

# EXECUTIVE SUMMARY

This application is submitted on behalf of the four organisations that currently comprise the General Practice Tasmania Network, namely:

- General Practice Tasmania Limited – ABN 47 082 572 629
- The Division of General Practice (Tasmania – Southern Region) Incorporated, trading as General Practice South – ABN 56 704 533 189
- Division of General Practice Northern Tasmania Incorporated, trading as General Practice North – ABN 21 035 139 193
- North West Tasmania Division of General Practice Incorporated, trading as General Practice North West – ABN: 54 801 950 482

The application is to establish a single Tasmanian Medicare Local Network capitalising on the strengths of the current General Practice Tasmania Network and applying the skills and expertise of the four organisations to extend their breadth of service to the broader primary care sector and by so doing, work to improve the coordination and integration of primary health care in Tasmania, address service gaps and make it easier for patients to navigate their local health care system.

The existing Tasmanian Network is a unique model in Australia and already contains key characteristics consistent with the Medicare Local requirements. This application outlines a proposal to build on this unique statewide infrastructure of the existing Network and on the significant achievements and reputations of each of the member organisations.

The application outlines a proposal to build on the unique statewide infrastructure of the existing Network and the significant achievements and reputation of each of the organisations.

It involves broadening the membership of the Network, more formally linking the governance of the organisations, and extending the purpose and objects of the organisations to reflect the strategic objectives of the Commonwealth Government in establishing Medicare Locals.

The proposal is to form a single Tasmanian Medicare Local Network (TMLN) bound by a formal contract, to be known as a Network Agreement, between four organisations: Medicare Local Tasmania Limited (MLT Ltd) and three Local Primary Care Organisations (PCOs). These four separate organisations will together deliver on the Commonwealth objectives and priorities for Medicare Locals (ML).

MLT Ltd will be the body that receives ML funding and purchases ML services. Core ML services will be purchased from PCOs and direct services will be purchased through primary care providers selected through a competitive tender/selection process.

The proposed MLT Ltd will be a not-for-profit company limited by guarantee under the Australian Corporations Act 2001. It will be governed by a skills based board and established using the Constitution and Australian Company Number (ACN) of General Practice Tasmania Limited (GPT Ltd) as a starting point. The GPT Ltd Constitution will be substantially redrafted to reflect the new objects and membership arrangements for MLT Ltd. This strategy will ensure

that the process of establishing MLT Ltd is relatively rapid in comparison to the establishment of a completely new company and will also maximise business continuity and minimise the risk of loss of charitable status and the benefits that such status affords a non-government organisation. Changes to the GPT Ltd Constitution will include carefully planned transitional arrangements to ensure essential aspects of governance and organisational continuity are maintained. Membership of MLT Ltd will be expanded to include statewide primary care organisations during the first 12 months.

Three regional/local Primary Care Organisations (PCOs) will evolve from the existing three Divisions of General Practice and will be the foundation members of MLT Ltd. Expectations and obligations of these foundation members will be clearly specified in a Network Agreement and specific services purchased via schedules to that agreement. The proposed Network Agreement will combine the intent of the existing Cooperation and Conduct Agreement between GPT Ltd and the three Tasmanian Divisions, which defines principles and objectives of the network arrangements, together with the existing Partnership Agreements, which define specific purchaser and provider arrangements.

