Australian Government
Department of Health

Flexible Fund Guidelines for the
REGIONALLY TAILORED PRIMARY HEALTH CARE
INITIATIVES THROUGH MEDICARE LOCALS FUND

January 2014
1 Introduction

1.1 Establishment of the Fund
The Regionally Tailored Primary Health Care Initiatives through Medicare Locals Fund (the Fund) is an Australian Government initiative administered by the Department of Health (the Department), to help improve administrative arrangements and provide greater flexibility to respond to emerging health priorities.

The Fund was established in 2011 through the consolidation of the following health programs:

- Primary Health Care Organisations – Medicare Locals;
- Improve Access to After-hours Care - Funding to Medicare Locals to ensure availability of face-to-face after hours services;
- General Practice After Hours Program;
- Workforce Support for Rural General Practitioners Program;
- Rural General Practitioner Locum Program;
- Rural Primary Health Services Program;
- Medicare Plus Better Aged Care Residents (Aged Care Access Initiative) – Allied Health component; and
- Primary Health Care Organisation Support – Improving Access to General Practice and Primary Health Care Services for Older Australians.

In total, 18 flexible Funds have been established across the portfolio, consolidating 159 existing health programs. The establishment of these Funds followed a strategic review of the administrative arrangements in the Health portfolio commissioned by the Government in 2010. The review identified an opportunity to improve the management of programs through consolidating them into larger, flexible Funds, in order to cut red tape for grant recipients, increase flexibility, and more efficiently provide evidence based funding for the delivery of health outcomes in the community.

Under these new arrangements, flexible Fund guidelines and the approach to Fund management emphasise the need for high quality, evidence-based activities that demonstrate relevance to contemporary health challenges and identified priorities, as well as a focus on value for money.

Further information about the strategic review and the establishment of the flexible Funds is available on the Department’s website.

These Fund Guidelines may be varied from time to time by the Australian Government as the needs of the Fund require. Amended Fund Guidelines will be published on the Department’s website.

1.2 Medicare Locals
Medicare Locals are primary health care organisations, established to coordinate primary health care delivery and address local health care needs and service gaps. They will work with general practice, allied health and community health care providers to drive improvements and greater integration in primary health care, and ensure that services are better tailored to meet the needs of local communities.
Medicare Locals have a number of key roles in improving primary health care services for local communities. They will:

- make it easier for patients to access the services they need, by linking local GPs, nursing and other health professionals, hospitals and aged care, and maintaining up to date local service directory information;
- work closely with Local Hospital Networks to make sure that primary health care services and hospitals work well together for their patients;
- plan and support local after hours face-to-face GP services;
- support the implementation of initiatives that improve the prevention and management of disease in general practice and primary health care;
- identify where local communities are missing out on services they might need and coordinate services to address those gaps;
- support local primary care providers, such as GPs, practice nurses and allied health providers, to adopt and meet quality standards; and
- be accountable to local communities to make sure services are effective and of high quality.

Further information about the roles and responsibilities of Medicare Locals is available at the YourHealth Website.

# 2 Fund objective and priorities

## 2.1 Fund objective

The objective of the Fund is to help make it easier for all Australians to access the right health care at the right time, through the provision of funding to Medicare Locals to improve the availability, appropriateness, coordination and integration of primary health care in their local community.

## 2.2 Fund priorities

To achieve this objective, the Fund priorities are to:

1. promote, facilitate, and improve access to appropriate primary health care services;
2. support primary health care providers and organisations to deliver safe, high quality services to consumers;
3. encourage and promote innovative responses to health needs and priorities, including health promotion and prevention measures, use of evidence-based strategies, the robust evaluation of activities, and the sharing of learnings;
4. assist primary health care providers and organisations with the uptake and integration of new technologies, such as e-health and tele-health initiatives, to improve the delivery, safety and quality of health services;
5. support the development and implementation of primary health care initiatives that are appropriately targeted to meet the needs of a range of identified client groups, and reflect engagement with, and the support of, client groups for these initiatives; and

6. provide education, training, and other support for Medicare Locals to build their capacity over time to deliver on their strategic objectives.

These Fund priorities are described in further detail at Attachment A.

Medicare Locals will be required to undertake activities to address each of the first five priorities of the Fund. Priority six will be addressed through a range of national infrastructure initiatives, including those noted in Section 3.4 Allocation of funding to organisations other than Medicare Locals, below. The Australian Medicare Local Alliance will also have a key role in addressing priority six of the Fund.

