of Health and Ageing.</p> <p>The National Organisation will not administer 'core' or program funding for Medicare Locals but to achieve government objectives for consistent, quality roll-out of initiatives should administer and coordinate some program and innovation funds received from government and directed through the Medicare Local Network until such time as those funds are incorporated into Medicare Local core funding.</p> <p>The National Organisation will only have a role in planning and funding of programs, not an administrative role where there is no value-add. This will enable arms-length decisions to be made about how best to devolve, manage and target program and service funds in order to facilitate consistent national delivery of primary health care initiatives as well as best value for money.</p>
Performance and improvement	<p>The National Organisation will be accountable to its members and its funders, the principal funder being the Australian Government through the Department of Health and Ageing.</p> <p>The National Organisation will adopt an internationally recognised framework such as SAI Global's <i>Australian Business Excellence Framework</i>¹ to guide strategy, action, continuous improvement.</p> <p>The National Organisation will have its management and any service delivery processes accredited under recognised accreditation frameworks.</p>

¹ <http://www.saiglobal.com/PDFTemp/Previews/OSH/as/misc/qb/GB002.pdf>

Network structure and configuration	<p>The National Organisation together with Medicare Locals would comprise the <i>Medicare Locals National Network</i>. This overarching structure reflects COAG’s long-range intent that National Health Reform will deliver a nationally unified and locally controlled health system as well as COAG’s acknowledgement of the Australian Government’s lead role in delivering primary health care reform to enable patients to receive the care they need when and where they need it ².</p> <p>The COAG Agreement makes clear that the States/Territories will continue to play a significant role in the delivery of primary health care services. Governments have agreed to work together on system-wide policy and state-wide planning for GP and primary health care services.</p> <p>It will be essential for the National Organisation to have a strong and credible state/territory-based presence in order to secure a significant role for Medicare Locals within and across regional health care delivery in order to drive and deliver health reform objectives and integrated comprehensive primary health care.</p>
Key relationships	<p>There should be a formal agreement or compact between the Australian Government and the National Organisation that recognises it and member Medicare Locals as the chief advisers on primary health care and commits the government to consult it and its members on the design, intent and workability of proposed primary health care initiatives prior to wider stakeholder consultation.</p> <p>In addition to its principal relationship with and accountability to funder/s and members, other key relationships will be the National Health Performance Authority; Australian National Preventive Health Agency; the Consumers Health Forum and others such as Health Workforce Australia, the National eHealth Transition Authority and the Australian Quality and Safety in Health Care Commission.</p>
Alliances and Partners	<p>The National Organisation will need to participate in and extend a number of existing partnerships and alliances with central stakeholders including United General Practice Australia and the National Primary Health Care Partnership.</p>
Scope of Operations and Transition	<p>There would be two categories of activity in the first four years of operation delivered at national and state levels:</p> <ul style="list-style-type: none"> • a range of initiatives with a focus on industry development and ‘start up’ of the new Medicare Locals requiring one-off funding; and • ongoing operations to implement the roles recommended in this blueprint requiring recurrent funding. <p>The National Organisation would be a new company limited by guarantee evolved from AGPN.</p>

² see Preliminaries, Clause 2, COAG Heads of Agreement: National Health Reform, February 2011

Introduction

This document provides AGPN's blueprint for a Medicare Local National Organisation which describes the proposed characteristics, roles, functions and scope of operation for the organisation in detail.

The blueprint has been prepared by the Australian General Practice Network (AGPN) after consultation with Australia's general practice networks (GPNs) and state-based organisations (SBOs) throughout 2009- 2011 about the national infrastructure required for Medicare Locals, Australia's new system of organised primary health care under the Council of Australian Governments (COAG) National Health Reform Agenda.

In its *First National Primary Health Care Strategy*, and in the *Guidelines for the establishment and initial operation of Medicare Locals*³, the Government mandates Medicare Locals with a much broader scope of activity and responsibility in primary health care than that currently fulfilled by GPNs. Medicare Locals will evolve from, and build on GPNs and will, in addition to the work GPNs currently undertake, be responsible for:

- Performing population health planning and needs analysis
- Developing and coordinating expanded preventive and health promotion activities
- Fostering and promoting multidisciplinary team based care – especially in the context of chronic disease management
- Establishing and coordinating after hours GP services
- Establishing and maintaining broad stakeholder relationships and engagement structures necessary to deliver on their objectives.

