Victorian health policy and funding guidelines 2011–12
Part one: Key changes and new initiatives
Part one: Key changes and new initiatives
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Ministers’ foreword

The Baillieu Government is committed to developing the Victorian health system so that it performs to a high standard, is sustainable, responsive to people’s needs and accountable for performance in terms of health outcomes and taxpayer value.

The government is accountable for making investment decisions on behalf of all Victorians to maintain the health system so as to enable Victorians to receive high quality health care and be supported to live healthy lives. Good planning is essential to building a strong health system. The Victorian health system is facing considerable challenges in the near future from increasing demand, changing health care needs as the population grows and becomes older, and changing disease patterns. The implications are clear. Without change, our health system will not be able to meet our future needs. This government is committed to forward planning to secure the future strength of the health system.

Delivering on a key election promise, the Victorian Health Priorities Framework 2012–2022 (the Framework) was released in May 2011. The Framework outlines long term planning and development priorities for Victoria’s health services over the coming decade, recognising that our health system needs to be responsive to an increasing and ageing population, changing disease patterns, and to increase the capacity of the health system to provide the most appropriate care in the most effective settings.

The Framework informed the design of the Metropolitan Health Plan, also released in May 2011, and will guide the development of the Rural and Regional Health Plan 2012–22 and the Health Capital and Resources Plan 2012–22. These will be developed in close consultation with the community and health sector. Together, the Framework and Plans provide long-term strategic direction for all health services across the state.

The principles and reform priorities of the Framework will underpin future planning and investment so that it considers specific local needs and pays attention to all aspects of health service operation, including clinical-effectiveness, cost-effectiveness and fiscal management.

The 2011–12 Victorian State Budget provides the first series of investments towards the delivery of an improved Victorian health system. The budget provides over $13 billion toward providing a strong health system to Victorians in 2011–12, an increase of 5.9 per cent on the previous budget reflecting the government’s commitment to provide services that work and better access for Victorians to health, aged care, and mental health services.

Included in this budget is funding to deliver on important election commitments, such as delivering 800 new hospital beds over the next four years, as well as measures to reform waiting lists and emergency departments and overhaul rural and regional services. The 2011–12 budget allocation for capital projects is more than $777 million, including capital funding of $35 million to replace medical equipment, $20 million to renew ageing infrastructure, and $7.3 million to improve ambulance service delivery.

The Victorian Government is delivering on its commitment to support people to be as healthy as they can be by dedicating more than $3 billion to a wide range of community health and community support services, public dental, community nursing, mental health, drug and aged care services that support Victorians. This includes:

- more than $1 billion for Mental Health, to provide a range of inpatient, community-based residential and ambulatory services which treat and support people with a mental illness and their families and carers
- more than $1 billion for Ageing, Aged and Home Care, to lead and coordinate whole of government policy on issues affecting our ageing community, and provide a range of in-home, specialist geriatric and residential care services for older people, including Home and Community Care services and other programs that are targeted to older people and people with a disability, and to their carers
• over $400 million for Primary, Community and Dental Health, to provide a range of in home, community based, community, primary health and dental services designed to promote health and wellbeing and prevent the onset of more serious illnesses
• $299.9 million for Public Health, to provide leadership, services and support which promote and protect the health and wellbeing of all Victorians
• $143.2 million for Drug Services, to provide programs to promote and protect the health and wellbeing of all Victorians by reducing death, disease and social harm caused by the use and misuse of licit and illicit drugs.

Through the 2011–12 State Budget the Baillieu Government has delivered on its election commitments to deliver quality health services. This budget was delivered against a backdrop of significant financial challenges. This year, the Commonwealth Grants Commission announced an unprecedented $2.5 billion cut to Victoria’s GST revenue and combined with the influence of a slowing national economy, Victoria is now forecast to receive $4.1 billion less in GST revenue than expected over the coming four years. In addition, the government has faced the challenge of a significant number of unfunded key projects announced by the previous government.

In an extraordinarily difficult fiscal environment the Baillieu Government is growing the health system and delivering on its election commitments. These Victorian health policy and funding guidelines provide all organisations funded by the Victorian Government through the Department of Health with detail on the budget allocation for 2011–12. They form an essential operating manual that communicates the key accountability, compliance and reporting requirements designed to increase transparency and boost performance of services.

Based on the information contained within these Victorian health policy and funding guidelines the Department of Health will work with agencies to negotiate service agreements and targets, including the Statement of Priorities. Service sustainability is a shared goal in the negotiation of this agreement supporting progress towards key shared targets and objectives between health services and government.

The Victorian Government acknowledges the challenges that lie ahead, and is committed to confronting them head on in order to create an improved health system with people at the heart, building a health system that is highly productive and where care is clinically-effective and cost-effective, delivered in the most clinically-effective and cost-effective service settings.

Hon David Davis MP
Minister for Health
Minister for Ageing

Hon Mary Wooldridge MP
Minister for Mental Health

Mary Wooldridge
# Glossary of acronyms and abbreviations

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<td>Aged Care Assessment Services</td>
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<tr>
<td>AHPACC</td>
<td>Aboriginal Health Promotion and Chronic Care Partnership</td>
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<tr>
<td>CALD</td>
<td>Culturally and linguistically diverse</td>
</tr>
<tr>
<td>DuV</td>
<td>Dental Unit of Value</td>
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<tr>
<td>ESIS</td>
<td>Elective Surgery Information System</td>
</tr>
<tr>
<td>FIM</td>
<td>Functional Independence Measure</td>
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<tr>
<td>HACC</td>
<td>Home and Community Care</td>
</tr>
<tr>
<td>HICAR</td>
<td>Health Information Collection and Reporting</td>
</tr>
<tr>
<td>ICT</td>
<td>Information and Communication Technologies</td>
</tr>
<tr>
<td>MICA</td>
<td>Mobile Intensive Care Ambulance</td>
</tr>
<tr>
<td>PAM</td>
<td>Premium Allocation Model</td>
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<tr>
<td>PARC</td>
<td>Prevention and Recovery Care</td>
</tr>
<tr>
<td>SRS</td>
<td>Supported Residential Service</td>
</tr>
<tr>
<td>TAC</td>
<td>Transport Accident Commission</td>
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<tr>
<td>VAED</td>
<td>Victorian Admitted Episode Dataset</td>
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<tr>
<td>VACS</td>
<td>Victorian Ambulatory Classification System</td>
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<td>VCDC</td>
<td>Victorian Cost Data Collection</td>
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<td>Victorian Emergency Minimum Dataset</td>
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<td>VHPF</td>
<td><em>Victorian Health Priorities Framework 2012–2022</em></td>
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<td>WIES</td>
<td>Weighted Inlier Equivalent Separation</td>
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Overview

The Victorian Government is responsible for delivering a wide range of health services to the community. This is achieved through planning, policy development, funding and regulation of health service providers and activities which promote and protect Victorians’ health, including:

• healthcare services through public hospitals, community health services, ambulance services, dental services and public mental health, drug and alcohol services
• residential and community care for older people, support and assistance to enable people to function independently in their own homes, positive ageing programs, healthy and active living and seniors cards
• health promotion and protection through emergency management, public health and related preventative services, education and regulation.

