

Review of Medicare Locals released

13 May 2014

The Department of Health (DH) has released the Review of Medicare Locals (the Review). Undertaken by Professor John Horvath AO, the Review aimed to consider all aspects of Medicare Locals (MLs), including their structure, operation and functions, and to provide advice on future directions.

Recommendations

The Review has provided the Minister for Health with a range of recommendations for a new system of Primary Health Organisations (PHOs) that would undertake a role that is similar to that of MLs, but with a number of key differences. Professor Horvath's recommendations are as follows:

1. The government should establish organisations tasked to integrate the care of patients across the entire health system in order to improve patient outcomes
2. The government should consider calling these organisations Primary Health Organisations
3. The government should reinforce general practice as the cornerstone of integrated primary health care, to ensure patient care is optimal
4. The principles for the establishment of PHOs should include:
 - Contestable processes for their establishment
 - Strong skills based regional Boards, each advised by a number of Clinical Councils, responsible for developing and monitoring clinical care pathways, and Community Advisory Committees
 - Flexibility of structure to reflect the differing characteristics of regions
 - Engagement with jurisdictions to develop PHO structures most appropriate for each region
 - Broad and meaningful engagement across the health system, including public, private, Indigenous, aged care and NGO sectors
 - Clear performance expectations
5. PHOs must engage with established local and national clinical bodies
6. Government should not fund a national alliance for PHOs
7. The government should establish a limited number of high performing regional PHOs whose operational units, comprising pairs of Clinical Councils and Community Advisory Committees, are aligned to LHNs. These organisations would replace and enhance the role of Medicare Locals
8. Government should review the current Medicare Locals' after hours programme to determine how it can be effectively administered. The government should also consider how PHOs, once they are fully established, would be best able to administer a range of additional Commonwealth funded programmes
9. PHOs should only provide services where there is demonstrable market failure, significant economies of scale or absence of services
10. PHO performance indicators should reflect outcomes that are aligned with national priorities and contribute to a broader primary health care data strategy.



Copies of the Review can be accessed [here](#).

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