



Mental Health Australia

Submission to the Australian National Audit Office

Effectiveness of the Department of Health and Aged Care's
performance management of the Primary Health Network
program

30 November 2023

Mentally healthy people,
mentally healthy communities

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Introduction

Mental Health Australia is the peak, national non-government organisation representing and promoting the interests of the Australian mental health sector and committed to achieving better mental health for all Australians. It was established in 1997 as the first independent peak body in Australia to represent the full spectrum of mental health stakeholders and issues. Mental Health Australia's 134 members include national organisations representing people with lived experience of mental ill-health, carers and family, clinical and community service providers, professional bodies, public and private mental health service providers, researchers and state/territory community mental health peak bodies.

Mental Health Australia is providing this submission on behalf of our members. It includes examples of experiences with Primary Health Networks (PHNs) that highlight areas for improvement in the Department of Health and Aged Care (DHAC)'s performance management of this program, that can be addressed by the Australian National Audit Office's review.

Background

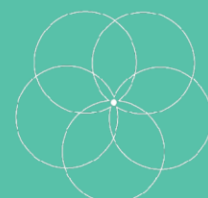
Primary Health Networks (PHNs) were established by the Australian Government in 2015 to improve efficiency, effectiveness and coordination of healthcare services for local communities.

The primary roles of PHNs are to assess and address the (primary) health care needs of their local community, through both commissioning services and supporting greater connection between services in the local region.

PHNs have an essential role in improving people's access to mental health services, through commissioning the delivery of Australian Government-funded mental health care services, improving connection between services, and addressing mental health service gaps and priorities in their local area. **Mental Health Australia is concerned that there are significant flaws in the current PHN system, which is impacting on their ability and role in contributing to better mental health outcomes across Australia.**

Mental Health Australia members have raised concerns about PHN commissioning and funding processes, with short-term contracts and continual re-contracting contributing to significant inefficiencies in the health system; inconsistency in KPIs, contracts and reporting requirements across PHNs; PHN funding and tendering models incentivising service fragmentation rather than collaboration; and a lack of transparency and accountability mechanisms.

There is a strong call across our membership for **greater national guidance and oversight of PHNs, while also ensuring that PHNs have the capacity and capability to genuinely understand and respond to the needs of their community, and integrate services locally.**



This requires greater national leadership from the DHAC to establish a tighter remit for PHNs, as well as increased support and improved performance monitoring, reporting and accountability.

Mental Health Australia has detailed specific responses to the Australian National Audit Office's Terms of Reference below.

Has DHAC established a fit for purpose performance management framework for the PHN program?

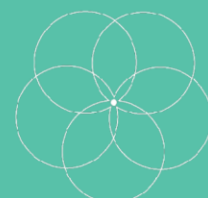
The DHAC has developed a PHN Program Performance and Quality Framework (the Framework), which outlines the overarching goals and objectives of the PHN program, and defines a set of performance indicators for the PHN Program overall and for PHNs at the organisational level. Further, PHNs have performance agreements with the DHAC, outlining specific targets, responsibilities, and funding arrangements which serve as the basis for accountability and performance evaluation.

However, **the Framework does not appear to have kept pace with the significant changes and challenges as the PHN Program has matured.** The 2018 evaluation of the PHN Program emphasised that given the complexity of the PHN program, *“As the PHN Program Performance and Quality Framework (Version 2) is implemented, and the way that performance management is conducted in the PHN Program shifts, this will be an area of significant development and will require evaluation to inform ongoing improvement.”*¹

The Framework includes the commitment to biennial review, to consider whether the program logic, outcomes and indicators remain relevant. However, this appears to have not been undertaken, with the Version History of the publicly available version of the Framework on the DHAC website indicating the latest revision in September 2019. Mental Health Australia members have reflected the PHN program appears to have outgrown this Framework, and **Mental Health Australia encourages revision of the Framework to ensure it remains fit for purpose.**

Mental Health Australia members have experienced significant ongoing issues in inconsistencies in performance management requirements across PHNs – with different approaches to defining KPIs, measuring outcomes and linking funding to performance. While regional variation in services is a strength of PHNs, such wide variance in reporting and performance management creates unnecessary administrative burdens for service providers, prevents collaboration and comparison across PHN areas, and diverts resources better invested in service delivery and continuous improvement. It also results in PHNs duplicating efforts in creating organisational performance management frameworks. This in turn limits the capacity of the DHAC to integrate these measures to monitor and report on PHN program performance overall, and embed lessons learnt from particular PHNs across the system. **The national PHN program performance management framework should require consistency in PHN reporting requirements** to address these issues.

