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## Your integration is my fragmentation

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## Your integration is my fragmentation

### Abstract

Integration / fragmentation eg, the Illawarra

- Illawarra Primary Health Care Organisation
- Aged care 'one stop shop'
- City Country Coast GP training
- Illawarra Local Health Network
- NSW Dept of Human Services disability services
- GPs, NGOs, community health services etc etc
- How does the Illawarra make it all fit together?

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Your integration is my fragmentation

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4-6 November 2010, Perth

# Integration / fragmentation eg, the Illawarra

- ◆ Illawarra Primary Health Care Organisation
- ◆ Aged care 'one stop shop'
- ◆ City Country Coast GP training
- ◆ Illawarra Local Health Network
- ◆ NSW Dept of Human Services disability services
  - GPs, NGOs, community health services etc etc
- ◆ How does the Illawarra make it all fit together?

# Overview

- ◆ How we got to where we are today
- ◆ Key features of the new arrangements
- ◆ Discordant elements
- ◆ Local challenges



# The starting point for our western health care system

New South Wales became a penal colony in 1788,  
followed progressively by the other Australian States.

Australia didn't become a country until 1901

# A federation

- ◆ Commonwealth (national) government
- ◆ 6 State (previously colony) and 2 Territory governments
- ◆ Constitution (1901) - health is the responsibility of the States
  - Except quarantine matters
- ◆ Amended in 1946
  - To allow Commonwealth to provide health benefits and services to returned soldiers
- ◆ Commonwealth didn't have a role in health care until 1972 (Medibank)
  - Except for war veterans
- ◆ States and territories own all public health facilities and infrastructure



# Recent history

The Commonwealth is catching up  
but is still the new kid on the block



# 2007-2010

## A plethora of reviews and reforms

- ◆ Election commitments (including GP “Super Clinics”)
- ◆ National Healthcare Agreement and National Partnership Agreements between the Commonwealth and the states and territories 2008-2013
- ◆ National Prevention Taskforce
- ◆ National Primary Care Strategy
- ◆ “Australia 2020” summit recommendations
- ◆ National Health and Hospitals Reform Commission



# National Health and Hospitals Network Agreement (NHHNA)

Signed by COAG (except WA) in  
May 2010

- ◆ Health system splits into 5
  - Hospitals - State responsibility
    - ◆ Funded 60:40 by Commonwealth and State
  - “Primary health care” - Commonwealth responsibility
  - “Aged care” including Home and Community Care (HACC) for people 65 years and over - Commonwealth
    - ◆ except Victoria
  - Disability services - State responsibility
    - ◆ All disability, HACC and residential care for people less than 65 years
  - Other population health - State responsibility

# New entities

## ◆ National

- Independent Hospital Pricing Authority (IHPA)
- National Performance Authority (NPA)

## ◆ State

- National Health and Hospital Network Funding Authority in each state
  - ◆ Each with a board of 3 supervisors - one State, one Commonwealth and an independent chair

## ◆ Local

- Local Hospital Networks (LHN)
  - ◆ Local 'Health' Networks in NSW
- Primary Health Care Organisations (PHCO)
  - ◆ renamed 'Medicare Locals' in the 2010-11 budget

# Premise

- ◆ Hospitals - big white buildings surrounded by a fence
- ◆ Everything outside the fence is either 'primary care' or 'aged care' or a 'disability service'
  - no terms defined
- ◆ Specialist services outside the fence (public and private) not adequately recognised or addressed
  - major growth - hospital demand management strategies
    - ◆ eg, around 30 public Diabetes Centres in NSW alone (part of the LHN, the PHCO or something else?)

# Commonwealth responsibilities

- ◆ pay 60% of the 'national efficient price' of every public hospital service provided to public patients under agreed LHN Service Agreements
- ◆ pay States (not LHNs):
  - 60% contribution for research, training, block funding for small public hospitals and capital funding paid on a user cost of capital basis
  - 100% for any Commonwealth-funded primary health care services that are provided by the states and territories
- ◆ "The Commonwealth will not intervene in matters concerning governance of LHNs or the negotiation and implementation of LHN Service Agreements"

# LHNs and PHCOs

- ◆ Final number and boundaries of LHNs is up to States
  - NSW has already announced that the Illawarra “Local Health Network” will operate from 1 January 2011
    - ◆ Wollongong, Kiama, Shellharbour, Shoalhaven
- ◆ ‘PHCO boundaries will be initially resolved bilaterally between First Ministers by 31 December 2010’
  - Australian General Practice Network commissioned plan
    - ◆ Proposes an Illawarra PHCO covering Wollongong, Kiama, Shellharbour, Shoalhaven

# PHCO roles - COAG agreement

## ◆ Service delivery

- Health promotion and prevention programs

## ◆ Networking and coordination

- Facilitate allied health care and support for people with chronic conditions as identified in personalised care plans prepared by GPs
- Work with LHNs to identify pathways for services, transitions out of hospital and into aged care