Over 600 organisations are contracted by the department to provide health services to the Victorian population. These Victorian health policy and funding guidelines (the Guidelines) outline the policy and service delivery objectives, detail the conditions of funding and key accountability requirements that funded organisations must comply with in addition to their contractual and statutory obligations, and provide an overview of the new initiatives and health budget for 2011–12. To the extent of any inconsistencies or ambiguities between these Guidelines and any legislation, regulations and contractual obligations with the state of Victoria acting through the Department of Health or the Secretary to the Department of Health, the legislative, regulatory and contractual obligations will take precedence.

This year’s Guidelines follow a new structure to represent a whole-of-health perspective to the sector. The new structure aims to make it easier for users to find information by arranging the document by subject areas.

The Guidelines comprise of three parts:

• Part one: Key changes and new initiatives provides an overview of the important policy, program, funding and reporting changes that are coming into effect this financial year. It outlines budget highlights for 2011–12 as well as any policy or program changes that funded organisations should be aware of. More details of these changes are provided in Part two: Health operations.
• Part two: Health operations provides an explanation of how funded organisations are expected to operate. This part is broken down into five main sections:
  1. Service delivery - outlines the department’s expectations of funded organisations in relation to the delivery of required health outputs and outcomes. This section includes key policy directions for each health sector area.
  2. Accountability, compliance and reporting - addresses key legal and reporting, financial and operational obligations of funded organisations.
  3. Funding - provides an overview of the different mechanisms used to fund organisations.
  4. Budgets - provides the budget tables and modelled budgets for each program area.
  5. Price tables - provides the unit prices for relevant program areas.
• Part three: Technical guidelines provides the technical aspects of the operation of hospital funding models and payment rates.
1. Victorian Health Priorities Framework 2012–2022

The new Victorian Health Priorities Framework 2012–2022 (VHPF) sets out the following five key outcomes the health system should strive to achieve by 2022:

• People are as healthy as they can be (optimal health status).
• People are managing their own health better.
• People enjoy the best possible healthcare service outcomes.
• Care is clinically effective, cost-effective, and delivered in the most clinically and cost-effective service settings.
• The health system is highly productive and health services are cost-effective and affordable.

In addition, the VHPF articulates a set of principles and seven reform priorities which will guide the future development and operation of the Victorian health system. The seven priorities outlined in the VHPF are summarised below.

1. Developing a system that is responsive to people’s needs

People need to be able to obtain the most effective form of care for their needs; they need to be able to make informed decisions about that care; their care needs to be coordinated; and the system needs to be easy to navigate. In addition, the health system needs to anticipate people’s needs by promoting health and managing the risks for specific population groups.

Planning across the continuum is important and must consider the specific needs of various groups with our community. System planning must also pay attention to all aspects of health service operation, including clinical-effectiveness, cost-effectiveness and fiscal management.

2. Improving every Victorian’s health status and health experiences

Improving the health status of all Victorians requires action to improve health literacy among the whole community, thereby engaging them in maintaining optimal health status for themselves and their families.

Making sure available information is made accessible to health consumers and patients to strengthen the basis of their choices and empower their decision making is important and we will work with other agencies to achieve this objective. Ensuring that services are more responsive to the needs of vulnerable groups in the population and are culturally appropriate is another key part of fulfilling this priority.

Fulfilling these objectives may mean more people will take greater time and care to maintain better oral health, exercise more, eat better and reduce the amount of alcohol they drink.

3. Expanding service, workforce and system capacity

As the population continues to grow and age, and illnesses change, health services’ capacity needs to expand and change. In the future, hospital capacity will need to expand further, and accordingly, the government will continue to invest in this area. But it will also shift the focus of expansions in capacity from acute care to primary healthcare, and the distribution of care, in order to ensure that these expansions respond to people’s needs.

Smarter decisions about the allocation of resources will ensure the system has the necessary types of capacity and that it uses resources cost-effectively. These decisions will capitalise on the current opportunities to increase capacity by working differently with the private sector, not-for-profit sector, local government, and the Commonwealth Government.

A fundamental aspect of expanding capacity is increasing and diversifying the skills and expertise of the health workforce. Industry and professional bodies will play an important role in developing the workforce and providing leadership.
4. Increasing the system’s financial sustainability and productivity

Rising costs, rising demands and intensifying utilisation of services all place pressures on the system. Inefficiencies in resource utilisation contribute to these. These pressures reaffirm the need to review current approaches and identify opportunities for improvements in productivity, bearing in mind that a productive healthcare system provides high-quality services and care and makes effective and efficient use of resources.

Achieving a sustainable and cost-effective health system requires changing the incentives upon which the system is built. This task will require improving the funding arrangements between governments, greater flexibility in funding models, and rigorous fiscal management.

Health services and government will need to work together to ensure effective and appropriate decisions are made about how resources are allocated and performance is measured. Performance will be measured in the light of the allocation of resources.

5. Implementing continuous improvements and innovation

Maintaining high standards of leadership, improvements and innovation relies on ongoing targeted translational research, developing new evidence and sharing knowledge. Up-to-date research outcomes, evidence and information need to be shared between health professions and within the health workforce.

Clinicians will continue to be encouraged to take on leadership roles in developing, disseminating and adopting new evidence for clinical practice, driving local innovation, service delivery improvements and research in a systematic way.

Opportunities exist for Victoria to extend its role as a leader in health and medical research through strong partnerships between academics, the universities, and health providers.

6. Increasing accountability and transparency

High performing health systems are accountable to their communities for the delivery of health services. Greater transparency in information about the performance of the health system will lead to greater choices, responsibility and accountability.

Existing performance reporting has gaps, in particular in the ability to measure and report health outcomes, patient experience, efficiency and effectiveness. A comprehensive Health Outcomes Framework that uses a set of indicators that reflect the quality of care delivered across all dimensions and domains is proposed, with a focus on measuring and improving patient health outcomes.

Transparent reporting of accurate and relevant information about the health system’s performance will help to drive improvements throughout the metropolitan health system and to direct the allocation of resources.

Effective governance is a central task in the safe, efficient and cost effective delivery of high quality healthcare. Victorian health service governance is regulated by the appropriate acts of parliament. Reviewing the existing legislative approaches that drive governance and accountability arrangements for health services such as the Health Services Act as amended by the Health Services (Governance) Act 2000, the Mental Health Act 1986 and the Mental Health Regulations 1998 is a key task in the achievement of this priority.

