

**Establishment of Primary Health Networks**  
**Frequently Asked Questions**  
**Version 1.2 – last updated 11 July 2014**

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**1. Why has a decision to establish Primary Health Networks been made?**

The Coalition's *Policy to Support Australia's Health System* committed to a Review of Medicare Locals (the Review). The Review was undertaken by Professor John Horvath AO (former Commonwealth Chief Medical Officer) and was provided to Government in March 2014.

The Review provided independent advice on all aspects of a Medicare Local's structure, operations and functions, as well as options for future directions.

The Review found that many patients were continuing to experience fragmented and disjointed health care that negatively impacted on health outcomes and increased health system costs. It also identified a genuine need for an organisation that could link up the parts of the health system to improve outcomes and productivity.

The Review recommended replacing Medicare Locals with a smaller number of Primary Health Organisations and not funding a national body.

The Government has determined that these new organisations will be called Primary Health Networks (PHNs).

**2. Will the Review report be released to the public, and if so, where can I find a copy?**

The report has now been made public and is available at the following location:

<http://www.health.gov.au/internet/main/publishing.nsf/Content/medicare-locals>

**3. What are Primary Health Networks?**

PHNs will be efficient corporate organisations responsible for improving patient outcomes in their local areas by ensuring that services across the primary, community and secondary sectors align and work together in the interest of patients.

**4. What is the difference between Primary Health Networks and Medicare Locals?**

PHNs will be different from Medicare Locals in many ways:

- They will provide more efficient corporate structures that reduce administrative cost to ensure funding goes to provide frontline services to benefit patients.
- They will offer savings through economies of scale and greater purchasing power, have better planning capacity and increased authority to engage with Local Hospital Networks (LHNs) and jurisdictional governments.
- PHNs will have greater local GP involvement to ensure optimal patient care. GPs will lead Clinical Councils and have a direct say in the activities of PHNs.

- Community Advisory Committees will work with Clinical Councils to ensure local consumer engagement, patient-centred decision-making, and PHN accountability and relevance.
- PHNs will not be providers of health services. Instead, they will be regional purchasers of health services with the flexibility to stimulate innovative public and private health care solutions to improve frontline services and better integrate health service sectors.

**5. When will Commonwealth funding for Medicare Locals cease?**

Commonwealth funding to Medicare Locals will cease on 30 June 2015.

**6. When will the Primary Health Networks become operational?**

PHNs will become operational from 1 July 2015, with an establishment and transition-in period from early 2015.

**7. How many Primary Health Networks will there be?**

There will be fewer PHNs than Medicare Locals. The number of PHNs is yet to be determined.

**8. How will the level of funding for Primary Health Networks be determined?**

Funding for the PHNs is being considered as part of the PHN policy development process.

**9. How will the boundaries of the Primary Health Networks be determined?**

Boundaries of the PHNs, as well as their Clinical Councils and Community Advisory Committees, will align with LHNs. This will facilitate collaborative working relationships and reduce duplication of effort. Boundaries are being established with consideration to population size, LHN alignment and patient flow.

**10. When will information on boundaries be released?**

Boundaries for PHNs are currently being considered as part of the policy development process. Information on boundaries will be released well in advance of the ITA.

**11. What will be the role of the Clinical Councils and Community Advisory Committees?**

Clinical Councils and Community Advisory Committees will provide local engagement, accountability and relevance for PHNs. Specific roles will be considered as part of the PHN policy development process.

**12. Will PHNs need to establish a separate Clinical Council or Community Advisory Committee if the LHN in the region already has existing community or clinical engagement mechanisms?**

The Department has discussed existing community and clinical engagement structures with state and territory governments and intends to avoid duplication, where possible.

**13. How will GPs be involved with PHNs?**

GPs will be involved in PHNs through Clinical Councils. These Councils will be GP-led.

**14. Will GP engagement and support be an internal and core role for PHNs?**

GP engagement and practice support will be a core role of PHNs. It is expected that this function will be delivered 'in-house' by PHNs instead of being out-sourced, however this may be a business decision for PHNs.