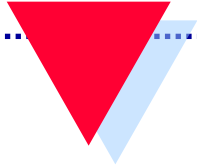
## ◆ Population level planning and selective commissioning

- Identify groups of people missing out on primary health care or services that local areas need, and better target services to respond to these gaps
- “Act as fund-holder and purchaser of services in areas of market failure and where patient needs are not being met”



# PHCO roles - November discussion paper

- ◆ Provide support to primary care providers
- ◆ Networking and coordination
- ◆ Population health and service planning
- ◆ Be the platform for Commonwealth (not State/Territory) reform initiatives
  - hence 'Medicare Local'



# Primary care

Commonwealth - State responsibilities

- ◆ 'Commonwealth to take full funding and policy responsibility for Australia's GP and primary health care services from 1 July 2011'
  - funding and policy, not management, responsibility
- ◆ 'States will continue to ensure the operation of transferred GP and primary health care services'
- ◆ 'The Commonwealth will not substantially alter delivery mechanisms for these services, without agreement by the relevant state or territory, for 5 years from 1 July 2011'

# State services for policy & funding transfer to the Commonwealth

- ◆ community health centre (CHC) services
- ◆ primary mental health - targeting mild to moderate mental illness (special arrangements in Tasmania)
- ◆ hospital avoidance programs that do not relate specifically to patients who are predominantly being treated in acute care
- ◆ chronic disease primary and secondary prevention programs
- ◆ screening programs for cancer delivered in a primary health care setting
- ◆ immunisation (except Victoria)

# Excluded from transfer to Commonwealth

- ◆ ambulance services
- ◆ public dental services
- ◆ health care for prisoners
- ◆ school and workplace primary care programs
- ◆ hospital avoidance programs that relate more specifically to patients who are predominantly being treated in **acute** care and
- ◆ specialist sexually transmitted infection services and general sexual health services

# Unresolved

- ◆ Community health promotion and population health programs
- ◆ Drug and alcohol treatment services
- ◆ Child and maternal health services
- ◆ Community palliative care
- ◆ Specialist community mental health services for people with severe mental illness

# Integration/fragmentation

- ◆ Boundary between 'primary care' and population (public) health
  - school and workplace primary care programs (State)
  - community health promotion and population health programs (unresolved)
  - other public health programs not mentioned (State)
- ◆ Boundary between 'primary care' and specialist community and hospital outreach services
  - specialist community mental health, rehabilitation, palliative care, diabetes, child and maternal etc

# Where we are today

- ◆ Each state and territory is working through:
  - what should transfer to Commonwealth and what should stay with the state/territory
  - boundaries for LHNs
  - how to manage community health and other out of hospital services
- ◆ Commonwealth-State agreement on the detail by the end of the year



# Discordant elements

- ◆ **Reform versus incrementalism**
  - let's all inch forward together
- ◆ **Population health versus program / silo responsibilities and funding**
  - meeting local needs versus delivering the Commonwealth agenda
- ◆ **Medicare Local versus Regional Health Authority**
  - ML - Commonwealth business
  - RHA - Commonwealth and State business
- ◆ **Size matters** - micro, meso and macro functions
  - Can a PHCO do all things well?
  - Major risk is GP disengagement

# In summary

- ◆ \$5.6 billion real growth over next 4 years
- ◆ Some potential for structural improvements
- ◆ But not fundamental reform
- ◆ A classic case study - Your integration is my fragmentation



# Local implications and challenges

# How can local regions make it all fit together and work locally?

- ◆ Illawarra Primary Health Care Organisation
- ◆ Aged care 'one stop shop'
- ◆ City Country Coast GP training
- ◆ Illawarra Local Health Network
- ◆ NSW Dept of Human Services disability services
- ◆ University
  - GPs, NGOs, community health services etc etc

# Finding local 'work arounds' to discordant elements

## ◆ Reform versus incrementalism

- How far can we get toward a fully integrated local system?

## ◆ Population health versus program / silo responsibilities and funding

- How can we meet local needs as well as deliver on the Commonwealth agenda?

## ◆ Medicare Local versus Regional Health Authority

- How can we position ourselves so that we can move from being a Medicare Local to become a PHCO and then a Regional Health Authority?

- ◆ Planning and delivering both Commonwealth and State funded services

## ◆ How do we maintain GP engagement?

# Leutz Law's of Integration

1. You can integrate some of the services for all the people, and all the services for some of the people, but you can't integrate all of the services for all of the people
2. Integration costs before it pays
3. Your integration is my fragmentation
4. You can't integrate a square peg and a round hole
5. The one who integrates calls the tune
6. All integration is local
  - implementation is always local and has to fit the context
  - as a corollary, larger policies should facilitate, rather than dictate, the structure and pace of local action