Fund priorities may be adjusted from time to time to take into account evidence about the effectiveness, efficiency and appropriateness of Fund activities, as well as emerging health challenges.

2.3 Fund principles

It is expected that all of the activities undertaken to address the Fund objective and priorities will be developed and implemented from a consumer centered perspective, and in consultation with local stakeholders.

Consumer Centred Care and Community Engagement

Consumer centred care is health care that is respectful of, and responsive to, the preferences, needs and values of patients and consumers. Consumer centred care is increasingly being recognised as a dimension of high quality health care in its own right, and there is strong evidence that a consumer centred focus can lead to improvements in health care quality and outcomes by increasing safety, cost effectiveness and patient, family and staff satisfaction.

The key principles of consumer centred approaches include:

- treating patients, consumers, carers and families with dignity and respect;
- encouraging and supporting participation in decision making by patients, consumers, carers and families;
- communicating and sharing information with patients, consumers, carers and families; and
- fostering collaboration with patients, consumers, carers, families and health professionals in program and policy development, and in health service design, delivery and evaluation.1

Engagement with individuals and organisations representing different population groups and ‘communities of interest’ is also essential to help ensure that health services and initiatives meet the needs of the community. The number, size and type of these important stakeholder groups will vary across the country, and may be different for each Medicare Local catchment area. Examples of possible stakeholder groups may include those representing the ageing population, the homeless, or people at risk of homelessness, refugees and new migrants and Aboriginal and Torres Strait Islander people.

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1 Australian Commission on Safety and Quality in Health Care, 2011
Collaboration with existing services

Medicare Locals operate in an environment in which they are accountable to both the Commonwealth and their local community. As such, Medicare Locals are expected to engage with the full range of primary health care organisations and providers in their community to ensure that primary health care works for the whole of the local population within its boundary.

Medicare Locals are also expected to establish effective collaborations between Medicare Locals and Local Hospital Networks to deliver more coordinated, integrated, locally responsive and flexible health services.

Engagement with the breadth of well-established primary health care services and existing consultative mechanisms already embedded in communities is also expected of all Medicare Locals.

3 Fund scope and operating parameters

3.1 Fund scope
The Fund is intended to be broad in scope, and flexible enough to support a wide range of activities that will assist Medicare Locals to deliver on their strategic objectives and the Fund priorities, in accordance with the needs of their local community, and provide greater flexibility to respond to emerging health priorities.

The funding committed to Fund priorities and their supporting activities may be varied over time, to take into account:

• availability of funding;
• evidence, including from evaluation activities, of the effectiveness, efficiency and appropriateness of Fund activities; and
• emerging health challenges.

3.2 Fund timeframe
The Fund is an ongoing initiative from 1 July 2011.

Specific activities under the Fund will be implemented in line with agreed Australian Government timelines. The timeframes for activities undertaken by individual Medicare Locals will be subject to agreement by the Department in accordance with approved Annual Plans and other documentation.

Timeframes for procurement activity will vary depending on the process and expected outcomes of the individual activities. Timeframes associated with procurement processes will be clearly specified in the procurement documentation for that process.
3.3 Roles and responsibilities

**Minister for Health**

The Minister for Health (the Minister) is responsible for reviewing and setting priorities for the Fund. These priorities will at all times reflect the overarching objective of the Fund, but may change over time to provide greater flexibility in responding to emerging health priorities.

**Department of Health**

The Department is responsible for the development and dissemination of all guideline and application documentation under the Fund and for ensuring that such documentation is in accordance with the Fund’s objective and priorities. The Department is responsible for notifying applicants of the outcomes of any funding arrangement process and responding to queries in relation to the application process, as well as resolving any uncertainties that may arise in relation to application requirements.

The Department is also responsible for the management and monitoring of activities and funding arrangements under the Fund. This includes:

- developing funding agreements or any alternative contractual arrangement;
- monitoring the performance of funded activities to ensure the conditions of the contractual arrangement are met;
- assessing performance and financial reports and undertaking follow up activity as necessary; and
- making payments on acceptance of milestone reports as specified in the contractual arrangement.

**Funded entities**

The funded entity is responsible for the efficient and effective delivery of specified activities in accordance with the obligations contained in any funding agreement or contractual arrangement entered into under the Fund. Funded entities are also responsible for:

- ensuring they meet the obligations of the funding agreement or other contractual arrangements;
- ensuring the activities are managed in a cost effective and efficient manner;
- maintaining contact with the Department and advising of any emerging issues that may impact on the success of the agreed activities;
- identifying and documenting risks and the appropriate control strategies;
- reporting on performance and expenditure in accordance with contractual obligations; and
- assisting with evaluation activities as necessary.
3.4 Allocation of funding under the Fund

**Fund value**

The total value of funds available under the *Regionally Tailored Primary Health Care Initiatives through Medicare Locals Fund* is $1.454 billion over the four years 2011-12 to 2014-15.