¹ University of NSW, Monash University, EY (2018), *Evaluation of the Primary Health Networks Program: Final Report*, <https://www.health.gov.au/sites/default/files/documents/2021/06/evaluation-of-the-primary-health-networks-program.pdf>, 69



There is a tension between PHN delivery of programs and priorities required by the DHAC, and identifying and addressing local needs. Members have found there is a lack of clarity around the expectations for PHNs in regional service planning and delivery, particularly as PHNs have limited capacity and resources outside of national priorities and initiatives. Mental health stakeholders have expressed confusion about the objectives, expectations and impact of PHNs, particularly in regional areas. Review of the performance management framework should provide **greater clarity on the expected role and impact of PHNs in addressing local needs, including in regional areas.**

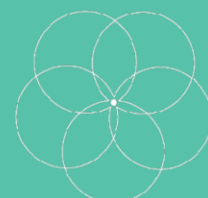
Mental Health Australia members have also called for **the PHN performance management framework to have a stronger focus on the 'system stewardship' role of PHNs.** This role involves creating the conditions (relational, policy, structural and funding) to enable others (the whole system of interconnected agencies and stakeholders) to make use of resources, relationships and knowledge.

Key findings:

- The PHN Program Performance and Quality Framework has not kept pace with changes as the PHN Program has matured, and intended biennial reviews appear not to have been undertaken
- There are inconsistent approaches across PHNs to defining KPIs, measuring outcomes and performance management of providers, which creates inefficiencies in the PHN Program overall.

Recommendations:

- The DHAC to review the PHN Program Performance and Quality Framework to ensure it continues to be fit for purpose, including:
 - ensuring consistency across PHNs, and in PHN reporting requirements
 - inclusion of performance indicators on the system stewardship role of PHNs
 - greater clarity on the expected role and impact of PHNs in addressing local needs, including in regional areas.



Has DHAC effectively monitored and enforced compliance with PHN grant terms and conditions?

Contrary to the Australian Government's commitment in the establishment of PHNs, there is very little publicly available information on the performance of PHNs. The last evaluation of the PHN Program was published in 2018, and while useful, the Annual Performance Reports are very high-level.

Recently, Mental Health Australia worked with DHAC to access simple rates of population use of PHN commissioned mental health services, which was released in October 2023 as part of our **Mapping Mental Health Care** project. Mental Health Australia understands this is some of – if not the only – publicly available data on PHN service access rates.

The lack of public transparency and accountability makes it extremely difficult for external stakeholders to determine the effectiveness of DHAC in monitoring PHN contract delivery.

As the Productivity Commission Inquiry into Mental Health articulated: *“Guidance on evidence-based practices, public transparency on aspects such as PHN activities, funding, compliance with assessment and referral requirements and with developing and implementing regional plans cooperatively with LHNs, are essential for accountability and ongoing improvement in outcomes, and for credibility on a commitment to improving mental health outcomes.”*²

Concerningly, the recent Australian Public Service Commission Capability review found that *“There is a widely held view within the department and among stakeholders that the performance of the PHNs is highly variable, yet the department does not appear to be using data on performance outcomes with the PHNs to discuss ways they can improve their impact.”*³ The review suggested more regular data-based performance conversations with PHNs rather than reliance on audits, as well as building the Department's evaluation capability.

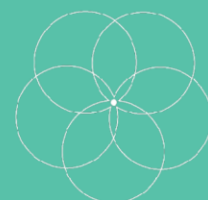
Mental Health Australia members have raised concerns that where they feel PHN decisions have been unfair (e.g. PHNs have not engaged in open, transparent and accountable commissioning processes; or been negligent in communications, community engagement and community capacity building), **there are very little avenues for accountability.**

Members have also emphasised the need for greater transparency in PHN funding processes – in relation to both what funding is available for what purpose, how funding is allocated to what agencies and initiatives, and the outcomes of these investments. The level of transparency about funding and commissioning priorities and activities needs to improve across many PHNs, to enable monitoring of delivery and impact of their core objectives.