The following factors have prompted the development of this document for consideration by Government:

- *It is timely for AGPN and SBOs to plan their future:* all funding to GPNs will cease by July 2012 when it will be redirected to Medicare Locals. GPN functions will be subsumed under an increased funding base and broader purview of Medicare Locals themselves. This policy also brings with it the cessation of funding for both AGPN and SBOs at a time when the expanding primary health care sector will require considerable ongoing leadership, support and industry development.
- *Structural change will require cultural change and new ways of working to support it:* The Medicare Locals reform is about shifting the balance towards primary health care and local decisions so that communities can reconnect with their services and have influence over their development and so that greater responsibility is devolved to health care clinicians to foster and grow clinical networks and influence service development. Medicare Locals will have new responsibilities for planning, health improvement, services and resources and will need new partnerships. Building and strengthening the necessary competencies, capacities and credibility across all spheres of Medicare Local activity is a major industry development exercise that will involve effective national, state/territory and local leadership, change management and adequate resources.

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[http://www.health.gov.au/internet/main/publishing.nsf/Content/grantITA2491011/\\$FILE/Medicare%20Locals%20Guidelines%20and%20Information%20for%20applicants.pdf](http://www.health.gov.au/internet/main/publishing.nsf/Content/grantITA2491011/$FILE/Medicare%20Locals%20Guidelines%20and%20Information%20for%20applicants.pdf)

- *The Invitation to Apply recognises the need for national support in key areas of Medicare Locals functionality on matters such as scope of program delivery, change management capacity, influence and engagement with the broader community and the primary health care sector.*
- *International experience and history:* Most countries with a similar 'meso' level primary health care infrastructure to Medicare Locals also have some form of national infrastructure to support their role and function and help them deliver their objectives. Equally, GPNs in Australia have benefited from a national infrastructure that provides representation and support.

Policy context and its implications

We are in a period of health care reform. As part of these reforms the Australian Government has recognised the need to create a stronger and better organised primary health care sector in order to meet increasing demands from an ageing population and growing rates of chronic disease. Strengthening the primary health care system will be achieved through four main structural reforms:

- developing and funding the necessary workforce to provide primary health care and prevention services;
- identifying shortfalls in current services and addressing gaps;
- promoting quality of care in health care delivery; and
- having the right organisational infrastructure to be able to deliver integrated models of care and health care improvement.

The policy frameworks guiding these reforms include the following:

National Primary Health Care Strategy

The National Primary Health Care Strategy suggests that structural reform is required to overcome the fragmentation, inefficiencies and complexity of the Australian health care system and sets out the benefits of regional primary health care organisations. It contains four key priority areas for renewing and strengthening primary health care in Australia:

1. improving access and reducing inequity;
2. better management of chronic conditions;
3. increasing the focus on prevention; and
4. improving quality, safety, performance and accountability.

Council of Australian Governments

The National Health and Hospitals Network Agreement (the NHHN Agreement) was the result of the April 2010 meeting of the Council of Australian Governments (COAG). The NHHN Agreement committed the Australian Government to establishing Medicare Local primary health care organisations as independent organisations with strong links to local communities and health professionals to improve access to services and drive integration across GP and primary health care services by coordinating services and working closely with Local Hospital Networks (LHNs) and other stakeholders to identify and address local needs.

The NHHN Agreement was updated by COAG in February 2011. The updated Agreement restates COAG's overarching policy objective to deliver a nationally unified and locally controlled health system and reaffirms the commitment to establish Medicare Locals with a broad, systemic range of responsibilities with the intention that, over time, they will be empowered with more flexible funding to target services.

The 2011 Agreement accelerated the introduction of Medicare Locals and the after-hours services they will be funded to deliver as a first tranche of additional services. This later Agreement also acknowledges the significant role States and Territories will continue to play in the delivery of primary health care services and that associated policy and planning will need to be cooperatively undertaken.

