Policy Issues Paper no. 21
May 2004

Government Response to Report of Divisions Review

Purpose of this paper

This paper is designed as a consultation paper and background reading for the Victorian Divisions Forum on 16th May. Its aim is to:

- identify key issues in the government's response to the Divisions Review[1]
- provide divisions with information about GPDV's current thinking
- provide a basis for discussion by divisions' representatives at the Forum (which will inform GPDV's input to Australian Divisions of General Practice (ADGP)'s consultation about the government's response to the review).

ADGP has circulated a document to divisions called *Government Response to Review of Divisions – ADGP discussion paper* and is seeking comments by 28 May.

To facilitate discussion at the Forum and feedback to ADGP and the Department of Health & Aged Care (DoHA), we have grouped some key components of the government's response to the review under the following headings:

1. Quality improvement, streamlined reporting & national performance system
2. Rewarding high performance & performance funding pool
3. Boundaries and amalgamation
4. Consumer and community engagement
5. Funding
6. Membership
7. Roles of SBOs and ADGP in the Divisions Network

Background: Victoria's response to the Report of the Divisions' Review (October 2003)

GPDV consulted with divisions about its initial submission and presentation to the Review Panel in December 2002, and then responded to the Report of the Divisions Review in October 2003, following consultation with division board representatives.[2] We responded to each individual recommendation, but our key messages included:

- Support for a national primary care policy, which describes how divisions fit into the national context
- That the structure and governance arrangements of divisions and of the divisions' network, should be determined by the members
- Support for accreditation, and concern about how rolling audits fit together with having already met accreditation standards, as assessed by an external, independent assessor
- Need for more resources if all the review recommendations are to be successfully implemented.

[1] *Divisions of General Practice: Future Directions. Government Response to the Report of the review of the role of divisions of general practice.* April 2004. Distributed by DoHA in hard copy to all divisions April 2004. Available for download at http://www.health.gov.au/pcd/programs/divisions/

[2] GPDV's submissions are available on the website, at www.gpdv.com.au/policy/; under Submissions.

1. Quality improvement, streamlined reporting and national performance system

Accreditation

The Government response (p.27; recommendation 11 on p.34)***:***

- supports divisions moving towards external accreditation, although this will not be a condition of funding for the next 4 years. Those divisions that seek accreditation are more likely to be assessed as 'high performing' and may thereby get access to extra funding.

ADGP's discussion paper

- welcomes in principle divisions' accreditation, but expresses concern about the work involved.

GPDV initial response

- GPDV continues to support the move towards voluntary accreditation, as a way to improving quality. It also has the potential to streamline reporting, as external accreditation should satisfy at least all governance and financial accountability performance indicators. In Victoria two divisions and one SBO have already become accredited; five divisions are currently preparing for formal accreditation and a number of others have expressed interest.
- We need to ensure that divisions who choose to move to external accreditation immediately are not burdened by a requirement to go through other preliminary steps to accreditation mentioned in the report (including peer review). Victoria will be able to make an important contribution to ADGP's development of the quality system, as divisions and the SBO already have experience in this area.
- Accreditation with a nationally recognised body such as QIC, ISO or ACHS should be an acceptable form of accreditation for divisions. Divisions should not need to become accredited with more than one acceptable accreditation body, nor compelled to move to any new system that may arise from DoHA's contract with ADGP.

National key performance indicators for reporting to DoHA

The Government response

- suggests that performance indicators will be developed across a range of areas, and includes some of these areas (presented in boxes) throughout the document, although no precise details of the indicators. These will be developed by the department in consultation. (rec. 9, p.33)

ADGP

- seeks responses from divisions on each of these detailed areas (outlined in its consultation paper), and emphasises the importance of consultation with the Divisions Network when developing financial and governance protocols.

GPDV initial response

- It is important to ensure that there is a match between the performance indicators used as part of accreditation standards, and those used for reporting to DoHA (including through the annual survey of divisions administered by PHCRIS), if the government's commitment to streamlining contracts and reporting arrangements (p.5) is to be realised.
- Divisions who obtain external accreditation (and are thereby classified as high performing) must experience more streamlined reporting requirements as a result.