7. Improving utilisation of e-health and communications technology

Obtaining the best possible healthcare and outcomes relies on clinicians making informed and judicious decisions. For people and clinicians to make informed decisions, the knowledge held by various people in the system must be managed well at a systemic level.

Access to relevant information, when it is needed and in an understandable and usable form, will have a range of benefits for metropolitan health services, for individuals, for clinicians and for communities.
Improved knowledge management will also foster accountability and greater transparency of knowledge and information and will directly contribute to increased efficiency and effectiveness of health service provision.

**Immediate Actions 2011–12**

In addition to those activities funded through the 2011–12 budget, which are outlined by output group later in this document, the government will progress a number of other activities which will support the outcomes identified in the VHPF. These include:

- Progressing strategies that improve consumer involvement in decision making about their own, or their families care and improve participation in health system direction setting.
- Developing more sophisticated planning tools that are based on up-to-date evidence and knowledge, and designed to recognise and anticipate the influence of changes in one part of the system on the other parts.
- Ensuring that health promotion and prevention activities are seen as key features of all healthcare service delivery (based on evidence of impact on patients and populations).
- Continuing to actively promote the development of effective patient health information sharing (electronic) solutions.
- Progressing the development and implementation of better ways to measure, evaluate and fund health services to improve quality and outcomes.
- Developing and implementing a planned approach to address the identified capability, distribution and capacity gaps in our workforces.

**Further Development**

The VHPF was released simultaneously with the *Metropolitan Health Plan*, and will also guide the *Rural and Regional Health Plan 2012* and the *Health Capital and Resources Plan 2012* as they are developed over the coming months. Together, these plans will inform the actions of Victoria’s public health services and support the public and private sector to work together to deliver improved health services for all Victorians.

The government wants to learn what the community and the health sector think about implementing the *Metropolitan Health Plan*. An extensive consultation process is underway, including open forums, focussed small group sessions, and many discussions with interested parties around the state.

Consultation sessions with the community will help to implement the identified priorities and strategies in this *Metropolitan Health Plan* and contribute to the *Rural and Regional Plan 2012–2022* and the *Health Capital and Resources Plan 2012–2022*.

Further information about the consultation process is available online at: www.health.vic.gov.au/healthplan2022

Figure 1. Outcomes, principles and priorities of the Victorian Health Priorities Framework 2012–2022

Source: Victorian Health Priorities Framework 2012–2022: Metropolitan Health Plan, p.47
2. **Budget highlights**

The 2011–12 State Budget invests more than $13 billion to improve Victoria's health system, including additional funding to meet the election commitments made by the government in the lead-up to the 2010 election. The budget delivers on commitments that will support additional health infrastructure and capacity, expand ambulance services, overhaul rural and regional health services and increase the transparency and accountability of hospital performance.

### 2.1 State health budget structure and growth

**Table 1: Victorian health budget details**

<table>
<thead>
<tr>
<th>Output group</th>
<th>2009–10 $m</th>
<th>2010–11 $m</th>
<th>2011–12 $m</th>
<th>% increase 2010–11 – 2011–12</th>
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<tr>
<td>Acute Health Services</td>
<td>7,602.0</td>
<td>8,391.3</td>
<td>8,956.6</td>
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<tr>
<td>Ambulance Services</td>
<td>529.1</td>
<td>564.1</td>
<td>588.5</td>
<td>4.3</td>
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<td>Mental Health</td>
<td>945.0</td>
<td>1,007.8</td>
<td>1,071.1</td>
<td>6.3</td>
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<td>Ageing, Aged and Home care¹</td>
<td>974.3</td>
<td>1,060.1</td>
<td>1,112.0</td>
<td>4.9</td>
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<tr>
<td>Primary, Community and Dental Health²</td>
<td>418.2</td>
<td>396.9</td>
<td>400.5</td>
<td>0.9</td>
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<tr>
<td>Small Rural Services</td>
<td>452.6</td>
<td>481.2</td>
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<td>2.7</td>
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<td>Public Health³</td>
<td>265.6</td>
<td>304.3</td>
<td>299.9</td>
<td>-1.5</td>
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<tr>
<td>Drug Services</td>
<td>127.5</td>
<td>135.7</td>
<td>143.2</td>
<td>5.6</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>11,314.3</strong></td>
<td><strong>12,341.4</strong></td>
<td><strong>13,066.1</strong></td>
<td><strong>5.9</strong></td>
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**Notes**

1: The 2010–11 and 2011–12 Targets represent a full year presentation of the former Office of Senior Victorians which transferred from the Department of Planning and Community Development on 1 January 2011.
2: In previous Victorian budgets this output group has been titled 'Primary and Dental Health'.
3: The 2010–11 Expected Outcome and 2011–12 Target reflects changes to Commonwealth/State agreements including a reduction in Commonwealth vaccine funding resulting from new Commonwealth responsibilities for direct purchasing of flu vaccinations.

**Figure 2: Health services output groups and outputs**
2.2 Output initiatives

To help work towards the government’s commitment to the long term outcomes and priorities set out in the VHPF, the budget provides an additional $368.6 million in output funding for 2011–12.

In addition to this, the government is providing $52.1 million to halve the cost of ambulance membership subscription fees to provide more affordable access to ambulance services for Victorians. Funding to Ambulance Victoria will be increased from the start of the 2011–12 financial year to cover the cost of a 50 per cent reduction in membership fees. The cost of an annual family membership of Ambulance Victoria will be reduced from $150 to $75 and singles will pay $37.50 a year instead of $75. The measure will cover both new memberships and renewals of existing memberships.

2.2.1 Acute health services

An additional $288.3 million will be provided to increase capacity of acute health services. This funding will maintain and expand hospital activity, including elective surgery, address non-wage price factors, technology and innovation, and commence the implementation of the government’s election commitments including the provision of 800 new hospital beds over four years.

This includes $3.18 million to provide new mental health beds, including additional prevention and recovery care (PARC) beds, consisting of adult PARC beds in Narre Warren North and beds in the Youth PARC facility in Dandenong.

Specific services to receive capacity funding for 2011–12 include:

- unplanned activity, including admitted emergency, critical care and non-admitted emergency services
- subacute services, including post-acute care, Hospital Admission Risk Program, complex conditions, transition care and sub-acute inpatient services
- planned activity, including renal, chemotherapy, radiotherapy and maternity
- growth for a range of specific initiatives such as genetics services, organ transplant services, the Victoria Patient Transport Assistance Scheme and patient treatment and outpatient nurse coordinators
- the National Blood Authority and nationally-funded centres
- additional outpatient services, as part of the government’s election commitment to establish an Outpatient Improvement Fund.