The Department will review priorities under the Fund from time to time and provide advice to the Minister on emerging needs, as required, to ensure that emerging health challenges are being addressed.

**Allocation of funding to Medicare Locals**

As existing funding arrangements for the programs that have been consolidated into the Fund lapse, Medicare Locals will become the main funding beneficiaries of the *Regionally Tailored Primary Health Care Initiatives through Medicare Locals Fund*.

Under the Fund, Medicare Locals will receive funding to support the delivery of a range of primary health care initiatives and services and to meet their strategic objectives and the Fund priorities.

Medicare Locals will also receive funding to cover the general administrative overhead costs associated with operating and maintaining Medicare Locals. These costs may include, but are not limited to: staff salaries, utilities, rent, travel expenses, reporting functions, communications activities, and Board attendance fees.

Funding will also be allocated to the Australian Medicare Local Alliance, for its establishment and ongoing operation, and to support Medicare Locals in meeting their strategic objectives.

All existing funding from the programs being consolidated into the *Regionally Tailored Primary Health Care Initiatives through Medicare Locals Fund* has been included in the new Fund.

**Allocation of funding to organisations other than Medicare Locals**

Other organisations may also be funded on an ‘as needed’ basis where appropriate, to achieve the objective and priorities of the Fund.

Throughout 2011-12 and 2012-13, a number of national infrastructure and capacity-building activities will be undertaken to support Medicare Locals to meet their strategic objectives, and develop their capabilities in key areas. These activities include (but are not limited to):

- establishing a new accreditation framework for Medicare Locals, including the development of accreditation standards that are specifically tailored to the unique role of Medicare Locals;
- convening Medicare Local forums, as required, to facilitate information and knowledge-sharing between Medicare Locals, the Australian Medicare Local Alliance and the Commonwealth; and
- developing a comprehensive needs assessment process to support Medicare Locals in identifying and addressing the health needs of their local communities.

Tender processes may be undertaken to identify organisations to complete some or all of these activities on behalf of the Department. Where tender processes are undertaken, they will be conducted in accordance with the Commonwealth Procurement Guidelines.
4 Eligibility

The nation-wide network of 62 Medicare Locals, as well as the Australian Medicare Local Alliance, are eligible to receive funding from the Fund. Other organisations that are legal entities may also be eligible to be funded in circumstances where proposed activities will complement or add value to existing Medicare Local activities.

Only legal entities will be eligible to undertake procurement activities under the Fund, as required.

5 Probity

The Australian Government is committed to ensuring that the process for providing funding under the Regionally Tailored Primary Health Care Initiatives through Medicare Locals Fund meets acceptable standards of probity and is in accordance with published Fund Guidelines.

Probity issues to be addressed include, but are not limited to, conflict of interest, confidentiality and protection of personal information.

Conflict of interest

A conflict of interest may exist, for example, if an applicant or any of its personnel:

- has a relationship (whether professional, commercial or personal) with a party who is able to influence the development or implementation arrangements e.g. a departmental officer; or
- has a relationship with, or interest in, an organisation, which is likely to interfere with or restrict the applicant in carrying out the proposed activities fairly and independently.

Funded organisations will be required to declare conflicts of interest as part of their application.

Confidentiality and Protection of Personal Information

It is a Commonwealth requirement that all confidential information and personal information are kept confidential. This will require each funded organisation to:

- comply with the Privacy Act (1988) (‘the Privacy Act’), including the 11 Information Privacy Principles (IPPs), as if it were an agency under the Privacy Act, and the National Privacy Principles (NPPs);
- refrain from engaging in direct marketing (s 16F of the Privacy Act), to the extent that the NPP and/or s 16F apply to the Funded organisation; and
- impose the same privacy obligations on any subcontractors it engages to assist with the project.

The contractual arrangement with funded organisations imposes obligations on the funded organisation with respect to special categories of information collected, created or held under the
Agreement. The funded organisation is required to seek the Commonwealth’s consent in writing before disclosing confidential information.

The specific clauses governing the confidentiality provisions of any grant process under the Fund will be contained in the contract that will form part of the grant documentation available to applicants.