Rolling reviews *(p.20; p.26; rec 11, p.34; rec.33, p. 39),* **Peer review** *(p.27)*

The Government response

- suggests these will be processes as part of the performance system, and that full program of rolling reviews will commence July 2006. Rolling reviews will check that "public funding has been utilised appropriately" and that "it has been used effectively to improve health outcomes in the community" (p.20). Divisions assessed as 'high performers' through a peer review process may be able to access additional funds (through a competitive process), which would also involve some mentoring of other divisions.

ADGP

- supports a focus on encouraging improvement through network mentoring, rather than penalising under-performance.

GPDV initial response

- The focus of rolling reviews needs to be clarified. It is not clear whether they are to be
  - comprehensive reviews of individual divisions, their performance, accountability, etc; *or*
  - focussed on a particular theme, approach or intervention in order to evaluate the broader successes or need for improvement in one area across all divisions.
    The example given, of assessing the effectiveness of GP education as a strategy (across all divisions) is quite different from a review of an individual division (which may more closely resemble an external accreditation review).
- We would support reviews of particular strategies or topic areas, to allow all divisions to implement approaches that are most likely to be effective. We would have concerns that organisational 'rolling reviews' may simply duplicate organisational reviews carried out by external accreditors, in divisions that are pursuing accreditation.
- Peer reviews may work well (although it is not clear how they will function), but may not be necessary for those divisions who are pursuing, or have attained, external accreditation.

2. Rewarding high performance & performance funding pool

(p.19; p. 28; rec. 11, p.34; rec. 13, p.34)

The Government response

- Plans to reward high performing divisions by assessing them as such though rolling/peer reviews and/or external accreditation, then giving allowing them to apply to a high performance fund on a competitive basis, for "evidence-based excellence in primary care" (p. 28).
- High performance fund will be obtained through DoHA retaining half of the indexation on core grants for 3 years (organisations will receive full annual indexation from 2007-08). (p.19)
- High performance fund is to be available in 2005-06.
- The document also says that high performing divisions will have access to "increased flexibility in planning and reporting requirements" (p.28) and they may "have access to other program funding" (p.28). No further details are given on these two statements.

ADGP

- suggests that competitive project-based funding arrangements have been used in the past and have not realised substantial long-term gains or main-streaming of successful solutions. ADGP also argues that halving of indexation will reduce divisions' scope and capacity to achieve specific outcomes.

GPDV initial response

- If this approach is used to trial ways of promoting best practice, it is important to ensure there are mechanisms for sharing the findings and promoting wider adoption where appropriate. As ADGP comments, this has not always happened with the previous Innovations Funding Pool. This may require extra resourcing, particularly as the funding pool is not likely to be large.
- The focus of projects funded this way should not be on assisting and mentoring "under-performing" divisions (this is a support role of SBOs, at the request of the division), but on promoting best practice and developing the evidence base for better health care.
- Victorian divisions and GPDV would have reservations about the operation of what are effectively state quotas (as is common, sometimes unofficial, practice) when allocating funding for high-performing divisions, given that Victoria is likely to have a higher proportion of high-performing divisions than the national average.[3]
- In line with GPDV's position that on principle it does not compete with divisions for funds, we suggest that ADGP and SBOs should not be eligible for the high-performance fund, but that some resources to SBOs would be necessary in order to provide mechanisms for sharing learnings, and encouraging adoption of best practice where new models, funded through this pool, are tried by individual divisions and found to be successful.

GPDV has reservations about the removal of indexation funds from all divisions in order to fund 'high-performing' divisions:

- This approach may lead to pockets of excellence, but in the national Divisions' Program, this is not the aim; rather, the ultimate aim is improved health outcomes across **all** areas, for **all** members of the public according to need, in **all** divisional catchments.
- The effect may be to create a two- or three-tier classification of divisions and destroy the unity and solidarity of the Network
- Reducing the resources to divisions that are not 'high-performers' makes it even harder for them to improve.
- It risks increasing the gap between 'high' and 'low' achievers and is not the best motivation for change and improvement.