2.2.2 Mental health

An additional $8.5 million will be provided in 2011–12 for additional mental health output capacity. This is comprised of funding for the following initiatives:

- Expansion of specialist clinical community mental health to targeted mobile support and treatment, and continuing care teams in area mental health services experiencing high and sustained demand pressures due to rapid population growth. Priority will be given to outer urban growth areas.
- Funding will be provided to meet growth in demand for Psychiatric Disability Rehabilitation and Support Services home based outreach support services for up to 84 people with a severe mental illness and enduring psychiatric disability who have a history of entrenched homelessness or a high risk of homelessness. This includes repeated hospitalisations, preventable psychiatric emergencies requiring emergency call outs and high levels of engagement in the criminal justice system.
- Funding will be provided to continue investment in the Victorian Mental Health Carers Network, the Victorian peak body representing organisations and individuals that support carers of people experiencing mental health issues.
2.2.3 Ageing, aged and home care

An additional $44.5 million will be provided in 2011–12 for ageing, aged and home care services. This includes funding for the following initiatives:

- Funding will be provided to assist people with dementia to ensure access to early diagnosis for people concerned by cognitive loss, support younger people with dementia and their families and carers to live well at home for as long as possible and improve public sector residential aged care environments to provide better care for people with dementia.
- Funding will be provided to ensure more senior Victorians can access Home and Community Care (HACC). The HACC Program delivers in-home and community support services to older people and younger people with disabilities and their carers. It provides services such as personal care, nursing, allied health and social support that enable targeted groups to remain in the community.
- Funding will allow the Victorian Eyecare Service to deliver 3,000 pairs of spectacles to disadvantaged Victorians and 1,100 outreach services to residents of Supported Residential Services (SRSs) and public sector residential aged care services.

2.2.4 Primary, community and dental health

An additional $3.8 million is provided in 2011–12 for dental health services. This is comprised of funding for the following initiatives:

- Dental Program targeted to areas of high need, which gives eligible rural and regional Victorians access to dental health services.
- Oral health capacity building to improve the dental health and wellbeing of eligible older Victorians. The project will target seniors who are unable to access denture care due to long public dental health wait lists and an inability to pay for private dentures. Under the project, 6,000 eligible seniors over four years will receive denture care. In addition, around 2,000 residents of pension-level SRSs will receive oral healthcare.

2.2.5 Public health

An additional $23.5 million will be provided in 2011–12 for public health services. This is comprised of funding for the following initiatives:

- Healthy Living Victoria - Life! Diabetes and cardiovascular disease prevention program to provide Victorians at high risk of developing type 2 diabetes with the skills and motivation to address issues around weight, physical activity and diet. The program will be further developed and promoted to include a focus on preventing cardiovascular disease.
- National Partnership Agreement on Preventive Health - Chronic Disease Prevention in Victoria to provide funding aimed at reducing the prevalence of overweight and obesity, improving nutrition and increasing physical activity, and reducing tobacco and alcohol use. The initiatives will target schools, workplaces, families and communities.

2.2.6 Drug services

An additional $39.9 million will be provided in 2011–12 for drug services. This is comprised of funding for the following initiatives:

- Expanding the Needle and Syringe Program to meet growth in demand in Footscray and Frankston, which will provide clean injective equipment to prevent the spread of HIV/AIDS and Hepatitis C among people who inject drugs.
- An additional investment in alcohol and other drug treatment services will provide expansion of therapeutic counselling, facilitate services integration, consultancy and continuing care services to address shortfalls in access and support in regional Victoria and outer suburban Melbourne.
2.2.7 Election commitments

The 2011–12 budget provides funding to commence implementation of all of the government’s 2010 health election commitments. In addition to the commitments detailed above, a further $74 million in 2011–12 will be provided for to implement the election commitments. These commitments are aligned with the priorities set out in the VHPF and the Metropolitan Health Plan and provide a basis on which to build future improvements for Victoria’s health system.

Key commitments are detailed below.

Acute health services

The government aims to improve access to hospital care by providing funding to:

- establish a Health Innovation and Reform Council to advise on reform measures to drive innovation and reform of health practices and to improve quality and safety in Victorian public hospitals. This will include identifying arrangements to improve patient flow through the health system
- establish the Commission for Hospital Improvement
- develop a hospital performance website. To ensure transparency and accountability, a new website was released on 30 June 2011 to provide quarterly hospital performance information. This site includes real-time status of Hospital bypass, Hospital Early Warning System and estimated time to treatment for non-urgent emergency department patients.
- abolish ‘not ready for care’ to improve the transparency of elective surgery performance reporting to the community
- establish the ‘first on, first off rule’ to ensure that patients are treated in order according to their waiting time, within their urgency category, except in specific circumstances
- establish an Outpatient Improvement Fund, to fund additional staffing and equipment in hospital specialist (outpatient) clinics to enable them to treat more patients.
- employ outpatient nurse coordinators, to provide information and guide patients through their treatment in specialist (outpatient) clinics.
- employ patient treatment coordinators to case manage and coordinate patients’ journeys through health care and treatment.
- support the additional specialist clinic activity relating to diabetes nurse-led education services in public hospitals. This will fund the equivalent of 15,500 appointments with a diabetes nurse educator (3,875 patients per year)
- improve the quality of language service provision in the public health system for people whose preferred language is not English. The initiative will provide support for interpreters in rural and regional Victoria to undertake health interpreting and mental health interpreting programs.

Rural and regional health overhaul

This initiative includes commitments to increase the number of registered midwives, support continuing medical education, improve the collection of rural obstetrics data, establish a program for specialist rural general practitioners, create a Rural Relocation Fund, fund a rural scholarships program and establish a grants program for bush nursing support.

Strengthening palliative care

Funding will be provided to improve palliative care services through a range of measures that include establishing a flexible funding pool to assist carers with costs, empowering carers through greater access to up-to-date information on supporting people with palliative care needs, expanding access to after hours palliative care services, providing more funds to community based palliative care services and improving access to grief support and risk assessment. The initiative will also implement a range of workforce initiatives to develop the capacity of the health workforce to meet the growing need for palliative care services.
Support and self help groups

The government will invest $1.0 million in 2011–12 ($4 million over four years) to develop and support patient support and self help groups within healthcare settings. The focus of this initiative is to improve patient experience and wellbeing, by supporting patients to support each other.

Patient focused work practices

Funding will be provided to assist hospitals in improving the patient focus of their work practices in emergency departments. Patients will be triaged into two distinct streams, those requiring hospital admission and those to be treated and discharged. The streaming model will be developed with, and piloted at, a regional and metropolitan emergency department and evaluated for its impact on improving timely emergency care.

Primary Ciliary Dyskinesia

Funding will be provided to establish a diagnostic centre for Primary Ciliary Dyskinesia, a rare genetic condition that can lead to chronic recurrent respiratory infections.

Ballan Hospital redevelopment

Funding will be provided as a grant to redevelop the Ballan Hospital which will deliver an integrated model of healthcare by providing a range of new health services which will complement and support the delivery of primary healthcare services at the Ballan GP Specialist Clinic. These services will include transition care, emergency stabilisation and care, medical imaging services, palliative care and sub-acute care. This initiative is funded from the Country Hospital Fund.