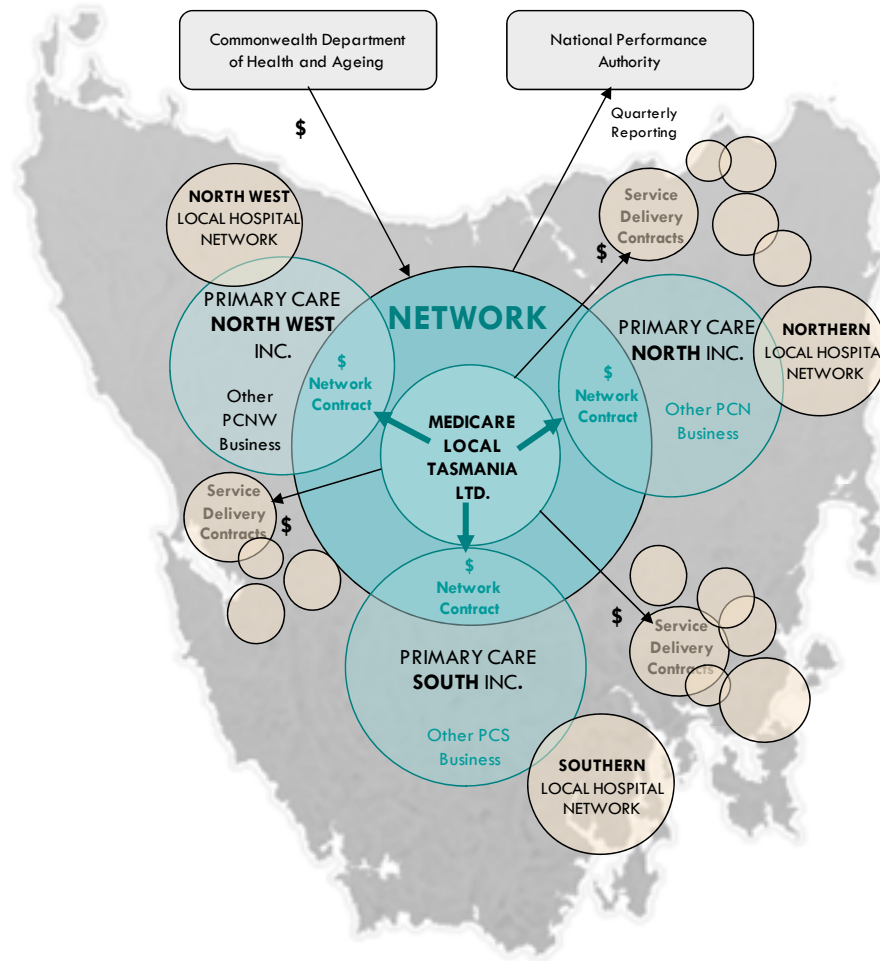
The criteria that the three PCOs will need to meet to be eligible for core ML service funding will also be specified in the Network Agreement. For example, there will be an expectation set for the expansion of membership by the PCOs within a defined period as well as the establishment of comprehensive local community, provider and clinician engagement mechanisms. As foundation members the PCOs will be contracted by MLT Ltd to deliver core ML services including local needs assessment, community and stakeholder engagement, clinical engagement, clinical governance, local capacity building, service development and local innovation, practice support (member services) extended to include all primary care providers, clinical pathway development and Local Hospital Network/Area Health Service interaction and coordination. The separation of ML service purchasing from service provision in this way will clearly and transparently define responsibilities and accountabilities and delineate roles.

The three PCOs, together with MLT Ltd will comprise the Tasmanian Medicare Local Network. Such Network arrangements have been demonstrated over the past five years in Tasmania to offer the efficiency benefits of shared services and statewide consistency while at the same time preserving the capacity for local/regional engagement and responsiveness. These arrangements are best suited to the Tasmanian context which includes geographical dispersion of the population, a high index of rurality and low socio-economic status, and poor health status and health outcomes in many areas of the State.

The existing General Practice Tasmania Network is a unique arrangement that has been assessed by staff, stakeholders and funders as highly 'fit for purpose' within the Tasmanian context. The proposed Tasmanian Medicare Local Network provides an opportunity to further build on and extend this unique arrangement and the close cooperation and collaboration with the broader primary health care sector in Tasmania.

The proposed network model is illustrated below.

## PROPOSED TASMANIAN MEDICARE LOCAL NETWORK



The proposed Network Model illustrates the relationship between Medicare Local Tasmania, the regional PCOs, the Local Hospital Networks (LHNs), and other service delivery organisations. Please note: for ease of illustration, the model diagram does not include King and Flinders Island but the proposed Network spans the entire geographical area of the State.