3. **Boundaries and Amalgamation** (p.20; recs. 17-19, p.35-6)

Government response

- Supports review's recommendations: amalgamation and realignment of boundaries to state/territory health regions. Government will provide funding for business case development, and following amalgamation, the second flag-fall component of funding will be available for "several years" for associated amalgamation costs
- SBOs to support amalgamations and realignments
- Timelines for funding guidelines for developing business case to be decided by June 2004; applications from July 2004-June 2006.

ADGP

- Discussion paper does not directly address this issue

[3] This claim is partly based on the likelihood of a significant proportion of Victorian divisions being accredited by 2005 (see section discussing accreditation above) and some of the findings of PHCRIS' Annual Survey of Divisions for various program areas.

GPDV initial response

- Alterations to boundaries and amalgamation of divisions are separate but related issues.
- Alignment of boundaries with state/territory health regions would assist coordination and integration work to improve continuity of care for patients, across many program areas. Alignment with data collection areas would make population health planning and evaluation possible.
- The issue of boundary changes is contentious because divisions' funding is based on the population within a division's area. Loss of territory means a loss of funding.
- GPDV has previously stated that adjustments to divisions' boundaries or amalgamations should only be attempted as part of a national realignment based on agreed criteria, not through a series of one-off disputes.
- The fact that this is a long-standing issue for DoHA, first raised in September 1998, indicates its difficulty. Its inclusion in the government's response suggests that Victorian divisions now have the opportunity to propose realistic and practical criteria for changes to boundaries or amalgamations of divisions.

4. Consumer and community engagement (p.23; rec. 23, p.37; p.16)

Government response

- Does not adopt Divisions Review recommendation that a consumer representative must be appointed to every division board. Instead refers to the quality system that will cover governance (where divisions are likely to be asked to report on "how the governance structures reflect the important role of consumers" p.16) and governance protocols to be provided to divisions (p.23), and states that work program of divisions should demonstrably reflect the local community's health priorities.

ADGP

- Discussion paper states that government supports consumer, business and state/territory health service representation on boards, and asks divisions how they currently involve consumers and use community needs analyses.

GPDV initial response

- GPDV welcomes the government response, as we have consistently argued[4] that engagement with the local community/consumers is an essential part of every division's work, and that simply mandating consumer representation on a board of management is not the best way to achieve meaningful, effective two-way engagement and could be criticised as tokenistic.
- GPDV would suggest to ADGP and DoHA that the most effective way of including non-GP members of divisions' community of interest may include their participation on a broad range of working structures, rather than necessarily forming part of the governance structure.

5. Funding (p.18-9; recs 29-34, p.39)

Government response

- Provides greater certainty for divisions by agreeing to 4 year contract cycle for core funding, to be offered before July 2005. Renewal of contracts will be offered after 3 years so that divisions will have 12 months warning of any changes to core funding. (p.40)
- Current budget will not be increased (p.18)
- Divisions will receive only half indexation on core grants till 2007-08, with the other half going into a high performance funding pool.

[4] See GPDV's Policy Issues Paper no. 20, Consumer-Community Connections; and p.5 of part 2 of GPDV's submission to Divisions Review at www.gpdv.com.au/policy/

- "agrees that outcomes based funding formula should be structured so it reflects the characteristics of the Divisions' catchment populations" (p.39), but is not explicit about detailed changes to funding formula.
- Government agrees that burden of disease data should be examined to see whether it should guide funding allocations, but provides no further details (p.19)
- The Accessibility/Remoteness Index of Australia (ARIA) will replace the Rural, Remote & Metropolitan Areas (RRMA) classification, but changes will be phased in gradually.
- High performing divisions will have access to some additional funding (see section 3 above)

ADGP

- Concern that halving of indexation and expanded program requirements will reduce divisions' scope and capacity to achieve specific outcomes
- ADGP believes that the best health outcomes will be achieved through funding arrangements that would create a new framework for primary care by allowing divisions to take responsibility for specific chronic disease management and population health programs at a regional level.