Boost to Ballarat Health Service

Funding will be provided for additional health services in Ballarat, including providing an additional 20 doctors and 80 nurses at Ballarat Base Hospital, and the recruitment of 10 general practitioners, over four years, to fill vacancies in the Ballarat area. The government’s election commitments include a capital component for this initiative, which will be funded in a future budget.

Open access board meetings

Funding will be provided for four years to support the public hospital system to enable hospitals to hold at least one open access board meeting a year with members of the public.

Budget reporting measures implementation

Funding will be provided for the department to undertake work to review budget reporting measures, which will facilitate performance reporting measures included on the Hospital Performance website. This work will improve the measures for reporting in the Health portfolio to better reflect the health and wellbeing of the Victorian community.

Ambulance services

340 new ambulance officers

Funding will be provided over five years to employ 310 new ambulance paramedics and 30 patient transport officers. This will result in a 12 per cent increase in operational ambulance officers, with more than 200 new ambulance paramedics for regional Victoria. Officers will be allocated to areas with greatest need to ensure timely access to ambulance services for all Victorians.
Halving ambulance membership subscription fees

Funding will be provided to halve the cost of Ambulance Victoria membership for singles and families.

Motorcycle paramedic unit

Funding over two years will establish a dedicated motorcycle paramedic unit for inner Melbourne. The six-vehicle motorcycle paramedic unit will carry life-saving drugs and similar equipment to that currently carried in emergency ambulances, including defibrillators for cardiac arrest patients.

Mental health

Mental Illness Research Fund

The new Mental Illness Research Fund will be established to strengthen and coordinate mental health research in Victoria, with a special emphasis on translating research into evidence-based treatment and clinical practice.

Central coordination of inpatient beds

A dedicated new function will be established to monitor mental health bed availability in all public hospitals. Building on existing inpatient and mental health data systems, it will support timely input of data and provide community mental health practitioners (particularly specialist triage clinicians) with accurate and reliable ‘real time’ information on available inpatient beds in the specialist mental health service system in order to give patients more rapid and responsive access to these services.

Pathways to economic participation for people with severe mental illness

Funding will be provided for a pilot program to support up to 600 people with a severe mental illness to access open employment and education and training opportunities.

headspace Communities of Youth Services

Funding will be provided as a grants program, for capital upgrades and modifications to enhance Victorian headspace outlets. headspace provides centre based multidisciplinary services to young people with mental health issues including primary health care services; services to address alcohol and other drug use; and social and vocational support services. This initiative is funded from the Health Infrastructure Fund.

Specialist mental health support to selected headspace services

Funding will be provided to expand and enhance the headspace service network across Victoria. This will improve access to primary and secondary mental health and drug and alcohol treatment services for young people with mental health and associated substance misuse problems.

Expanding psychiatric disability rehabilitation and support services

This initiative will improve partnerships with clinical and community services, promoting optimal recovery outcomes for people with severe mental illness and psychiatric disability. The initiative will also improve access to care for up to 120 additional people with a severe and enduring mental illness.

Helping people with a severe mental illness access the rental market

The overall focus will be on ensuring access to affordable, safe and sustainable tenancies for people with a severe mental illness and psychiatric disability who are homeless or at risk of homelessness. This will include a pilot program which will subsidise private rent for up to 50 people, linked to psychiatric disability outreach support.
Improved housing access for people with a severe mental illness

Funding will be provided to support adults aged 16-25 years to access affordable and appropriate long-term housing and improve intersectoral links between specialist mental health services and local housing services. This four year funding commitment will be delivered through a dedicated housing officer located in each of two adult area mental health services.

Enhance and redevelop community-based mental health infrastructure

Funding will be provided through a grants process for the first stage of the government’s commitment to support the expansion and sustainability of community-based mental health services, including psychiatric disability and rehabilitation support services, by undertaking building modifications, refurbishment and redevelopment of facilities. The initiative will build the capacity of the psychiatric disability and rehabilitation support service systems to deliver intensive support to clients with severe and enduring mental illness and high level psychiatric disability.

Same-sex attracted and gender-questioning youth suicide prevention initiative

This initiative will aim to prevent suicide, suicide attempts and self harm by same sex attracted and gender-questioning young people. In addition, the initiative will address cultures and practices in mainstream health, education and social support services that impact negatively or discriminate against same sex-attracted and gender-questioning young people.

Meeting demands for grief and bereavement services

Funding will be provided to expand key grief and bereavement telephone support services to meet growing demand and will enable more people experiencing grief from bereavement to receive support, information and referral via associated telephone help lines.

Ageing, Aged and Home Care

Ballarat District Nursing and Healthcare

Funding will be provided for the redevelopment of Ballarat District Nursing and Healthcare to refurbish and expand the physical facilities. Services provided include diabetes care, aged care services, post acute services, palliative care and chronic disease management.

Participation for culturally and linguistically diverse seniors

Funding is provided to facilitate increased participation and inclusion of older people from culturally and linguistically diverse (CALD) backgrounds. Participation mechanisms include a social inclusion marketing strategy and grants to enable capacity to respond to CALD interests. Facilitating inclusion initiatives comprises of working with the Council on the Ageing and supporting the department to better respond to CALD needs.

Primary, Community and Dental Health

Mobile dental units

Funding will be provided for four years to deliver better access to dental services in rural and regional areas. The initiative comprises of a new investment in three mobile dental clinics, one delivered each year in 2011–12, 2012–13, and 2013–14, with additional investment in service delivery and incentive payments for clinicians to work in the mobile dental clinics.

Dental employment program

Funding will be provided for four years to attract dental clinicians (dental therapists, oral health therapists, dental prosthists and dentists) to the public sector by expanding the Oral Health Therapists graduate program to all graduating dental clinicians and providing training and support for supervising clinicians. The program will focus on placing graduates in areas with the highest workforce shortages, usually rural and regional areas.
Early intervention oral hygiene and health program

Funding will be provided for four years to enhance early intervention and promote oral hygiene and health in children aged 0-3 years through the Healthy Families, Healthy Smiles program. The program will target at risk families and build the capacity of health workers working directly with young families to promote good oral health.

Rural dental practitioners’ relocation support

Funding will be provided for four years to help dental clinicians (dental therapists, oral health therapists, dental prosthetists and dentists) relocate from metropolitan locations to rural and regional communities. This initiative will support clinicians and their families who incur high costs in relocating and establishing a practice in rural and regional areas.

Public Health

Bowel cancer screening

Funding will be provided to enable the government to support the improvement or maintenance of bowel cancer screening across Victoria. Funding is to be targeted to enhance the Commonwealth Government bowel cancer screening program.

Anti-smoking campaign

Funding will be provided for a targeted social media campaign exposing the dangers of tobacco smoking to the health of Victorians living in communities where tobacco smoking is prevalent.

