



PRIMARY HEALTH NETWORK CRITICAL SUCCESS FACTORS

AHHA PRIMARY HEALTH NETWORK DISCUSSION PAPER SERIES: PAPER ONE

INTRODUCTION

In April 2015 the Commonwealth Health Minister, the Honourable Sussan Ley, announced the establishment of 31 new Primary Health Networks that will “*reshape the delivery of primary health care across the nation*”¹. Primary Health Networks (PHNs) are to be ‘outcome focussed’ on improving frontline services and ensuring better integrated care between primary and acute care services. Specifically the Minister stated that the Government seeks to “*ensure Australians are able to access the right care, in the right place, at the right time and Primary Health Care Networks form a core part of our plan*”².

In improving the delivery of local primary health care services, Minister Ley noted that the Government has set Primary Health Networks six priority areas for targeted work in:

- mental health;
- Aboriginal & Torres Strait Islander health;
- population health;
- health workforce;
- eHealth; and,
- aged care.

To facilitate discussion of the key challenges and opportunities arising from the establishment and operations of PHNs, this series of discussion papers published by the Australian Healthcare and Hospitals Association (AHHA) considers a combination of the critical success factors for PHNs and explores each of the priority areas in the context of organised primary health care in Australia.

The PHN program has the potential to make a significant positive difference in health outcomes for all Australians. This paper, **PHN Discussion Paper #1 - Primary Health Network Critical Success Factors**, reflects on the lessons learnt from previous organised primary health care models in Australia, considers the factors that are essential for PHNs to create true public value, and identifies some key issues which PHNs and the Government need to address to ensure that PHNs are given every opportunity to succeed.

¹ Media Release “New Primary Health Networks to deliver better local care” Minister for Health (11/4/15)

² Media Release “New Primary Health Networks to deliver better local care” Minister for Health (11/4/15)

PHN MISSION / PURPOSE

The stated mission of Primary Health Networks is to be “*clinically-focused and responsible for improving patient outcomes in their geographical area*”³.

More specifically, PHNs are “*being established with the key objectives of (1) increasing the efficiency and effectiveness of medical services for patients, particularly those at risk of poor health; and (2) improving coordination of care to ensure patients receive the right care, in the right place, at the right time*”⁴.

To achieve these objectives, PHNs will be “*aligned to Local Hospital Networks and will improve frontline service delivery by working to integrate the primary, community and secondary sectors for the benefit of patients. PHNs will actively engage General Practitioners, health professionals and the community through local level structures to identify and respond to local health priorities, establish care pathways and monitor the quality and performance of services. A key focus of the PHNs will be working collaboratively with LHNs to reduce hospital admissions and re-admissions*”⁵.

The focus and structure of the PHN model builds on the evolution of organised primary health care underway in Australia since the 1990s. This evolution has seen successive transitions from Divisions of General Practice, to Medicare Locals, and now onto Primary Health Networks. As such, there is much insight, capability and local infrastructure in the sector upon which PHNs can build.

CRITICAL SUCCESS FACTORS

Five discrete, yet inter-related, critical success factors are evident when considering the legacy of the previous models of organised primary health care – Divisions of General Practice and Medicare Locals. It will be important for PHNs to get these right in order to be successful in pursuing their stated objectives.

1. **Results:** In order for PHNs to be successful they need to be able to demonstrate the achievement of meaningful and measurable outcomes. That is, “*PHNs must be held accountable to their local communities, working in collaboration with other regional stakeholders, to improve patient and community health outcomes*”⁶.

³ 2014/15 Department of Health Portfolio Budget Statement - Outcome Five Primary Health Care

⁴ Frequently Asked Questions on the Establishment of Primary Health Networks (as at 11 April 2015) – Department of Health

⁵ 2014/15 Department of Health Portfolio Budget Statement - Outcome Five Primary Health Care

⁶ Primary Health Networks Need GPs at Core to Improve Patient Outcomes - Dr Frank R Jones – Health Voices (Issue 16 - April 2015)

A major flaw in the Medicare Local model was the lack of an effective performance management framework. In his review of Medicare Locals, Prof John Horvath noted that, with respect to performance reporting and monitoring *“reporting requirements mandated by Government at the establishment of Medicare Locals resulted in a complex and often burdensome situation... performance measures were input and process driven, not outcome focussed”*⁷.

