

# HEALTH REFORM FACT SHEETS

## Primary Health Care Organisations

### HEALTH REFORM FACT SHEET 3

#### Primary Health Care Organisations explained

The Prime Minister recently announced several changes to the health system. These changes include the development of a National Health and Hospitals Network (NHHN) comprised of Local Hospital Networks (LHNs) and regional primary health care organisations (PHCOs). This fact sheet is to provide information about PHCOs, what they will mean for patients and what they will mean for general practice and General Practitioners.

#### What is a Primary Health Care Organisation (PHCO)?

A PHCO is a not-for-profit organisation with responsibility for coordinating and integrating primary health care services to best meet the health needs of patients in their local communities. A PHCO is not, in the main, a facility where services are delivered. Rather, it acts as a coordinator of many of the currently disjointed services within primary health care (PHC) to ensure that patients can access all the PHC services and facilities they need in a timely and affordable way. To achieve this PHCOs will:

- Facilitate service delivery that complements services currently provided by GPs, particularly around chronic disease care, including facilitating and coordinating allied health and other support for people with chronic conditions, as identified in GP care plans
- Work collaboratively with local health care professionals to better coordinate care and to ensure that patients can easily and conveniently access the full range of services they need
- Work closely with LHNs to provide more seamless care, including assisting with patients' transition out of hospital and, where relevant, into aged care
- Facilitate the delivery of an increasing number of PHC services, including those that are currently funded by states, so that responsibility for the delivery of most local PHC services is no longer split between many different organisations
- Play a particular role in targeting PHC services to respond to service gaps by identifying groups of people missing out on GP and PHC and/or identifying specific services required in a local area to address unmet needs
- Deliver health promotion and preventative health programs targeted to risk factors in their local communities
- Hold funds for and undertake population health service planning and delivery as required

Organisations similar to PHCOs have already been established in countries such as the UK and New Zealand to help improve health care for patients. In both countries patients' access to and experience of care has been enhanced.

#### Aren't PHCOs potentially just another layer of bureaucracy?

PHCOs will be funded by the Australian Government but will be independent (not government owned) legal entities. They will have clear accountability against an agreed performance framework for ensuring access to primary care services to meet the needs of the population within their region.

Although the establishment of PHCOs will occur gradually, in the longer term, the Australian Government will assume responsibility for the funding of all primary health care and PHCOs will take on the coordination and planning of many of the primary health care functions currently performed by State Governments. This will actually reduce the layers of bureaucracy and, most importantly, support better coordination in service planning to ensure population needs are met.

Additionally, PHCOs will be built from the existing General Practice Network – an Australia-wide infrastructure with a track record in facilitating PHC service delivery and enhanced outcomes – thus negating the costs and requirements that would come from introducing a new layer of bureaucracy.

## **Why do we need PHCOs?**

Primary health care services in Australia are funded and administered by different levels of government and cover a mixture of public and private facilities. When the reforms are introduced, the majority of primary health care will be funded nationally by one funder – the Federal Government – while being managed and coordinated locally by PHCOs. For the first time in Australia, a single managing organisation, funded centrally, will be charged with facilitating the delivery of the majority of primary health services at a regional level. This will significantly reduce the existing fragmentation and cost shifting in the system. Arrangements for patients will be much simpler and there will be less service gaps. Links between key PHC providers, especially GPs and allied health, will be improved so that patients can better navigate the system and more easily access the right care in the right place at the right time. This will have a significant impact on the management and prevention of chronic disease through increased access to multidisciplinary care.

The national funding, local management set-up of the new health and hospitals network means that PHCOs can be more responsive to the specific needs of local communities because they are connected at the local level and will have the flexibility to develop and implement solutions to local health issues. In addition, PHCOs' multiple linkages with LHNs as well as with other providers and services within the PHC system means that health care across the whole system will be better coordinated and more integrated. It also assists with the development of preventive health programs – a key focus for PHCOs, through effective hospital avoidance programs, and assists with transition between hospital and other care, including aged care where appropriate.

## **Will the PHCO hold funds to purchase all primary health care services in its region?**

In the short to medium term the key mechanisms for funding the provision of primary health care services will remain primarily unchanged – the MBS fee-for-service system will continue alongside the provision of primary health care services by State Governments.

However, PHCOs will likely hold funds to plan and coordinate the delivery of a range of primary health care services, especially those required to fill areas of market failure and/or where patients' needs are not being met.

## **When will PHCOs commence, how many will there be and of what size?**

The first PHCOs will be operational by mid 2011 with all PHCOs established by July 2012. In terms of size, the National Health and Hospitals Reform Commission (NHHRC) recommended that PHCOs service a population of between 250,000 and 500,000. This translates into about 50 - 60 PHCOs across the country and, in most instances, offers a good PHCO size for balancing efficiencies of scale with local responsiveness.

Work determining the final location and parameters of each PHCO is well underway based on a sound planning logic that takes into account community need as well as other factors, including those mentioned in the NHHRC report. The final number and boundaries of PHCOs will be agreed between state and federal health ministers by 31 December 2010, although PHCO structures and boundaries may continue to evolve beyond this date. Where possible, PHCO boundaries will be consistent with LHN boundaries.