GPDV initial response

- Welcomes 4 year funding contract cycle (although this will not remove uncertainty when it comes to additional program funding, such as current CDM funding, particularly where it forms a substantial proportion of divisions' income).
- A secure four-year funding contract does not address the real issue of the level of funding. If the Divisions' Program is indeed a key initiative of the government, it should be adequately funded. The expected $9 billion surplus suggests that funds could be provided.
- GPDV is concerned about an effective *reduction* in resources for divisions (eg. loss of CDM and IM funding, reduced indexation) with no compensating increase in the Program's budget.
- Victorian rural divisions will be adversely affected by the use, for funding purposes of ARIA instead of RRMA. GPDV's submission to the Review of the OBF formula detailed Victorian Divisions' reservations[5]: To reward rural divisions' achievements by reducing their funding is completely at variance with the government's wish, expressed through its response, to reward success.
- ADGP's comment about Regional Resource Allocation must be given serious consideration if the Divisions' Network is to realise its potential

6. **Membership** (of division board: p.23 & recs. 23-4, p.37; general membership and service provision to members: recs. 20-22, p.36-7)

Government response

- Suggests divisions should broaden their board membership in order to be local leaders, to include business expertise, state and territory health services and consumer representatives on their boards, but changes to governance arrangements will be via protocols (to be developed) and indicators that form part of performance system (to be developed). Makes no directive about whether non-GPs should be ordinary members, though divisions will need to report on a performance indicator to demonstrate engagement with non-GP practice staff. (p.36)
- Divisions will be required to provide support and services to all GPs and practices in their area, irrespective of whether they are members, including sending them essential public health information.
- ADGP will be asked to develop a generic membership application for use by divisions

[5] See Submission at www.gpdv.com.au/Policy/submissions/020121Response.pdf

ADGP

- Does not directly address the issue in its discussion paper

GPDV initial response

- GPDV has previously argued[6]: in relation to these Review recommendations:
  - that imposing a change to membership would not be likely to achieve best governance for divisions, and may risk the GP engagement that is necessary for the effective functioning of divisions.
  - that DHS and DoHA mail-outs can be onerous and costly, but worthwhile. The wishes of a small number of practices in the catchment area (not to be members of divisions) may make this recommendation difficult to implement (and may now contravene divisions' privacy policies developed under state and national legislation); costs may need to be negotiated with state health departments.

7. Roles of SBOs and ADGP in the Divisions Network (p.25; recs. 25 & 27, p.38)

Government response

- Does not refer to the 'hub and spoke' structure in Review's recommendations, but expects the network to structure itself efficiently and effectively to achieve Program aims (rec. 25, p.37).
- Recognises SBO roles to engage state and territory health departments to achieve greater integration and coordination in health care delivery ; and to build capacity and performance in divisions (rec. 27, p.38)

GPDV

- Welcomes the SBO roles articulated in the government response, and the expectation that the Divisions' Network will resolve its structure itself. This places a responsibility on ADGP, SBOs and divisions to negotiate working relationships that functions effectively at national as well as state levels.
- Believes that recent events in WA make it essential for the SBO role to be specified as one of providing support, advocacy, information and representation for divisions, rather than as having a purpose separate from divisions.
- Wishes to ensure that the divisions' capacity support role, and facilitating information exchange between divisions is a role of the SBO, rather than one to be taken over by high-performing divisions that may act as 'mentors.' Although we support divisions learning from each other, which is one of the keys of our statewide workshops program for divisions and our encouragement of regional groupings of divisions, we are aware from previous experience this can be burdensome for 'high-performing' divisions.

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[6] GPDV response to report of the Divisions Review, www.gpdv.com.au/ReviewOfDivisions/Resources/03107DivsReviewResponse.pdf