



PRIME MINISTER

TREASURER

MINISTER FOR HEALTH AND AGEING

JOINT MEDIA RELEASE

LOCAL HOSPITAL NETWORKS TO DELIVER ON LOCAL NEEDS

Local Hospital Networks will be established across the country and paid directly by the Australian Government for each public hospital service they provide.

Local Hospital Networks will be made up of a small group of hospitals that will work together to provide a range of hospital services and manage their own budgets.

Local Hospital Networks will be:

- Run locally
- Funded nationally
- Accountable for their performance against strong national standards.

The way in which public hospitals are operated and controlled today varies substantially across the country – some States devolve control to the local level, other States have highly centralised models managed by large area health services.

As part of the Government's reforms, Local Hospital Networks - comprised of between one and four hospitals, with regional networks potentially including more small hospitals – will be responsible for the running of public hospital services.

In capital cities, Local Hospital Networks will be built around large tertiary or specialist hospitals. In regional and remote areas, networks will be built around large regional hospitals.

Local Hospital Networks will avoid the fragmentation and duplication that comes from individual hospitals operating independently, as they will work together to coordinate and plan services – rather than compete for resources.

Paying for what you get

The Government will pay Local Hospital Networks directly for each public hospital service they provide, rather than just hand over block funding grants to the states.

An independent umpire will set the "efficient national price" for different hospital services – in other words, the amount a service should cost if it is being delivered

efficiently, taking into account factors such as remoteness and the complexity of patients' needs.

This reform will provide an incentive for hospitals to minimise waste and deliver services as efficiently as possible.

Empowering local clinicians and local communities

Doctors and nurses will also have more of a say in hospital decision making through the establishment of clinical senates and representation in the Local Hospital Networks' management structures.

A key theme throughout the Government's health reform consultations was that many hospital staff and communities felt that they did not have the opportunity to drive change.

The Australian Government will work with States and Territories to determine the network structure that best meets the needs of communities and the challenges of managing multiple small hospitals.

There will be no net increase in bureaucracy under this reform - because as a condition of the funding any increase in the number of local staff working at Local Hospital Networks must be matched by a reduction in head office staff numbers in health departments and regional bureaucracies.

Changing the way hospitals are funded and run will make Australia's public hospital services more responsive to local communities, reduce waste and duplication, and ensure taxpayer health dollars are being used to deliver health services as effectively and efficiently as possible.

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