Medicare Locals for organised primary health care

Medicare Locals will be progressively established over the next year, evolving from existing General Practice Networks (GPNs). All Medicare Locals are expected to be established by 1 July 2012. As a consequence, funding for the current Divisions of General Practice Program (which includes AGPN's funding) will cease on 30 June 2012.

The Government has indicated the funding commitment for Medicare Locals includes one-off funding to meet the cost of activities associated with transitioning GPNs to Medicare Locals as well as recurrent funding for individual Medicare Locals and a National Organisation.

In February 2011, the Government released the *Guidelines for the establishment and initial operations of Medicare Locals and Information for applicants wishing to apply for funding to establish a Medicare Local* (the ITA). The ITA provides guidelines that focus on the establishment and initial operation of Medicare Locals.

In particular the ITA makes it clear that Medicare Locals are new organisations with significantly broader roles than GPNs, including the coordination of primary health care services beyond general practice, undertaking local health care planning, driving more efficient use of regional health resources, integrating primary, sub-acute and acute health care services and being accountable for their performance through the National Performance Authority's (NPA) Healthy Communities Reports.

The need for a National Organisation

National Health Reform and Medicare Locals

The long term goal is for National Health Reform to deliver a nationally unified and locally controlled health system with the Australian Government taking a lead role in delivering primary health care reform⁴. From 1 July 2011 the primary responsibility for embedding this primary health care-oriented system will start to transition to Medicare Locals.

Medicare Locals will manage significant budgets and ultimately have responsibility for planning and coordinating the primary health care of the defined population in their region. The transition from GPNs to Medicare Locals operating at the scope and scale envisaged by COAG and the Australian Government will involve transformational change over time.

Medicare Locals will be expected to engage with a wide range of health professionals; identify community primary health care needs; and work to fill the gaps in primary health care in their region. The ITA indicates that to meet these complex challenges many GPNs that plan to

⁴ see Preliminaries, Clause 2, COAG Heads of Agreement: National Health Reform, February 2011

operate as Medicare Locals will need to increase their capacity and expertise on a number of fronts to progress the health sector reforms.

In addition, to adapt to the new reforms many organisations will need to increase their size, scope of program delivery, performance, achievement of outcomes, change management capacity, influence and engagement with the broader community and the primary health care sector. Medicare Locals will also be expected to report against an accountability and performance framework developed by the National Health Performance Agency.

Both the Government and GPNs have recognised that addition of these enhanced roles and functions, and the capacity and capability required to fulfil them, will require Medicare Locals to have ongoing support at a national level.

Benefits of a National Organisation

There are also inherent benefits for Government in having a National Organisation as part of the Medicare Local Network. A National Organisation will provide a central point of contact for the Medicare Local Network and will strengthen the Government’s ability to coordinate the delivery primary health care services in a consistent way.

The change management and industry development associated with establishment, transition and ongoing operations will require national leadership, coordination and support in order to ensure a consistently high performing and accountable network. Accordingly, the ITA states that Medicare Locals will be supported in all the above areas at a national level. Helping to drive innovation, accelerate the adoption of good practice, building expertise at every level and providing tailored support to those who need it is best done on an industry basis through a national peak body arrangement through the National Medicare Local Organisation.

The chief value proposition of the National Organisation is to contribute to and support a strong primary health care system and can be summarised as:

Enabling/creating conditions for:	Which leads to:
Nationally consistent business model standards	A high quality, high performing nationally consistent primary health care system with national standards and local flexibility and responsiveness
Nationally consistent approach to the measurement of performance	Reliable, evidence-based measurement of health outcomes
Nationally consistent service delivery	Quantifiable benefit to the national primary health care system and the community
A connected and integrated PHC sector	Comprehensiveness
Greater efficiency and effectiveness	Optimum value to funders and communities
Replicable successes & innovations	Accelerated, distributed improvements
Implementable health policy	Effective implementation
Medicare Local collegiality	Professional identity and positive culture

Role of a National Organisation within the Health Care System

Over and above core funding agreements, there should be a formal agreement or compact between the Australian Government and the National Organisation that recognises this

relationship and commits the Australian Government to consult it and its members on the design, intent and workability of proposed primary health care initiatives prior to wider stakeholder consultation.