Furthermore, notwithstanding the National Health Reform Agreement stating that *“the Commonwealth will establish performance management arrangements for Medicare Locals”*⁸ and the National Health Performance Authority’s role in developing a Performance Accountability Framework to *“report on the performance of every Medicare Local”*⁹, in practice the arrangements that were in place were inadequately designed and inappropriately applied. As noted in the Medicare Local Review *“performance against objectives is difficult to measure both at an individual Medicare Local collective network level...there is not a single point of accountability for the performance of the Medicare Local network...the current performance framework is heavily input or process-based, with very limited output or outcome-based KPIs. This style of performance reporting is perceived to be burdensome and emphasises a low risk appetite in managing the network”*¹⁰.

This situation was not helped given that the stated strategic objectives¹¹ of Medicare Locals were considered by many to be ambiguous and difficult to measure.

In learning from the Medicare Local experience Prof Horvath recommended that *“to enable PHNs to perform effectively, reporting requirements and processes need to be pruned and streamlined, with a major focus on measurable outcomes”*¹².

As such, a performance management and reporting framework which clearly identifies priorities and achievable KPIs, and is focused on health outcomes, must be in place. This performance information must be both attributable to the actions of the PHN, comparable across PHNs, and within scope of the health system to influence. Furthermore, the performance framework must enable Governments to measure the overall performance of the PHN program and demonstrate value for money at the state/territory and national levels.

⁷ Review of Medicare Locals – Report to the Minister for Health and Minister for Sport by Prof. John Horvath (March 2014)

⁸ National Health Reform Agreement – clause D39

⁹ National Health Reform Agreement – clause C2

¹⁰ Independent Review of Medicare Locals Ernst & Young (Feb 2014)

¹¹ Medicare Local strategic objectives

1. Improving the patient journey through developing integrated and coordinated services
2. Provide support to clinicians and service providers to improve patient care
3. Identification of the health needs of local areas and development of locally focussed and responsive services
4. Facilitation of the implementation and successful performance of primary health care initiatives and programs
5. Be efficient and accountable with strong governance and effective management

¹² Review of Medicare Locals – Report to the Minister for Health and Minister for Sport by Prof. John Horvath (March 2014)

Put simply “*clear identification of priorities (essential, important, desirable) and achievable KPIs will be critical to avoid PHNs being set up for failure*”¹³.

2. **Resources:** PHNs require the right resources (people, expertise, funding, government support, etc) in order to deliver on their stated objectives. The operating context of each PHN will differ depending on factors such as location, demography, socio-economic status, population health factors and predicted changes over time. As such, funding must reflect the costs of addressing these needs, not just the number of people in a given location. This view is supported by key stakeholders in the sector as evidenced through consultations conducted by the AHHA and the Public Health Association of Australia (PHAA) in 2014 where the widely held view was that “*resourcing of PHNs will be problematic if funding is provided on a population basis, rather than according to need*”¹⁴.

An immediate challenge for newly-established PHNs will be to ensure appropriate, adequate and experienced staffing is in place. As a result of the level of uncertainty in the sector since the announcement of PHNs in May 2014, many communities have lost experienced health professionals as they have sought more stable employment opportunities. This has resulted not only in a loss of services, but also the loss of local knowledge and local relationships, both of which are fundamental elements for PHN success.

Investment in health literacy and prevention strategies is key to effectively addressing population health outcomes. Likewise, system improvement and redesign, together with investment to stimulate local markets, may be more effective than simply commissioning services. There is little mention of these activities in the PHN model. A focus purely on plugging service gaps, and improving efficiency and effectiveness of service provision within the current system “*comes with an associated risk of continuing under-investment in areas such as prevention, early intervention and whole-of-system redesign*”¹⁵.