Gay, lesbian, bisexual, transgender and intersex research grant

Funding will be provided to explore the effects and experience of accelerated ageing in people with HIV, as well as broader social issues related to ageing with HIV.

Drug Services

Preventing alcohol and drug abuse - investing in treatment services

An additional investment in alcohol and other drug treatment services will expand therapeutic counselling, facilitate services integration, consultancy and continuing care services to address shortfalls in access and support in regional Victoria and outer suburban Melbourne.

This initiative will also expand pharmacotherapy prescribing and dispensing services to more adequately respond to immediate pressures on the system and improve its capacity to meet current and future demands, and address shortfalls in access, workforce and specialist support for pharmacotherapy treatment services.

Other commitments

Funding will be provided to support community organisations provide meal services to those in need and support community service organisations to deliver community health services.

2.2.8 Savings initiatives

The government has committed to savings initiatives of $115.3 million in the health budget. This is comprised of the introduction of a range of efficiencies to generate $77.4 million in election commitment savings, and $37.9 million in savings to offset the reduction in Victoria’s GST revenue.
2.3 Asset initiatives

The 2011–12 budget commits $509.6 million (TEI) to asset initiatives. This is comprised of funding for the following initiatives.

2.3.1 Securing our health system

$84.8 million (TEI) will be provided for securing our health system initiatives, including the Royal Children’s Hospital ICT Investment, Royal Talbot Rehabilitation Centre - Mellor Ward refurbishment, Medical Equipment Replacement Program and the Statewide Hospital Infrastructure Renewal Program.

2.3.2 Further capacity funding to deliver 800 new hospital beds

$116.3 (TEI) million will be provided to deliver the necessary infrastructure required to meet the government’s commitment, including the Frankston Hospital Inpatient Expansion, Increasing Critical Care Capacity, Maroondah Hospital Expansion, Northern Hospital Emergency Department Expansion and the Olivia Newton-John Cancer and Wellness Centre - Stage 2b.

2.3.3 Election commitments

In additional to the above funding, $307.6 million (TEI) will be provided to fund the government’s health capital election commitments. This includes funding to be provided to establish the Health Infrastructure Fund, a dedicated fund drawn from electronic gaming machine licensing revenue over ten years. This will include funding for the following projects:

**Major projects**

*Bendigo Hospital*

Funding will be provided to expand the scope of the Bendigo Hospital project. This additional funding will deliver a new Integrated Regional Cancer Centre on the main campus, a new five bed mother-baby unit, a new mental health inpatient facility and expanded educational facilities, including enhanced ICT.

*Box Hill Hospital*

Funding will be provided to expand the redevelopment of the Box Hill Hospital, providing an additional 100 beds, which will be a mix of medical and surgical same day and multi day beds. This will increase the capacity of the hospital’s emergency department and help to address waiting times for access to elective surgery.

*Monash Children’s Hospital – land acquisition and planning*

Funding will be provided for the acquisition of land adjoining the existing hospital and development of detailed designs for the new hospital at the Monash Medical Centre Clayton. This is the initial investment in the development of the Monash Children’s Hospital which will provide improved access to children’s health services in the south-east of Melbourne and the Mornington Peninsula. Further funding to complete the project will be provided in a future budget.

**General projects**

*Casey Hospital expansion – planning and development*

Funding will be provided to conduct planning and development work in support of an expansion of Casey Hospital.
Maryborough District Health Service – medical imaging

Funding will be provided to purchase computed tomography medical imaging services for Maryborough District Health Service. This initiative will provide first class radiography services to the Maryborough area, allowing patients to be treated locally.

Rural capital support fund

Funding will be provided to strengthen and sustain existing rural and regional health services in Victoria through the upgrade of their facilities. This initiative will assist rural and regional health services throughout Victoria decide on local priorities and respond to current and future demand pressures.

Mental Health projects

Eating disorder day program

Funding will be provided to enable an intensive eating disorder day program at the Royal Children’s Hospital in order to better support young Victorians with an eating disorder and their families. This initiative is funded from the Health Infrastructure Fund.

Mental health inpatient beds

Funding will be provided for the first stage of the government’s commitment to increasing mental health inpatient beds, with the creation of a Psychiatric Assessment and Planning Unit (four beds per unit). The unit will provide accelerated access to specialist psychiatric assessment and short-term treatment, without requiring admission to general adult acute inpatient units. A total of $9 million has been committed to this project of which $1.8 million is for stage 1.

Additional funding will be provided in future budgets.

Safety of women in care

Funding will be provided to establish gender specific spaces and other improvements in existing psychiatric facilities to enhance safety and practice. Changes will include defined male and female only areas within wards, sensor alarms operating at night and door locking mechanisms to maintain privacy and dignity.

2.3.4 Ambulance services

Mobile will be provided for 10 Mobile Intensive Care Ambulance (MICA) units across the major regional centres of Warrnambool, Horsham, Mildura, Shepparton, Wangaratta, Wodonga, Sale, Bairnsdale, Wonthaggi and Swan Hill. MICA units are equipped with specialist equipment and are resourced with life saving specialist paramedics. The additional MICA units will significantly boost ambulance care in regional Victoria.

Motorcycle paramedic unit

An innovative, dedicated motorcycle paramedic unit will be established with a capital investment. The new, six vehicle unit will be able to respond rapidly to emergencies in and around inner Melbourne.

Upgrade and build ambulance stations

Funding will be provided to deliver new rural ambulance branches and upgrades to existing rural branches at a number of locations including: Beaufort, Wallan, Grantville, Belgrave, Yarra Junction, Maryborough, Wodonga and Castlemaine.
2.3.5 Country Hospital Fund

**Echuca Hospital redevelopment**
Funding will be provided for the redevelopment and expansion of Echuca Hospital, delivering new purpose built acute facilities including an expanded emergency department, new inpatient accommodation, and new front entry to the hospital. This will increase capacity by an additional 22 multi-day beds, six short stay observational beds and 10 treatment spaces in the emergency department.

**Kerang District Health residential aged care redevelopment**
Funding will be provided to redevelop Kerang's residential aged care facility to create an integrated and sophisticated rural health facility. Construction will include a purpose built high care residential aged care facility, a new allied health building, new facilities to accommodate the kitchen services building and the construction of a purpose built ambulance station.

**Mildura Base Hospital expansion**
Funding will be provided to increase the capacity of the Mildura Base Hospital, by upgrading the mental health and maternity units, and constructing an additional four emergency department cubicles and additional treatment areas to help the hospital meet demand for emergency services.

**Warragul Hospital emergency department upgrade**
Funding will be provided to upgrade and expand the emergency department at Warragul Hospital by providing five new additional emergency department cubicles, new staff areas, a relocated entrance and a new emergency bay.