As the pre-eminent national voice for primary health care the National Organisation would be involved in the design and development of proposed new national programs, rather than be simply another stakeholder to be consulted once primary health care programs have been designed. Such an approach would enable the National Organisation to bring to the table early in the development process the expertise and local knowledge garnered from members about what will work at the coalface: this will overcome circumstances and risks whereby programs may be designed and announced without local and clinical input. This added value will provide for more robust, effective implementation of new models of care and responsive service delivery.

Legal framework

The National Organisation would be constituted by 30 June 2012 as a not-for-profit company limited by guarantee under the *Australian Corporations Act 2001*. The benefits of this legal structure are that it:

- is appropriate for not-for-profit organisations;
- reflects the business structure and independent legal status of Medicare Locals themselves;
- provides a basis for Medicare Locals to be members of the National Organisation, which in turn reinforces the idea they are part of a networked, cohesive system of regionally organised primary health care; and
- enforces robust business processes and transparency through enhanced audit and reporting requirements and enhanced governance rules regarding disclosure of conflicts of interest required by the Australian Government's corporations' legislation.

Membership

The current AGPN organisational structure is membership-based: all GPNs and SBOs are independent entities and are members of AGPN. Given Medicare Locals will be established as independent legal entities, and it will be important for them to retain a degree of autonomy and local flexibility in the delivery of programs and services at the local level, it is recommended that the new National Organisation also be membership-based.

The National Organisation would be established to allow two membership categories – full membership and associate membership. In the first instance, full membership would be available to Medicare Locals only.

A Members Agreement that sets out principles and practices that should govern the relationship between the National Organisation and its members could be considered.

Associate membership could be open to organisations in the wider primary health care community.

The membership status of GPNs and SBOs who remain independent requires further consideration and advice and should be a matter for the founding Medicare Local members.

Objects

Subject to further legal advice, the proposed object of the National Organisation is to promote the health and wellbeing of Australians, including by:

- strengthening the effectiveness, vitality, responsiveness and performance of the general practice and primary health care sector through support to primary health care organisations and advocacy and representation of primary health care organisations so as to improve the provision of health care to Australians and promote health and wellbeing;
- providing national leadership in health system development and integration with a focus on improving equity of access, quality and safety and improving the patient journey through the health system;
- facilitating the implementation of successful primary health care and preventive health initiatives and programs;
- contributing to the development of national health policy in collaboration with primary health care organisations and in cooperation with other similar national organisations in the health and social care sectors; and
- doing all such things as are incidental, convenient or conducive to the attainment of all or any of the above.

These objects reflect both the aims of the National Primary Health Care Strategy and the strategic objectives set out for Medicare Locals in the Guidelines for the establishment and initial operations of Medicare Locals⁵.

Roles and Function of the National Organisation

The current core activities of AGPN are to build the capacity of GPNs to promote effective local health care provision, provide leadership and representation for the Network and to improve and maintain capacity within the Network.

Therefore, the roles and functions of the National Organisation will be:

1. leadership and direction, and
2. optimising capacity and capability.

In the same way that Medicare Locals will perform roles that go beyond the current GPNs, the National Organisation should also fulfil a number of functions that are over and above AGPN's current functions and that place greater emphasis on capacity building in areas of new functions and responsibilities.

Both roles will be undertaken on behalf of Medicare Locals at both a national and state/territory level. To this end, the National Organisation will focus on the following:

- strengthening partnerships with a wide range of primary health care provider representative organisations beyond general practice;

⁵ see pages 6 to 8, of the ITA

- forming partnerships with key national organisations that the Network will have a direct relationship with e.g. the National Health Performance Authority and the Australian National Preventive Health Agency;
- supporting Medicare Locals in the understanding of, and best practice approaches to, local health planning;
- supporting service development and innovation, including best practice clinical governance;
- development of Medicare Local 'industry' standards and support for Medicare Locals to embrace and apply these;
- fostering a continuous improvement culture within the Medicare Local Network;
- supporting Medicare Local organisational development and maturity; and
- supporting Medicare Locals' leaders and managers, including clinical leaders.