In order for PHNs to succeed they require the right level of resources. That is, the combination of qualified staff, local knowledge, adequate funding for services to meet local needs, and additional resources for investment in health literacy, early intervention and prevention, as well as local health system innovation and redesign.

¹³ AHHA – PHAA Primary Health Care: Opportunities and Challenges Communiqué (Sept 2014)

¹⁴ AHHA – PHAA Primary Health Care: Opportunities and Challenges Communiqué – Sept 2014

¹⁵ Shaping Our Regional Primary Health Networks: What Comes Next? Diana O'Halloran - Health Voices (Issue 16 - April 2015)

3. **Relationships:** It is widely agreed that the success, or otherwise, of PHNs depends on their ability to engage and collaborate with others - *“The key to progressing and enhancing outcomes through PHNs will be an ability to work collaboratively, and in genuine partnership with other, like-minded organisations and key stakeholders, to deliver better health outcomes”*¹⁶.

Whilst there are some Medicare Local examples of leading practice with regards to collaboration¹⁷, the Medicare Local experience has also shown that effective collaboration can prove challenging to achieve in practice. For example, although engagement and collaboration between Medicare Locals and Local Hospital Networks was of crucial importance, the Medicare Local Review noted that *“there are undoubtedly instances where Medicare Locals and LHNs have proactively engaged and successfully collaborated. However, both the extent and scope of engagement has varied significantly”*¹⁸.

It is in this context that PHNs must consider how best to build a core competency in collaboration so as to effectively work directly with General Practice, other primary health care providers, secondary care providers, hospitals and other stakeholders, to ensure that health services are working together with maximum benefits for their patients and communities.

Notwithstanding that engagement with clinicians and community representatives is prescribed in the PHN model (via Clinical Councils and Community Advisory Committees) there is much work for PHNs to do. It is imperative that from the date of their establishment, PHNs invest time, effort and resources into identifying and engaging their key stakeholders, and translating engagement into meaningful, productive collaboration that delivers both mutual benefits for partners and health outcomes for communities. This task should not be underestimated by PHNs as they seek to engage existing stakeholders who invested their time and effort into relationships with organisations (Medicare Locals) that no longer exist. As Prof Horvath notes in his review of Medicare Locals - *“there is potential for reform fatigue to erode positive relationships and goodwill”*¹⁹.

¹⁶ Private Sector Has a Role in Primary Health But Not to Fund What Medicare Does - Dwayne Crombie - Health Voices (Issue 16 - April 2015)

¹⁷ AHHA Deeble Institute Evidence Brief - Partnerships and Collaborative Advantage in Primary Care Reform – Prof.Helen Kelleher (Feb 2015)

¹⁸ Review of Medicare Locals – Report to the Minister for Health and Minister for Sport by Prof.John Horvath (March 2014)

¹⁹ Review of Medicare Locals – Report to the Minister for Health and Minister for Sport by Prof.John Horvath (March 2014)

In addition to engagement with health services providers, PHNs must also be equally adept at engaging the patients and carers in the communities they serve. Lyn Morgain, Chief Executive of Cohealth, one of Australia's largest community health organisations, articulates the need and value of consumer engagement for PHNs, noting *“evidence from the consumer health movement is clear: that active consumer participation at all levels in the development, implementation and evaluation of health strategies and programs is integral to their success. Whilst clinicians are vital to the quality of care and have to contribute to enhancing the efficiency and effectiveness of the system, this knowledge cannot be a substitute for the insight brought to the design process by those with lived experience”*²⁰

Particularly important will be effective engagement with Indigenous communities and stakeholders, noting the role PHNs will have in supporting Indigenous health programs.