Members have also raised significant concerns about **the timeliness of PHN communication about funding decisions.** This includes whether funding for particular services and programs will cease or continue, or whether there will be changes to grant terms, duration and conditions, and reasons for funding decisions. Too often commissioned service providers are informed of a decision just a month or weeks before the grant is due to cease or continue, which results in significant disruption to staff, programs/services and

² Productivity Commission, *Mental Health* (2020), <https://www.pc.gov.au/inquiries/completed/mental-health/report>

³ Australian Public Service Commission (2023) *Capability Review: Department of Health and Aged Care*, <https://www.apsc.gov.au/sites/default/files/2023-07/Capability%20Report%20-%20Department%20of%20Health%20and%20Aged%20Care.pdf>



program recipients. This problem often arises because of significant delays in DHAC informing the PHN of a decision, but clearly relates to PHN program performance and compliance with grant terms overall.

Primary Health Networks Grant Programme Guidelines

The DHAC's Primary Health Networks Grant Programme Guidelines outlines the overall grant terms and conditions.⁴ The Guidelines state the key objectives of PHNs are to increase efficiency and effectiveness of medical services for patients, particularly people at risk of poor health outcomes, and improve coordination of care. The Guidelines outline key requirements around PHN governance, funding, commissioning and data. Outlined below are areas of concern where the DHAC has not provided sufficient monitoring and oversight.

Governance

PHN Boards are accountable for the performance of the PHN in relation to outcomes, as well as clinical, financial, risk, planning, legal and business management systems.

The Evaluation of Primary Health Networks Program⁵ found that 3 years after their establishment, *“several PHNs are still evolving their governance arrangements (for example, membership structures and determining the role of Clinical Councils and Community Advisory Committees).”*

The DHAC committed to undertaking regular audits of PHNs to determine their compliance with governance and other requirements. However, this only began in 2022. At present, there are only two audit reports on the DHAC website. The latter was undertaken independently by the PHN due to conflict of interest issues attracting media attention. The other audit consists of a high level two-page statement with no detail on how the PHN has complied.

Funding and commissioning

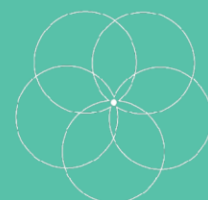
PHNs receive funding to respond to national primary health priorities determined by the Australian Government and local needs identified by the PHN. PHNs are intended to undertake commissioning approaches, in which PHNs undertake needs analyses to understand the needs of their local community and health system; plan and contract health services to respond to these needs; and undertake ongoing assessment to monitor the quality of services.

The Evaluation of Primary Health Networks Program suggested that:

Given the relatively small size of their commissioning budgets, PHNs need to work strategically with all their stakeholders.... to optimise opportunities for partnerships and coordinated approaches to influence the efficiency and effectiveness of health services. This requires a non-transactional approach to commissioning that values the time it takes

⁴ Department of Health (2016) **PRIMARY HEALTH NETWORKS** Grant Programme Guidelines February – Version 1.2, <https://www.health.gov.au/sites/default/files/documents/2021/04/primary-health-networks-phn-grant-program-guidelines-phn-grant-program-guidelines.pdf>

⁵ University of NSW, Monash University, EY (2018), *Evaluation of the Primary Health Networks Program: Final Report*, <https://www.health.gov.au/sites/default/files/documents/2021/06/evaluation-of-the-primary-health-networks-program.pdf>, 69



to engage properly with all relevant stakeholders and commission according to prioritised need and expected impact. The reality of one year funding cycles has been a significant limitation in this regard.

However, Mental Health Australia members have continued to raise **concerns about an overuse of tendering rather than commissioning in PHN procurement, which emphasises competition, rather than collaboration and better community outcomes.**

Short funding cycles remain an impediment to continuity of care, and push an additional cost burden onto providers to submit tenders and retain staff. These funding cycles are underpinned by the processes driven by the DHAC.

Data access and management

Data reporting on PHN performance is limited, for example with the PHN Program Annual Performance Report 2019-20 pointing to significant gaps in PHN reporting.⁶ This also reflects a lack of national guidance, monitoring and accountability. The Evaluation of the PHN Program found that PHNs' use of and access to timely and granular data was limited, and suggested *“the Department’s technical expertise needs to be enhanced to provide appropriate guidance and support to PHNs in this area. There is also a need for the Department to ensure improved information and data sharing with and between PHNs; this could be through a more proactive approach to data management, access and release.”*

Greater oversight and guidance from DHAC is needed, to increase the capacity and capability of PHNs in data reporting and sharing. The DHAC should also then distil the strategic, policy and funding implications arising from PHN data reporting and share this information at a national level, to ensure the continuous improvement of policy and funding decisions.