It is particularly critical that the National Organisation has a strong state/territory level presence demonstrated by the following examples of the roles and functions specific to the state and territory level:

- engagement, liaison and negotiation with state governments, particularly state health departments and state-level primary health care and other key stakeholders;
- working with key state based organisations to identify and develop strategies that address needs of vulnerable populations e.g. Aboriginal and Torres Strait Islander; culturally and linguistically diverse; refugees; homeless groups;
- coordinating appropriate roles for primary health care in the context of state emergency response plans;
- coordinating appropriate protocols for primary health care to support timely responses and information dissemination on key public health issues; and
- facilitating linkages with Local Hospital Networks (LHNs).

The following tables provide more detail on the proposed roles and functions of the National Organisation.

Role 1: Leadership and Direction

The National Organisation will contribute to improved health for the Australian community and a stronger, prevention-oriented general practice and primary health care system by working with Medicare Locals to:

- Produce and promote a vision for primary health care, including **conceptual frameworks and futures planning**
- Generate **policy and program solutions** to improve health and to influence the determinants of health, and securing **funding for implementation** and **capacity development**
- **Represent** and **advocate** on behalf of the primary health care sector and the health

issues of relevance to strengthened primary health care responses

- **Generate and sustain strategic partnerships** between the Medicare Local primary health care sector in order to promote integration with other parts of the health system, the aged care sector and the social care sector for improvement in PHC and to advance health improvement
- Generate and sustain **partnerships** with national professional and consumer/carer organisations
- **Facilitate change** with respect to the new and emerging Medicare Local functions, culture and practice-level improvement and supporting transition, maturity and growth
- **Monitor, evaluate and build evidence** in relation to primary health care strategies, programs and services implemented through Medicare Locals
- Identify and disseminate world-leading primary health care **knowledge and practice**
- Develop and promote a performance (excellence and improvement) culture, including evaluation
- Create **visibility** for and confidence in the Medicare Local sector
- Provide an avenue for **consultation** and **information exchange** between local providers and government(s), as well as international organisations
- Provide an **authoritative credible voice** on issues associated with primary health care in Australia

Role 2: Optimising Capacity and Capability

The National Organisation will work with Medicare Locals to develop and promote consistent, coordinated and best-practice approaches by:

- Supporting planning and development of systems innovation, programs and services
- Supporting Medicare Locals to build capacity to effectively engage with the **consumer and community sector**
- Supporting **change and adoption** across primary health care programs
- Supporting **health workforce** planning, advice and support services
- Supporting and enabling **information management and data capture and analysis** to develop and deliver an effective **eHealth** system
- Establishing networks for knowledge and information exchange
- Encouraging a culture of interprofessional learning with support for multidisciplinary teams and practice improvement
- Fostering a **culture of excellence** and **continuous quality improvement** through the promotion of standards for Medicare Locals

- Supporting quality **local partnerships and collaborations** with diverse local stakeholders
- Supporting the adoption, monitoring and review of appropriate **clinical governance guidelines** and practices, the **development of clinical leaders** and appropriate linkages with the proposed Lead Clinician Groups
- Supporting the development of best practice approaches to population health and service planning including working with others to design a **population health reporting system** which captures, analyses and displays trends in health data
- **Implementing organisational development** strategies including developing expertise in key areas of Medicare Local business
- Developing **managerial and leadership capacity and development programs** to support transformational leaders, adaptive managers and good governance.

Governance

The National Organisation would be established as a not-for-profit company limited by guarantee under the *Corporations Act 2001*. As such, best practice not-for-profit governance would be applied and the National Organisation would accord with the eight principles contained in the Corporate Governance Principles and Recommendations produced by the ASX Corporate Governance Council:

1. lay solid foundations for management and oversight;
2. structure the board to add value;
3. promote ethical and responsible decision-making;
4. safeguard integrity in financial reporting;
5. make timely and balanced disclosure;
6. respect the rights of company owners(members);
7. recognise and manage risk; and
8. remunerate fairly and responsibly.

The Board should be small in order to be nimble and responsive, skills based and made up of a mix of directors elected by Medicare Locals as well as appointed Directors.