The three regional/local PCOs will match the geographic boundaries of the State Government LHNs allowing them to undertake joint planning and to seek advice from consumers, the local community, primary care providers and clinicians in parallel and through the use of common or shared mechanisms in some cases.

At the same time, MLT Ltd will align with the statewide scope of the State Department of Health and Human Services supporting effective system-wide integration, statewide planning for general practitioner (GP) and primary health care services, and allowing consistent consultation and advisory mechanisms, clinical governance systems and potentially commissioning arrangements to be developed.

The proposed Network model will also allow accountability and performance to be monitored with consistent catchment areas to the LHNs but through a statewide approach in parallel with the State Government.

The proposed Tasmanian Medicare Local Network will provide an excellent vehicle to contribute to the achievement of the strategic objectives of Medicare Locals. Through MLT Ltd, and in partnership with the State Government, increased capacity for data collection, analysis and informed priority setting will be achieved. Through the local PCOs wider engagement with the primary care sector, extended collaborative arrangements and planning in parallel with the Local Hospital Networks will be achieved.

The local PCOs will be responsible for driving improved coordination and integration of primary health care in their local communities, identifying and addressing service gaps through the development of innovative and tailored service models and for making it easier for patients to navigate their local health care system.

The three existing Divisions of General Practice in Tasmania have a strong track record of engagement with general practice, practice support, the development of local solutions to identified needs and the formation of effective partnerships with local organisations in their catchment area. Extensive evidence of this is provided in this application including a range of examples of recent achievements and activities. This track record provides an excellent foundation on which to:

- build further collaborations and partnerships;
- improve the planning of primary health care services to respond to local needs;
- develop locally responsive and flexible health services to address identified needs;
- support further development of e-health and health information systems;
- support the ongoing development of primary health care infrastructure; and
- develop initiatives to increase and enhance the primary health care workforce, to improve disease prevention and management and improve access to services.

Equally, General Practice Tasmania Ltd has developed and implemented a range of initiatives and statewide systems that provide a strong basis on which to extend its role in service purchasing, contract management, data collection and analysis, information management, performance monitoring and reporting and statewide coordination. It will also offer the efficiency of a single statewide entity for the receipt of Commonwealth funding and with accountability for performance.

A range of stakeholders have been consulted during the development of this application and extensive consultation and engagement is planned to continue in the transition and implementation of the new arrangements.

There is widespread support for the proposed model as evidenced by the letters of support included as attachments to the application.

A summary of the proposed Network model is provided below and is elaborated upon in the response to the six selection criteria.

## TASMANIAN MEDICARE LOCAL NETWORK – THE MODEL AT A GLANCE

ELEMENT	MEDICARE LOCAL TASMANIA LIMITED	LOCAL PRIMARY CARE ORGANISATIONS
<b>NETWORK STRUCTURE</b>	<ul style="list-style-type: none"> <li>▪ A single Tasmanian Medicare Local Network (TMLN) will be formed through a Network Agreement between Medicare Local Tasmania Limited (MLT Ltd) and three local Primary Care Organisations (PCOs).</li> <li>▪ These four separate organisations will together deliver on the Commonwealth objectives and priorities for Medicare Locals.</li> <li>▪ MLT Ltd will be the body that receives ML funding and purchases ML services.</li> <li>▪ Core ML services will be purchased from PCOs and direct services will be purchased through primary care providers selected through a contestable process.</li> </ul>	<ul style="list-style-type: none"> <li>▪ The respective roles and functions of MLT Ltd and the three PCOs will be outlined in a Network Agreement and specific services purchased via schedules to that agreement.</li> <li>▪ The proposed Network Agreement would combine the intent of the existing Cooperation and Conduct Agreement which defines principles and objectives of the network arrangements together with the existing Partnership Agreements which define specific purchaser and provider arrangements.</li> </ul>
<b>LEGAL FRAMEWORK</b>	<ul style="list-style-type: none"> <li>▪ MLT Ltd will be a not-for-profit company limited by guarantee under the <i>Australian Corporations Act 2001</i>.</li> <li>▪ The current company structure of GPT Ltd will be used as the shell to establish Medicare Local Tasmania Limited with the existing company number retained and the Constitution of GPT rewritten to reflect the changed objects, relationships, roles, accountabilities and expectations of funders and members.</li> </ul>	<ul style="list-style-type: none"> <li>▪ The three PCOs will be separate incorporated bodies under the <i>Tasmanian Associations Incorporation Act 1964</i>.</li> <li>▪ The three existing Divisions of General Practice will evolve to form the three PCOs.</li> </ul>
<b>PURPOSE</b>	<ul style="list-style-type: none"> <li>▪ The purpose of MLT Ltd will be to strengthen the effectiveness, vitality, responsiveness and performance of the primary health care sector in Tasmania.</li> </ul>	<ul style="list-style-type: none"> <li>▪ For the purpose of their ML funded activity, the purpose of the three PCOs will be to improve the coordination and integration of primary health care in local communities, address service gaps and make it easier for patients to navigate their local health care system.</li> </ul>
<b>ROLES AND RESPONSIBILITIES</b>	<p>The role of MLT Ltd will be as service purchaser as well as performance monitoring and reporting. This will entail MLT Ltd</p>	<p>PCOs will be funded by MLT Ltd as the providers of core Medicare Local services. For the purpose of this ML funded activity, PCOs will be</p>