2.3.6 Specific commitments

**Geelong Hospital upgrade – enabling and decanting works**
Funding will be provided for planning and development as well as infrastructure works to support the commitment to upgrade the Geelong Hospital. Funding to complete the upgrade will be provided in a future budget. This initiative forms part of the government’s broader election commitment of $165 million to hospital infrastructure works in the Geelong area.

**Geelong residential aged care – retention of surplus public land**
Funding will be provided to retain surplus public land, allowing it to be used for community aged care facilities. This initiative will allow for the future provision of residential aged care to help meet emerging local needs.

2.3.7 Other commitments

Government election commitments included a number of small scale initiatives including funding to conduct planning for upgrades in the Barwon South-Western and Eastern Metropolitan regions.
3. Key changes for 2011–12

The following policy, funding and reporting changes will come into effect in 2011–12. Further details on these changes can be found in Part two: Health operations.

3.1 Policy and program changes

3.1.1 Surgical services

‘First on first off’ policy
A ‘first on first off’ policy will be developed and implemented to ensure that those patients not requiring urgent surgery are scheduled for surgery according to the time they have waited. Hospitals and professional bodies, including the Royal Australasian College of Surgeons, will be consulted during development of the policy.

Reducing waiting times
A focus on improving and reducing waiting times for patients awaiting elective surgery will continue in 2011–12.

New models of care
Five health services will be funded to undertake pilot projects to design, implement and trial consultant-led emergency general surgery models of care. A central evaluation of the pilot projects will document the models and evaluate the costs and outcomes of the new models of care compared to previous models.

Endoscopy services
The department will evaluate the capacity and demand for endoscopy services to understand current and future demand for services.

3.1.2 Health service accreditation

All public hospitals and health services are required to be accredited by a body or entity which has been accredited by:

• the International Society for Quality in Health Care Inc or
• the Joint Accreditation System of Australia and New Zealand.

The Australian Health Service Safety and Quality Accreditation Scheme (accreditation scheme) has been developed by the Australian Commission on Safety and Quality in Health Care. The accreditation scheme includes ten new national standards.

In Victoria these ten new national standards will apply to:

• all public hospitals, including small rural health services
• public dental services in community health services.

For public hospitals an additional accreditation standard on nutrition will apply.

Victorian public hospitals and public health services in scope will be reporting under this accreditation scheme with an 18 month transition phase commencing 1 July 2011.
3.1.3 Aboriginal Health Promotion and Chronic Care Partnership initiative

A new funding model for the Aboriginal Health Promotion and Chronic Care (AHPACC) initiative stipulates that 50 per cent of allocated service hours are to be allocated to direct service delivery, and the remainder to the other five functions of the program.

New reporting requirements have also been introduced, which will be trialled in 2011–12 and amended if necessary.


3.1.4 Mental health strategy development

Key strategy development activity will commence in 2011–12, including the development of:

• an eating disorder strategy incorporating prevention, early detection and treatment
• a new Victorian suicide prevention strategy
• a comprehensive mental health workforce strategy
• a carer strategy to better involve carers in service planning and service delivery.

3.1.5 Whole-of-government alcohol and other drug strategy and service system reform

The department will develop a Victorian Alcohol and Drug Strategy to reduce the incidence of alcohol and other drug use and the harms arising from their use to individuals, families and communities in Victoria.

The strategy will set the framework for the coordination of government prevention and treatment activities and will incorporate perspectives spanning prevention, early intervention, treatment, education, regulation and law enforcement.

The strategy, which will be developed with other departments and external stakeholders, will take a comprehensive view of policy areas which influence drug and alcohol consumption, such as liquor licensing, the justice system and preventive programs in schools. It will also include a plan for reform of the alcohol and drug treatment system with consideration to the recent Victorian Auditor-General’s report, Managing Alcohol and Drug Prevention and Treatment Services, and other relevant reviews.

3.1.6 Streamlining ethical review of multi-site clinical trials

The department has established a new system for streamlining the ethical review of multi-site clinical trials. Governance of the new system is provided by the Consultative Council for Human Research Ethics (www.health.vic.gov.au/cchre), which is accountable to the Minister for Health in Victoria.
3.2 Reporting changes

3.2.1 Health service data collection changes

There are six major areas of development that may lead to data collection changes in 2011–12 and/or 2012–13. Any impact of these developments on reporting obligations specified in these Guidelines will be notified through the HDSS bulletin.

- The department is currently replacing the technical infrastructure on which the data collections operate through its Health Information Collection and Reporting (HICAR) project. These will be fully tested prior to implementation and health services will be further advised on the nature and timing of any changes to submission processes.

- The department is currently undertaking a Direct Data Acquisition (DDA) development project aimed at those health services that utilise the Patient Management system provided through HealthSMART. This project aims to assist health services using this system to meet their reporting obligations by simplifying the process for extracting data from patient management systems. Once fully tested, DDA would be expected to replace the current data extraction, validation and submission methods. Further information and any impact on reporting processes, obligations or time frames will be advised in due course.

- The department is currently conducting a major review and redevelopment of the VAED, VEMD and ESIS data collections into the Victorian Health Integrated Minimum Dataset to significantly enhance and streamline the level of integration between these data collections. Data submission processes will be consolidated, derived data removed and replaced with transactional data. The department will work with health services through 2011–12 toward implementing changes in 2012–13.

- From 1 July 2011, health services will be required to report patient-level data through VINAH for acute specialist clinics (outpatients) and SACS activity. Outpatient data is currently reported through the AIMS S2_111 and S92_111 returns. The S2 and S92 returns will continue for the first year of implementation. The department will continue to consult with affected health services to implement this change.

- Elective Surgery Information System (ESIS). The department has changed the timeline for hospitals submitting data to ESIS. From 2011–12, all activity for the full month must be complete and without errors by the 14th day of the following month, or the prior business day.

- Victorian Emergency Minimum Data Set (VEMD). The department has revised the timeline for hospitals submitting data to the VEMD. From 2011–12, all presentations for the full month must be complete and without errors by the 10th calendar day of the following month, or the prior business day.

Any impact of these developments on reporting obligations specified in these conditions of funding will be notified through the Health Data Standards and Systems bulletin.

3.2.2 Introduction of a Functional Independence Measure in Victorian Admitted Episode Dataset reporting

All Victorian public hospitals are required to report a Functional Independence Measure (FIM) score on admission and separation for patients with rehabilitation (excluding paediatric rehabilitation) or Geriatric Evaluation and Management care type, replacing the previous outcome measure the Barthel Index. This mandatory Victorian Admitted Episodes Dataset (VAED) reporting requirement takes effect from 1 July 2011.

The introduction of the FIM aligns the VAED with other data collections, such as the Australasian Rehabilitation Outcomes Centre dataset. The FIM is also expected to form part of the sub-acute dataset that is to be developed as part of the Council of Australian Governments’ National Partnership Agreement on Hospital and Health Workforce Reform.
3.2.3 Aged Care Assessment Program

In 2011–12 new timeliness measures for the Aged Care Assessment Program will be introduced. The new measures are:

- percentage of priority 1 and 2 clients assessed within the appropriate time (community based assessment) - target 85 per cent
- percentage of priority 1 and 2 clients assessed within the appropriate time (hospital based assessment) - target 85 per cent.