**15. How will allied health professionals be involved with PHNs?**

The involvement of allied health professionals will be encouraged by PHNs through Clinical Councils.

**16. What will the selection process for Primary Health Networks involve?**

PHN operators will be selected through a transparent, competitive, open tender process.

**17. Who can apply to become a Primary Health Network?**

The Invitation to Apply (ITA) will be open to public and private organisations.

**18. When will the selection process for Primary Health Networks take place?**

The selection process for PHNs is expected to commence late 2014.

**19. Will industry briefings take following the release of the ITA?**

The department will conduct industry briefings shortly after the release of the ITA.

**20. How will Primary Health Networks work with Local Hospital Networks?**

PHNs, through their Clinical Councils, will be aligned to LHNs to facilitate collaborative working relationships, reduce duplication of effort, and increase their ability to purchase care for the communities they serve. PHNs will be expected to work with LHNs in population health planning.

**21. Will Primary Health Networks be service providers?**

PHNs will operate as regional purchasers of health services. PHNs will only provide services under exceptional circumstances, including where there is demonstrable market failure.

**22. What process will be used to determine 'market failure'?**

A definition of 'market failure' is currently being considered as part of the policy development process. Further information will be provided in the ITA documentation.

**23. What role will preventive health activities play in PHNs?**

PHNs will have a role in population health assessment to ensure patients can access the frontline services they require, which could include preventive health services if determined appropriate.

**24. How can consumers be involved in Primary Health Network decision making?**

PHNs will be required to establish Community Advisory Committees to ensure that PHN decisions are patient-centred and address the needs of the community.

**25. How will the performance of Primary Health Networks be measured?**

PHNs will operate under an outcome focused performance management contract with the Department of Health.

**26. What will happen to staff and health professionals currently working at Medicare Locals?**

Medicare Locals were established as independent companies limited by guarantee. As such, the business decision to continue or cease operations rests with each Medicare Local. It is expected that the new PHNs will provide opportunities for some staff currently employed by Medicare Locals.

**27. What will happen to services currently directly delivered by Medicare Locals?**

Medicare Locals will continue to receive Commonwealth funding until 30 June 2015. Service continuity is a priority in the establishment of PHNs and the Department of Health will work with Medicare Locals and PHNs to minimise disruption to services and patient care. It would be expected that the majority of existing Medicare Local frontline services would be transferred to the PHN purchasing environment.

**28. Will the organisations currently funded by Medicare Locals receive ongoing funding via Primary Health Networks?**

It is anticipated that an establishment and transition-in period for PHNs from early 2015 will support transfer of activities that meet community needs from Medicare Locals to the new PHN purchasing environment prior to 1 July 2015. PHNs will be required to ensure that any subcontracting arrangements are contestable.

**29. How will the review of the delivery of after hours services be conducted?**

The review on after hours (as recommended in the Review of Medicare Locals) will be a considered as separate process and information on the approach and Terms of Reference will be forthcoming.

**30. What will happen in relation to Medicare Locals accreditation?**

With the introduction of PHNs, Medicare Locals are no longer required to be accredited under the MLA Scheme.

**31. What happens now that the Australian Medicare Local Alliance (AML Alliance) has closed?**

With the cessation of Commonwealth funding to the AML Alliance as of 30 June 2014, the department has established a Medicare Locals Network Support Team to work directly with the network to ensure appropriate support during 2014-15.

The Network Support Team will provide communications, with a focus on facilitating best practice sharing and service continuity planning in the lead up to the establishment of PHNs from 1 July 2015. The team can be contacted through the new [mlsupport@health.gov.au](mailto:mlsupport@health.gov.au) inbox and MELVIN.

**32. Will the Commonwealth fund a new national body for Primary Health Networks?**

The Commonwealth will not be funding a national body for PHNs.

*If you have a question that has not been addressed above, please contact the department via email at [phn@health.gov.au](mailto:phn@health.gov.au)*