4. **Reputation:** Within the sector some have argued that the objectives and functions of Medicare Locals were not widely understood by key stakeholders and the wider community. This led to *“a sense of confusion and relevance with service sectors, governments and the community”*²¹ with regards to what Medicare Locals were set up to do. Similar concerns have been voiced about the PHN model.^{22, 23}

PHNs must proactively take ownership of this issue by creating and communicating an engaging narrative that *“clearly articulates the value proposition for patients, GPs, primary health care providers and the broader community”*²⁴ of the PHN. This will require PHNs to adopt a strategic and adaptive approach to communication that:

- utilises the resources and relationships at their disposal;
- articulates their objectives and demonstrates their performance in achieving them;
- provides a compelling rationale for their purpose and functions; and
- demonstrates how they contribute to keeping people well and out of hospital.

Early investment in building their profile and reputation will pay dividends to PHNs as they seek to make a difference in their communities.

²⁰ Consumers Integral to Health System Planning – Lyn Morgain - Health Voices (Issue 16 - April 2015)

²¹ Review of Medicare Locals – Report to the Minister for Health and Minister for Sport by Prof. John Horvath (March 2014)

²² We Now Enter “Very Uncertain Terrain” – Richard di Natale – Health Voices (Issue 16 – April 2015)

²³ PHNs Can Be Game Changers if Consumers are in the Team – Leanne Wells – Health Voices (Issue 16 – April 2015)

²⁴ Review of Medicare Locals – Report to the Minister for Health and Minister for Sport by Prof. John Horvath (March 2014)

5. **Levers:** Despite efforts of PHNs to articulate and communicate their role and objectives, they cannot rely solely on influence and reputation to drive significant change. Structural and resourcing levers are also required to ensure that PHNs have a credible place at the negotiation table with their health sector peers. A lesson from the Medicare Local model is clear - *“Medicare Locals have a limited mandate within the system and this is exacerbated by the limited set of levers available to them”*²⁵.

Given this, other players within the health system must also act in order to provide a mandate across the system for PHNs to execute their responsibilities. This needs to be supported through an alignment of relevant legislation and structures, ensuring PHNs are equipped with adequate levers, enabling them to play their role in effecting system level change.

The Australian Government’s soon to be formed Primary Health Care Advisory Group could play a major role in enabling system level change. The Group’s purpose to *“explore innovative models of primary health care funding and delivery”* including *“consideration of alternative funding models and partnership arrangements with the States and Territories”*²⁶ provides a useful vehicle to effect system level reform and provide PHNs with the necessary levers to deliver on their objectives. Notwithstanding this, the Group’s stated membership is a “mix of clinicians, academics and consumers”²⁷ and without the inclusion and active participation of Commonwealth, state and territory health bureaucrats, as well as representation from PHNs and the broader health sector, it may prove difficult to translate new ideas generated by the Group into action and outcomes.

PHNs DELIVERING PUBLIC VALUE

In addition to each of the critical success factors explored above, Harvard academic, Mark Moore’s ‘public value model’²⁸ offers a useful way to further consider what PHNs and the Commonwealth Department of Health must get right in order to deliver on the Government’s desired policy objectives. The public value model considers the overall value, legitimacy and feasibility of the translation of public policy into programming and outcomes. Central to Moore’s public value model are three distinct, yet inter-related, factors that are seen as essential for creating public value. These three factors are considered below in the context of the successful establishment and operation of PHNs.

1. **Public Value Outcomes:** a clear definition and specification of the public value outcomes which the PHN program will deliver

²⁵ Independent Review of Medicare Locals Ernst & Young (Feb 2014)

²⁶ 2014/15 Department of Health Portfolio Budget Statement - Outcome Three: Access to Medical and Dental Services

²⁷ 2015/16 Department of Health Portfolio Budget Statement – Section One: Entity Overview and Resources

²⁸ “Creating Public Value: strategic management in government” M.Moore (1995)

2. Authorising Environment: an overarching policy narrative and requisite cross-jurisdictional support which provides legitimacy and mandate for PHNs in the health system
3. Operational Capacity: operational and administrative feasibility, with requisite levels of resourcing within Government to administer, manage, support and evaluate the PHN program, and the provision of adequate levels of resourcing to PHNs in order for them to deliver on their objectives