PHN Advisory Panel on Mental Health

In 2018, the Australian Government established a time-limited PHN Advisory Panel on Mental Health to advise the Minister on progress on mental health reform being implemented through PHNs.⁷

The Panel found *“significant variability between PHNs with respect to their organisational capability and capacity to implement mental health reform. Some PHNs demonstrate significant progress and achievements as change agents and system integrators while others evidence less readiness for these roles, with a commensurate diminution in their progress.”*

The Advisory Panel made 17 recommendations to progress mental health reform through PHNs. Mental Health Australia has determined progress of implementation of these recommendations as below. Unfortunately, despite a 1 – 2 year timeframe for implementation, few of these recommendations have clearly been implemented.

The delays, and lack of accountability for progress, represent a shortfall both in

⁶ Australian Government Department of Health and Aged Care (2022) *PHN Program Performance Report 2019-20*. <https://www.health.gov.au/sites/default/files/2023-02/primary-health-network-program-annual-performance-report-2019-20.pdf>

⁷ *Report of the PHN Advisory Panel on Mental Health* (2018) <https://www.health.gov.au/resources/publications/report-of-the-phn-advisory-panel-on-mental-health?language=en>

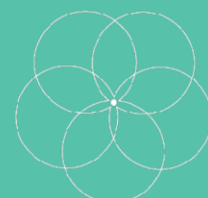


DHAC management of the PHN Program and in monitoring and enforcing compliance with Program requirements.

| | Recommendation | Progress |
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| 1 | Government should continue its commitment to the integral role of PHNs in leading mental health reform and system transformation through regional needs assessment, planning and commissioning. This commitment is in line with the <i>Fifth National Mental Health and Suicide Prevention Plan</i> agreed by all governments. This commitment requires ongoing and expanded investment, consistent with progress. | Ongoing |
| 2 | Endorse and publicly release the <i>Five Year Horizon for PHNs</i> as a key document supporting mental health reform and recommend that all actions contained within it are implemented in full. | Implemented |
| 3 | As a matter of priority, provide PHNs with contract certainty (5 years) to allow more considered and timely planning, workforce development, and more appropriate commissioning cycles. Provisions should include a mandatory 12 month notice period if PHNs will be discontinued in order to avoid 'end of contract' uncertainty, which invariably affects service stability. | Not implemented Not implemented |
| 4 | Enhance the funding available to PHNs to better support genuine co-design and partnership development, capacity building and workforce development. | Unable to verify |
| 5 | Review the Terms of Reference and the membership of the Mental Health Reform Stakeholder Advisory Group to enable it to provide ongoing advice on the implementation of the PHN reform program over the next 5 years. Functions including, but not limited to: - Review PHN activity and performance data - Advise the Department and the Minister on PHN mental health planning - Advise the Department and the Minister on best evidence regarding mental health services and programs with a view to supporting national standards | Not implemented - Mental Health Reform Stakeholder Advisory Group no longer exists |
| 6 | Review and streamline the reporting requirements of PHNs to reduce their reporting compliance burden while maintaining appropriate levels of accountability, particularly in relation to service delivery, outcomes and innovation. | Unable to verify – anecdotal feedback indicates that there continues to be significant reporting compliance burden |
| 7 | Request the Australian Institute of Health and Welfare to include reporting on PHN mental health activity and performance as part of its MyHealthyCommunities site. This may allow benchmarking between 'like' PHNs across Australia. | Not implemented |



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| 8 | Support PHNs and other stakeholders to establish regular forums to ensure that information on best practice models derived from national and international evidence is widely disseminated and adopted. Note that deeper engagement across the mental health sector through national organisations could be utilised to provide PHNs with access to the most current research and technology across the spectrum of suicide prevention, stepped care and systems reform, as well as the implementation expertise to develop programs that fit within each region. | Not implemented |
| 9 | Fund PHNs and other bodies as appropriate to ensure that learnings from the evaluation of innovative models of stepped care, including from the PHN trial sites, are promoted and disseminated to facilitate the broader uptake of successful models as appropriate. | Not implemented |
| 10 | As a matter of priority, establish and appropriately fund consumer and carer representative bodies, including (but not limited to) a national consumer and carer peak representative body and ensure consumer and carer capability development in PHNs is appropriately funded and co-ordinated. | In process of being implemented |
| 11 | Consider the potential incentives and levers that would support strong collaborative partnerships to facilitate co-commissioning of services across PHNs and LHNs and ACCHSs. | Unable to verify |
| 12 | Resource PHNs to develop and implement a regional workforce strategy based on a regional workforce needs assessment. | Unable to verify |
| 13 | Commission the development of a National Mental Health Workforce Development Strategy in collaboration with States and Territories and PHNs. | Implemented |
| 14 | Develop and fund opportunities for pooled funding and commissioning between mental health and alcohol and drugs and broader psychosocial support services. | Implemented variably across PHNs |
| 15 | Harmonise data standards and data sets to enable comparable data to be collected by PHNs and include consumer and carer and family measures which can document improvements in care and treatment, and increases in the choice of services available, and include this data in annual reporting. | Not implemented |
| 16 | In consultation with PHNs, review the types of services and activities that would be more efficiently and effectively managed nationally, rather than by PHNs individually. | Unable to verify – no evidence of funding being transferred from PHN to national administration |
| 17 | Commission the development and implementation of minimum standards for evidence-based practice which include guidelines for trialling new service models. This could foster and support the important role of PHNs to develop innovative service models and ensure that clinical risks are managed | Not implemented |