6 Fund Application Processes

There will not be regular open funding rounds to access funds from the Regionally Tailored Primary Health Care Initiatives through Medicare Locals Fund. The significant majority of funding available through the Fund will be provided directly to Medicare Locals. Other organisations may access funding from the Fund in specific circumstances (refer Section 4 Eligibility).

Medicare Locals and the Australian Medicare Local Alliance will be directly funded to provide services under the Fund in the majority of circumstances. Individual grant processes that may be available to other organisations will contain detailed guidance on the specific requirements for that process, and will be consistent with the Fund Guidelines.

Medicare Locals will work in close collaboration with their communities to identify primary health care gaps and service needs, set priorities, and address areas of unmet need. These processes will be reflected in their strategic plans, needs assessments, and annual planning and reporting requirements. Local priority setting will be also be complemented by state/territory and Commonwealth level health policies and priorities.

Funding allocations will be monitored throughout the year, with potential underspends identified and allocated to activities identified as being the most appropriate method of meeting the Fund objective and priorities.

Any procurement activities undertaken by the Department in support of Fund priorities will be completed in accordance with the Commonwealth Procurement Guidelines.

6.1 Decisions

Approval of funding

The amount of funding to be allocated to Medicare Locals and the Australian Medicare Local Alliance will be determined by a funding formula. For all funded entities, an assessment of required deliverables will be undertaken to ensure that the proposed activities will deliver value for money to the Commonwealth. The assessment of required deliverables will be undertaken by Departmental officers.

The final decision about the approval of deliverables and associated funding will be made by the Minister for Health or Agency Chief Executive (including a Chief Executive Delegate).

As part of their decision making, the Approver will consider whether the proposal meets the requirement of efficient, effective, ethical and economical use of Commonwealth resources, as required by the Financial Management and Accountability Act (1997), and whether any specific requirements which have been imposed as a condition of funding (including those in Section 7 Conditions of Funding, below) have been met. Funding approval is at the discretion of the Approver.
Advice to applicants

As part of any funding process for the Fund, all applicants will be advised in writing of the decision in relation to the assessment of their application/submission.

Complaint handling

The Department’s Procurement and Funding Complaints Handling Policy applies to complaints that arise in relation to a procurement or funding process. It covers events that occur between the time the request documentation is released publicly and the date of contract execution, regardless of when the actual complaint is made. The Department requires that all complaints relating to a grant or procurement process must be lodged in writing. Further details of the policy are available on the 'About Us' page of the Department’s website.

7 Conditions of Funding

Contracting arrangements

Funded entities will be required to enter into a funding agreement or alternative contractual arrangement with the Commonwealth (represented by the Department of Health) for the allocation of funding from the Fund. For Medicare Locals, this agreement will form a schedule to the Medicare Locals Deed for Funding.

A copy of the proposed contractual arrangement will form part of any material that is made available to applicants.

Details of all grants will be reported in accordance with the requirements of the Commonwealth Grants Guidelines and other reporting obligations applying to the Department, including being listed on the Department’s website.

Payment arrangements

Payments will usually be made on achievement of agreed milestones.

Where payments are linked to the achievement of specific milestones, payments will only be made after the Department is satisfied that those milestones and associated obligations of the contractual arrangement have been met.

Reporting requirements

Funded entities will be required to provide progress reports on agreed milestones. These progress reports may include funding acquittal requirements. The timing of progress reports will be negotiated and form part of the final contractual arrangement. The format and framework for providing progress reports will take into account the size, cost and relative risks of the project being undertaken.

Monitoring

Funded entities will be required to actively manage the delivery of the funded activities. The Department will monitor progress against the funding agreement or contract through assessment of progress and operational reports.
Evaluation

The services/ activities undertaken with funding provided through the Fund will be evaluated by the Department to assess their effectiveness, efficiency and appropriateness in meeting the objective of the Fund.

8 Procurement activities

Funds appropriated for the purpose of the Regionally Tailored Primary Health Care Initiatives through Medicare Locals Fund may be used for the procurement of work directly related to the objective of the Fund, for example program evaluation activities. Any such procurement will be undertaken in accordance with the requirements of the Commonwealth Procurement Guidelines and will be for purposes that are consistent with the objective and priorities of the Fund.

While Medicare Locals and the Australian Medicare Local Alliance are private companies and are not bound by the Australian Government’s procurement requirements, they are expected to undertake their procurement and sub-contracting activities in accordance with the core principles outlined in the Commonwealth Procurement Rules, such as value for money.
Priority 1

Promote, facilitate, and improve access to appropriate primary health care services.