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	<p>being:</p> <ul style="list-style-type: none"> <li>▪ The single point of entry for the Commonwealth in relation to funding, communication and accountability</li> <li>▪ Purchaser of core regional ML services from the three regional PCOs</li> <li>▪ Purchaser of services from independent primary care service providers to meet service needs and gaps identified by PCOs and other stakeholders</li> <li>▪ Responsible for contract compliance monitoring and management</li> <li>▪ Accountable to the National Performance Authority through quarterly <i>Healthy Communities Reports</i>.</li> </ul> <p>In addition to these key ML roles, MLT Ltd is expected to undertake key Network roles in collaboration with its members including:</p> <ul style="list-style-type: none"> <li>▪ Policy development</li> <li>▪ Statewide advocacy and government relations</li> <li>▪ Media and communications</li> <li>▪ Data collection, analysis and information management</li> <li>▪ Member (shared) services.</li> </ul>	<p>responsible for:</p> <ul style="list-style-type: none"> <li>▪ Regional needs assessment under contract to MLT Ltd</li> <li>▪ Engagement with local primary care service providers to develop innovative models of care, care pathways and services to meet identified needs and gaps</li> <li>▪ Working with local health care professionals to ensure services are integrated and patients can easily access the services they need</li> <li>▪ Identifying groups of people missing out on GP and primary health care, or services that a local area needs, and responding to those gaps by working with MLT Ltd to target services better</li> <li>▪ Working with Local Hospital Networks to assist with patients' transition out of hospital, and if required, into aged care.</li> </ul>
<b>MEMBERSHIP</b>	<ul style="list-style-type: none"> <li>▪ MLT Ltd will have as its foundation members the three local Primary Care Organisations.</li> <li>▪ This membership will expand over time to include other statewide primary care organisations for which there is a membership value proposition.</li> </ul>	<ul style="list-style-type: none"> <li>▪ The local PCOs will initially retain their current membership, however this will be expected to expand to include other primary care providers in their catchment area within the first 12 months.</li> <li>▪ Membership arrangements will be an important transition matter and there will be greater opportunities for wider consultation with providers and provider groups.</li> <li>▪ It is important to note that services will be made available to all primary care providers in the region whether they are members or not. Membership should not be confused with provider consultation mechanisms.</li> </ul>