Key findings:

- There is a lack of transparency and accountability with limited public data on PHN performance, making it very difficult to determine if the DHAC is fulfilling its oversight role effectively
- DHAC policies and practices are impacting on the ability of PHNs to operate effectively, including in relation to short term funding contracts and poor timeliness of communication around funding decisions
- Delays and lack of accountability for implementation of recommendations of the PHN Advisory Panel on Mental Health are illustrative of a shortfall in DHAC management of the PHN Program

Recommendations:

- The DHAC to increase transparency on funding and commissioning priorities and activities across PHNs
- The DHAC to implement recommendations of the Australian Public Service Commission Capability review, to undertake more regular data-based performance conversations with PHNs rather than rely on audits, and build the Department's evaluation capability
- The DHAC to improve information and data sharing with and between PHNs, to improve local service reporting and collaboration and national monitoring

Has DHAC demonstrated that the PHN program is meeting its objectives?

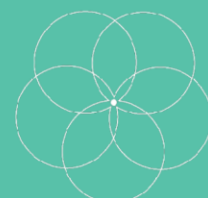
While useful, the PHN Program Annual Performance Reports available through the DHAC website are high level.

The DHAC's website refers to an ongoing audit program of PHNs that commenced in 2022. A number of PHNs are intended to be audited each year to:

- Review whether PHNs are operating in accordance with their funding agreements
- Identify areas where PHNs can improve.

However, it appears so far only two PHNs have been audited.

Based on these limited reporting activities, **DHAC has not yet demonstrated the PHN program is meeting its objectives.**

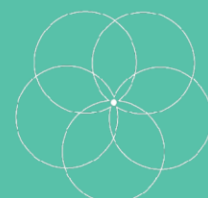


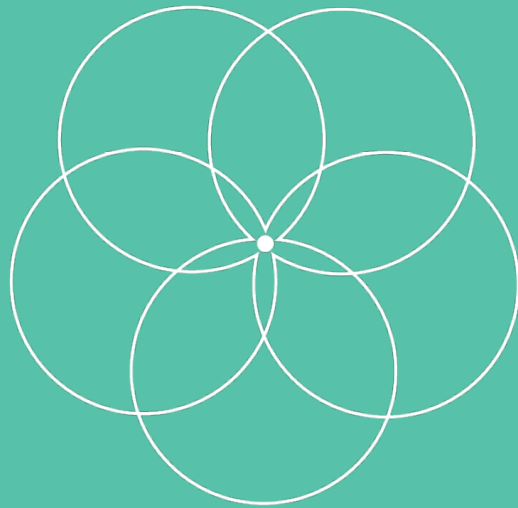
Conclusion

The Primary Health Network program has a vital role in supporting the delivery of mental health system reform and ensuring that all people in Australia can access mental health services and supports that meet their needs. However, PHN delivery of these functions has been greatly varied, and there are systemic issues with funding and commissioning practices, fragmentation and duplication between PHNs, and lack of public transparency and accountability at both an individual PHN-level, and a broader program level. These issues are limiting the capacity of PHNs to improve access and coordination of mental health supports for people in communities across Australia.

Increased guidance and oversight from the DHAC is required, as well as resourcing to boost the capacity and capability of PHNs in delivering regional planning, coordination and integration. Consistency in outcomes measurement, data sharing and monitoring must be led from a national level. Far greater accountability is required at both national and regional levels, through clarified and consistent performance management and reporting. These system changes will enable PHNs to better support local communities, with greater and more equitable access to consistent, integrated and quality mental health supports that fit their needs.

Mental Health Australia looks forward to the outcomes of the Australian National Audit Office's review.





Mental Health Australia

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Mental Health Australia is the peak independent national representative body of the mental health sector in Australia.

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