Medicare Locals have a key role to play in helping to ensure that access to the local health care system is as integrated and seamless as possible. Access can be considered from a number of perspectives, such as:

- the location of, or distance to, appropriate health services, particularly for Australians living in rural and remote communities;
- the hours of operation of primary health care services, including access to care outside of normal working hours. Medicare Locals will be expected to successfully improve, and maintain, access to effective and accessible face-to-face primary health care services during the after hours period;
- access to primary health care for older people receiving aged care support, whether they live independently, or in a Commonwealth-funded Residential Aged Care Facility (RACF);
- accessibility of information about health services in easy-to-understand formats, and locally relevant languages. This will help consumers to access the right care, in the right place, at the right time;
- the cultural safety and appropriateness of health services;
- inability to access primary health care services, due to, for example, insufficient providers or services, or lengthy waiting times;
- the physical accessibility of health service facilities (e.g. ramps, height-adjustable beds, etc.); and
- equity – ensuring that those most in need are able to access the support and services they require.

This Fund priority links to the Medicare Locals strategic objectives 1 and 3.

Priority 2

Support primary health care providers and organisations to deliver safe, high quality services to consumers.

Medicare Locals must proactively engage with practitioners and organisations across the spectrum of primary health care to ensure:

- the provision of safe, high quality care, including providing support to achieve organisational accreditation;
- health care providers are appropriately trained and qualified (through National Registration Boards, or professional associations);
- the uptake of best practice; and
- that quality improvement activities are promoted and supported, including providing feedback on performance (e.g. childhood immunisation rates).
Medicare Locals may also undertake a range of other activities to support continuous quality improvement and a strong focus on the delivery of safe, high quality primary health care services.

This Fund priority links to the Medicare Locals strategic objectives 1, 2 and 4.

Priority 3

Encourage and promote innovative responses to health needs and priorities, including health promotion and prevention measures, use of evidence-based strategies, the robust evaluation of activities, and the sharing of learnings.

- Medicare Locals will identify the health needs of their local community through the completion of comprehensive needs assessments and joint service planning activities. From this basis, Medicare Locals will be encouraged to implement innovative solutions to meet local needs.
- Medicare Locals should ensure that activities are robustly evaluated, to contribute to building the evidence base, and enable the sharing of information and findings across the Medicare Locals network.
- There should also be a strong focus on health promotion and illness prevention as a priority for action.

This Fund priority links to the Medicare Locals strategic objectives 1, 2, 4 and 5.

Priority 4

Assist primary health care providers and organisations with the uptake and integration of new technologies, such as e-health and tele-health initiatives, to improve the delivery, safety and quality of health services.

- Medicare Locals will have a key role in providing support for general practices and other primary health care organisations to implement the Personally Controlled Electronic Health Record (PCEHR), and the Tele-health initiative, as part of the National Digital Economy Strategy.
- The uptake of other Information Management/ Information Technology products, such as data extraction tools and clinical audit software, may also be supported through this priority.

This Fund priority links to the Medicare Locals strategic objectives 1, 2, 4 and 5.
Priority 5

Support the development and implementation of primary health care initiatives that are appropriately targeted to meet the needs of a range of identified client groups, and reflect engagement with, and the support of, client groups for these initiatives.

Medicare Locals are responsible for ensuring local primary health care services are inclusive and accessible by all groups in the community. Particular groups that may require additional assistance to engage with local health services may include:

- Aboriginal and Torres Strait Islander communities;
- rural and remote communities;
- people from Culturally and Linguistically Diverse backgrounds;
- people with a disability, and their carers;
- people who are experiencing homelessness, or are at risk of homelessness;
- low socio-economic groups;
- people with a mental illness; and
- older people receiving aged care support, and their carers.

It should be noted that this list is not exhaustive, and activities under this priority should be informed through consultations and active engagement with the local community, and reflected in the Medicare Local needs assessment.

This Fund priority links to the Medicare Locals strategic objectives 1, 3 and 4.

Priority 6

Provide education, training, and other support for Medicare Locals to build their capacity over time to deliver on their strategic objectives.

Medicare Locals will require appropriate support and assistance to evolve into high performing, efficient and accountable organisations. The types of activities to be supported through this priority may include:

- development of the Medicare Locals accreditation framework, and training and educational support to assist Medicare Locals through the accreditation process;
- governance training and leadership development opportunities for CEOs and Board members;
- engagement of consultants to help build the capacity of Medicare Locals in specific areas, as required;
- establishing data collection and support systems; and
- evaluation of the Medicare Locals program, to identify key learnings and areas for development.

This Fund priority links to the Medicare Locals strategic objective 5.