The skills matrix for Directors would include the following expertise:

- general practice and primary health care industry experience;
- business, financial and legal acumen;
- communications and marketing;
- community and consumer/carer sector knowledge; and
- not-for-profit governance.

The governance framework would also include appropriate advisory mechanisms (reference groups etc) to allow member, provider and other stakeholder input to the strategic directions and operations of the National Organisation.

Organisational accreditation would be routinely undertaken with an appropriate independent accreditation body as a central part of the National Organisation's performance, improvement and business excellence framework.

Funding and Accountability

There are three key elements to funding – funding for national roles, state/territory roles, and funding for the Medicare Locals.

National Organisation Funding

The 'core' funding for the National Organisation will be provided directly by the Department of Health and Ageing from 1 July 2012. The National Organisation will not administer 'core' funding for Medicare Locals.

The National Organisation will be accountable to its members and its funders, the principal funder being the Australian Government's Department of Health and Ageing.

Medicare Local Funding

Medicare Locals' core funding will be provided directly from the Australian Government. Therefore, the principal funding accountability will be to the Australian Government.

The National Organisation will not act as a bank as this adds no value in a system where, over time, funding is expected to be allocated on a weighted population formula which reflects health need and local circumstances.

The Australian Government's primary health care policy approach seeks to drive innovation, accelerate the adoption of good practice, building expertise at every level and providing tailored support to those who need it. Achieving this will require a consolidated and consistent approach across the new Network, which in turn suggests the National Organisation will need to administer and coordinate some program and innovation funds directed through the Medicare Local Network through a single funding mechanism with government until such time as this funding is incorporated into core agreements. This will facilitate consistent national delivery of primary health care initiatives (while still enabling local flexibility) particularly when programs and services are in development stage as well as overcome the myriad mix of contractual arrangements that currently exist now with general practice networks.

In this respect, the National Organisation will have a funds planning and management role, not an administrative role. This will enable arms-length, industry-based decisions to be made in consultation with members and appropriate experts about how best to devolve, manage and target program and service funds in order to facilitate consistent, national delivery of primary health care initiatives, as well as best value for money.

Performance and improvement

Business-level performance and improvement

The National Organisation will adopt an internationally recognised framework such as SAI Global's *Australian Business Excellence Framework*⁶ to guide strategy, action, and continuous improvement.

The National Organisation will have its management and any service delivery processes accredited under recognised accreditation frameworks.

Role in systems-level performance and improvement

The performance of Medicare Locals will be monitored by the Australian Government as part of its role as principal funder. In addition, the National Health Performance Authority (NHPA) will be responsible for a performance and accountability framework and produce Healthy Communities Reports. The Healthy Communities Reports will monitor performance of primary health care services at the local level with reporting focused on Medicare Locals. It is anticipated that reports will cover quality of service delivery, patient outcomes and experience, financial responsibility and preventive health risk factors.

The framework, currently in development, sets performance and accountability within an improvement context. The support required to achieve and sustain good performance as well as addressing under-performance, cannot be left solely to individual organisations. Given the continuous quality improvement (CQi) roles envisaged for the National Organisation, a mandate to develop and take forward a number of industry development and quality improvement measures as well as a formal relationship with the NHPA will be essential to supporting an effective improvement agenda.

Structure and the Medicare Local Network

The current model of national, state/territory and local presence across GPNs has provided leadership, coordination and presence at all levels of the Australian health system and has been mirrored in the way several national primary health care programs have been organised and implemented through the Network.

Given the success of this networked approach to date it is recommended that the National Organisation be implemented in a similar manner – a national, over-arching body providing leadership, coordination and support on behalf of the Medicare Locals operating at the regional level, with organised State based functions and structures.

If implemented in this way, the National Organisation, including any State based structures, together with Medicare Locals would comprise the *Medicare Locals National Network*. This overarching structure reflects COAG's long-range intent that National Health Reform will deliver a nationally unified and locally controlled health system as well as COAG's acknowledgement of the Australian Government's lead role in delivering primary health care reform to enable patients to receive the care they need when and where they need it⁷.