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<b>GOVERNANCE</b>	<ul style="list-style-type: none"> <li>▪ MLT Ltd will be governed by a statewide skills-based Board consisting of between 6 and 9 directors.</li> <li>▪ The MLT Ltd Board will be appointed through an open selection process undertaken by the members of MLT Ltd.</li> <li>▪ The members of MLT Ltd will assess the merits of Director applications against the required skills and experience as specified in the Director Position Description.</li> </ul>	<ul style="list-style-type: none"> <li>▪ PCOs will also be governed by local skills-based boards with the composition and size of these boards to be determined by the PCO in accordance with local requirements to effectively govern their organisation (including both the ML services and other activities that the PCO is undertaking).</li> <li>▪ Strong advisory and consultative links will be established between the three local boards and the board of MLT Ltd and these will be formalised through the Network Contract. Specifically, the MLT Ltd board will be obliged to seek advice from each of the local boards about local primary care service gaps, needs and priorities as well as advice in relation to primary care policy, advocacy and system improvement.</li> <li>▪ These advisory mechanisms will be governed through a consistent statewide framework.</li> </ul>
<b>FUNDING</b>	<ul style="list-style-type: none"> <li>▪ MLT Ltd will be funded by the Commonwealth Government.</li> <li>▪ MLT Ltd will receive Medicare Local funding from the Commonwealth from 1 July 2011.</li> <li>▪ MLT Ltd may also seek to secure funding from other sources.</li> <li>▪ Existing General Practice Tasmania Ltd contracts will be transferred to MLT Ltd where appropriate and where these are continuing in 2011-12.</li> <li>▪ A transition year is likely to be required for Commonwealth funding to existing Divisions to support smooth transition of services and contracts.</li> </ul>	<ul style="list-style-type: none"> <li>▪ PCOs will be funded by MLT Ltd to provide core ML services and to support and develop the primary care service network in their region.</li> <li>▪ As separate entities, PCOs will also be able to secure other funding independently for activities not covered in the ML Network Agreement.</li> <li>▪ PCOs may also be funded by MLT Ltd to deliver direct clinical services however such funding would be subject to a competitive tendering process.</li> </ul>
<b>ACCOUNTABILITY</b>	<ul style="list-style-type: none"> <li>▪ MLT Ltd will be accountable to the National Performance Authority through quarterly reporting.</li> <li>▪ MLT Ltd will also be accountable to the Commonwealth Government for acquittal of funds.</li> </ul>	<ul style="list-style-type: none"> <li>▪ PCOs will operate autonomously but within a common framework set by MLT Ltd.</li> <li>▪ PCOs will be accountable to MLT Ltd for the provision of core ML services as specified in the Network Agreement.</li> </ul>

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<b>KEY RELATIONSHIPS</b>	<ul style="list-style-type: none"> <li>▪ MLT Ltd will establish and maintain effective advisory and consultative mechanisms to garner consumer, community, clinical and other stakeholder input into direction setting and decision making at a statewide level.</li> <li>▪ MLT Ltd will also establish formal linkages with the statewide commissioning area of the State Government Department of Health and Human Services with a view to the development of common systems and frameworks for service planning and commissioning where appropriate.</li> </ul>	<ul style="list-style-type: none"> <li>▪ PCOs will establish and support local level advisory and consultative mechanisms to ensure that service planning and service model development is well informed.</li> <li>▪ A consumer engagement forum, primary care provider joint planning and priority setting forum and clinical advisory mechanism/s will be established in each region.</li> <li>▪ Each PCO will also be required to develop and maintain effective linkages with the Local Hospital Network (LHN) in their region.</li> <li>▪ The local consumer forum will be common to both the PCO and the relevant LHN.</li> <li>▪ The details of these arrangements will be further developed during transition to allow sufficient opportunity for stakeholder input into design and implementation.</li> </ul>
<b>CLINICAL SERVICE PROVISION</b>	<ul style="list-style-type: none"> <li>▪ Direct clinical service delivery will be purchased to meet local and statewide service needs within a fully contestable market.</li> <li>▪ Service contracts with primary care providers will be administered by MLT Ltd.</li> </ul>	<ul style="list-style-type: none"> <li>▪ PCOs will not have a contracting or purchasing role in their respective regions.</li> <li>▪ PCOs may be contracted by MLT Ltd for direct clinical services however this will be on a competitive basis with other local providers.</li> </ul>