FACTOR ONE	REQUIRED ELEMENTS
Public Value Outcomes	<ul style="list-style-type: none"> • Clear and measurable objectives aligned to needs and expectations • Agreed performance evaluation framework for PHN operations and outcomes • Clearly defined roles and responsibilities for monitoring and evaluation of PHN performance • Performance reporting informing best practice and continuous improvement

FACTOR TWO	REQUIRED ELEMENTS
Authorising Environment	<ul style="list-style-type: none"> • Mandate to act and relationships to enable delivery • Federal and State/Territory bi-lateral agreements in place²⁹ • Shared understanding of the PHN role and responsibilities at regional/local scale and strong relationships with key stakeholders • LHN/PHN agreed roles, responsibilities and accountabilities • Agreed 'rules' for working with PHNs and appropriate administration by Department of Health • Commitment from all levels of government and across all political parties to support the PHN model and their role within the health system • Appropriate levers enabling PHNs to drive achievement of their objectives and the delivery of public value

FACTOR THREE	REQUIRED ELEMENTS
Operational Capacity	<ul style="list-style-type: none"> • Appropriate levers and adequate resources • Appropriate governance arrangements which balance accountability and flexibility, and foster rather than discourage innovation • Functional capabilities aligned to PHN and Department of Health objectives • Access to data and appropriate analytical capability • Transition arrangements that ensure service continuity

²⁹ This is consistent with AHHA's Primary Health Care Coordination position statement calling for "the finalisation of bi-lateral National Primary Health Care Strategic Framework implementation plans must be a priority for the Commonwealth, states and territories".

Identifying the required elements using the public value model reveals that the PHN program potentially offers substantial public value. However, this assessment does also raise some significant issues regarding key elements required to ensure the success of the PHN model, including:

- Clarity is needed regarding the specific objectives for PHNs and the performance evaluation framework which will be applied to their work.
- There has been limited discussion regarding the levers available to PHNs to enable them to deliver optimum public value and overall system change. Without these levers, PHNs potentially will be 'toothless tigers'.
- Clarity on the enablers available to PHNs is also required – for example, data accessibility, support for cross-sector relationships, and the building of capacity and capability in general practice.
- The absence of executed bilateral agreements regarding the respective roles and responsibilities of the Commonwealth and State/Territory governments with respect to PHNs and their functions within each State/Territory health system is problematic.
- There is a lack of information regarding the resourcing and capability within the Department of Health with regards to managing and supporting the PHN program, noting the responsibility of the Department to support PHNs in sharing best practice, knowledge and experience, and facilitating innovation in order to drive continuous improvement within PHNs.
- Innovation sharing and communication across the health sector must be proactively fostered – while Department of Health processes will be important in this regard, the breadth of relationships across the sector will require an inclusive approach to engagement with a wide range of stakeholders.
- Each PHN's operational budget will need to be adequately resourced to enable the PHN to deliver on the objectives set by the Government and meet the needs of the communities they serve. This will require continual refinement, informed by population health data, and taking into account the need to invest longer term in health literacy and prevention.
- Continuity of programs, services and support for patients and service providers in the operational transition from Medicare Locals to PHNs has been seriously hampered by protracted administrative processes since the 2014 Commonwealth budget announcements. Recent uncertainty in funding allocations has also heightened the degree of scepticism amongst providers, and their consequent reluctance to engagement will need to be overcome. Ensuring PHNs have sufficient time and support to become fully operational post 1 July 2015, given the challenging transition arrangements, will be critical.

Further consideration of these key issues is warranted by PHNs, Commonwealth and State/Territory governments and other stakeholders in order to ensure that the PHNs are afforded every opportunity to deliver on the stated intent and objectives.

CONCLUSION

The concept of organised primary health care is widely seen as a solution to: providing better value for money; improving population health outcomes; responding to the increasing chronic disease burden; addressing health system fragmentation; and, improving service accessibility.

Primary Health Networks are the next step in the evolution of organised primary health care in Australia. There are some salutary lessons to be learnt from their antecedents and these must be taken into account to avoid the risk of both not building on the legacy of Divisions of General Practices and Medicare Locals, and repeating the mistakes of the past.

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