It is clear from the most recent COAG agreement that the states and territories will retain some policy and funding responsibility for primary health care. It will therefore be important for the Medicare Local network to have a strong state/territory level presence. This will be

⁶ <http://www.saiglobal.com/PDFTemp/Previews/OSH/as/misc/gb/GB002.pdf>

⁷ see Preliminaries, Clause 2, COAG Heads of Agreement: National Health Reform, February 2011

critical for the Network to secure a significant role for Medicare Locals within and across regional health care delivery and in order for primary health care related reform objectives to be fully realised. To this end the National Organisation should be funded at levels sufficient to ensure that state/territory-level roles and functions are able to be fulfilled.

The role and functions of the National Organisation should determine its form – the above factors suggest that some form of decentralised structure will be necessary. Equally the following principles should also apply to national functions:

- functions where there are economies of scale in undertaking them once or where standardised or consistent approaches are required are best done once (whether centrally or through a devolved organisational structure); and
- functions that require flexible approaches that take into account various state/territory contexts are best delivered through a decentralised arrangement such as sub-contracts with existing state entities, state branches, subsidiaries, or other management arrangements.

Key Relationships

The National Organisation will have three principal relationships with:

- funders (government and other);
- members; and
- other primary health care stakeholders.

The particular relationship recommended with government is outlined under '*The need for a National Organisation*', and likewise the relationship with members is discussed under '*Membership*'.

However, there are several other essential relationships the National Organisation must have over and above these. Several of these should be formal in nature (by a memorandum of understanding or similar). The range and nature of these are as follows:

- *National Health Performance Authority (NHPA)*. The NHPA will produce Healthy Communities Reports which will monitor performance of primary health care services at the local level with reporting focused on Medicare Locals. As discussed under '*Performance and Improvement*' it is therefore proposed that the National Organisation have a formal relationship with the NHPA.
- *Australian National Preventive Health Agency (ANPHA)* with respect to the delivery and evaluation of preventive health programs implemented. A joint planning forum between the Agency and National Organisation would enable data to be shared, joint advocacy undertaken and joint design of preventive programs.
- *National Lead Clinician Group/s*: with respect to the primary health care topics addressed.
- *Department of Health and Ageing*: with respect to coordinating Medicare Local formation and General Practice Network transition with other elements of the health reform agenda.
- *State and Territory Governments*: as partners in policy and planning at this level.

Important Alliances and Partners

Like Medicare Locals, the National Organisation's focus will be on comprehensive primary health care. Partnerships will be essential to integrated care and better 'connected' systems. Key partnerships for the National Organisation will include:

- the maintenance and continued participation in existing forums, notably including:
 - National Primary Health Care Partnership;
 - United General Practice Australia;
 - Consumers Health Forum;
 - National Aboriginal Community Controlled Health Organisation (NACCHO);
 - National Rural Health Alliance;
 - National Aged Care Alliance;
 - Mental Health Council of Australia; and
 - Research partners: the Australian Primary Health Care Research Institute and Primary Health Care Information and Research Service;
- the formation and participation in new partnerships such as:
 - Chronic Disease Management Alliance (prevention);
 - Health Workforce Australia and Rural Workforce Australia; and
 - Research alliances, particularly formal arrangements such as appropriate Cooperative Research Centres (CRCs).

Scope of operation

The National Organisation is expected to be a small to medium enterprise with an annual turnover exceeding that of AGPN and SBO current turnover combined given the scale at which the new organisation will operate.

The National Organisation's scope of operation would include delivery at both a national and state-territory level.

There would be two categories of activity in the first four years of operation:

- establishment of a range of initiatives with a focus on industry development and 'start up' of the new Medicare Locals requiring one-off funding. These initiatives would build on and consolidate the investment already made in the National Transition Project; and
- ongoing operations with enhanced capacity (in key areas such as policy and strategy and industry performance and development) to implement the roles recommended in this blueprint requiring recurrent funding.

Transition

The National Organisation should commence operations no later than 1 July 2012 to coincide with the final tranche of Medicare Locals.

The legal pathway will be via changes to AGPN's existing Constitution's objects to include Medicare Local primary health care organisations and the subsequent establishment of a new company limited by guarantee from or before 1 July 2012 to represent the full body Medicare Locals.