Priority categories are assigned to referrals according to the degree of urgency of response required based on information available at the time of referral. Priority 1 referrals are considered to require an immediate response (within 48 hours) and priority 2 (within 14 days).

Consistency

Consistency of assessment practice has been enhanced by the roll-out of the electronic Victorian Comprehensive Assessment Form to all Aged Care Assessment Services (ACAS) to standardise the collation of information about clients and their carers. A new requirement for all ACAS members to meet the national minimum training standards will also support greater consistency of practice and enhance service quality.

3.3 Funding changes

3.3.1 Private patient revenue targets

From 1 July 2011, the department will remove the inpatient acute, subacute and palliative care private patient revenue targets for hospitals. Instead, these targets have been moved into the price paid by the department for private patient activity. As a result:

- there will be a reduction in the price paid for private admitted and sub-acute activity
- the department will cease to provide funding for WorkSafe, TAC rehabilitation and ineligible activity.

As is current practice, hospitals will bill WorkSafe, TAC rehabilitation and ineligible patients directly for these services. Activity targets will be adjusted to reflect the change in department funded activity.

Hospitals will be able to retain all revenue derived from private and third-party sources.

Implementing these reforms will result in a more transparent, accurate and equitable allocation of department funding for private patients based on actual activity levels.

Outpatient revenue targets are not included in these reforms and will be reviewed during 2011–12.

3.3.2 Residential aged care funding reforms

The department has consolidated pre-existing block funding and Enterprise Bargaining Agreement related unit priced funding provided to high care places into a new ‘High Care Supplement’. The funding will be provided to all eligible operational high care beds on a standardised unit price basis.
3.3.3 Specified grants
The department has undergone a process to rationalise the number of specified grants provided to hospitals through:

• the amalgamation of selected recurrently funded specified block grants into broader descriptions that capture the same funding intentions. This amalgamation process is designed to streamline the present grant funding structure and reduce the administrative burden on both funded organisations and the department in both the allocation of funding and reporting requirements back to the department.
• the roll up of a number of block grants into the relevant price within each peer group.

For a list of the specified grants affected by this process, please refer to Part two: Health operations.

3.3.4 Dental health funding model
From 1 July 2011 a new activity-based funding model will be implemented with the activity measure being a completed course of care. The unit for the Dental Health Program funding model will be a Dental Unit of Value (DuV). There are four different DuV prices based on organisation size and throughput. Agencies will be set DuV targets based on their total service delivery funding.

3.3.5 Aboriginal health: simplified funding and reporting
The department and the Department of Human Services have developed the simplified funding and reporting reform to implement a block funding model for funded Aboriginal organisations.

The reform allows funded Aboriginal organisations greater flexibility to meet the needs of the community. From 2011–12, Aboriginal organisations will be able to redirect any recurrent funds between service activities, through negotiations with their program and service adviser or program manager.

3.3.6 Pharmaceuticals: Highly Specialised Drugs Program
During 2011–12, Medicare Australia will progressively take over the claims process for the Highly Specialised Drugs Program. Hospital pharmacy claiming systems will be upgraded to access the Medicare Australia claiming arrangements. Further information on the program is available at: www.health.vic.gov.au/hsdp

3.3.7 Health protection: Arbovirus Surveillance and Control Program extension
Following the 1974 outbreak of Murray Valley encephalitis, flocks of sentinel chickens were placed at ten locations throughout the Murray River region to act as an early warning system for possible human infections with this disease by mosquito. Additional flocks were placed in three locations last summer after the 2011 Victorian floods.

Participating councils will be given additional funding to continue the program according to the same model. Twelve municipal councils throughout the state (Murray Valley area – Mildura, Swan Hill, Gannawarra, Campaspe, Moira, Wodonga, Shepparton; Gippsland area – Wellington, East Gippsland; Bellarine area – Geelong, Surfcoast, Queenscliffe) are funded by the department to undertake mosquito surveillance and management programs. Funding is matched by the participating local councils.
3.3.8 Medical indemnity insurance premiums

For relevant hospitals/health services, the Premium Allocation Model (PAM) determines a modelled premium based on a combination of past claims performance and clinical service risk profiles which will be funded by the department. Health services will be responsible for paying the actual cost of the premium.

The department, in conjunction with the Victorian Managed Insurance Authority, has developed a method for allocating medical indemnity insurance premiums, known as the PAM. The PAM has been under trial since January 2008 and will be implemented on 1 July 2011 in relevant health services. See *Part two: Health operations* for a list of the affected health services. Arrangements for the funding of medical indemnity premiums for all other health services, and all health services’ non-medical indemnity premiums (such as public liability insurance premiums) will remain unchanged from 2010–11.

3.3.9 New funding rates

All funding rates are provided in section 5: Price tables of *Part two: Health operations*. 
3.4 COAG reform initiatives

3.4.1 Heads of Agreement on National Health Reform

In February 2011, the Council of Australian Governments (COAG) signed a new Heads of Agreement on National Health Reform, which will form the basis of a new National Health Reform Agreement and will replace the National Health and Hospitals Network Agreement. The new National Health Reform Agreement is scheduled to be agreed by 15 July 2011.

Key highlights of the reforms include:

- States will remain managers of the public hospital system and will continue to negotiate service level agreements with health services and hospitals.
- States and the Commonwealth will contribute funding for health services and hospitals into a single, independent national pool, to be operational from 1 July 2012.
- The Commonwealth and states will continue to develop a national approach to activity-based funding, to be introduced from 1 July 2012.
- States will continue to play a significant role in the delivery of primary healthcare services.
- The Commonwealth will bring forward the establishment of more Medicare Locals and these entities will plan and support face-to-face general practice services outside normal hours.
- The Commonwealth and states will work together on system wide policy and statewide planning for general practice and primary healthcare services.

During 2011–12:

- The Commonwealth will continue to pay base funding for hospital services set at levels outlined by the Intergovernmental Agreement on Federal Financial Relations (IGA FFR) and the National Healthcare Agreement (base funding).
- The National Health Performance Authority will be established to develop and produce reports on the performance of health care and hospital services.
- Victoria and the Commonwealth have agreed that there will be 17 Medicare Locals in Victoria from July 2012 (and 62 nationally). The first tranche of 19 Medicare Locals established nationally from July 2011 will include four from Victoria. The governance and function of Medicare Locals is still to be finalised.

3.4.2 National Partnership Agreements

The Commonwealth provides national partnership payments to the states to support the delivery of specific projects, facilitate reforms or reward those jurisdictions that deliver on nationally significant reforms. More information on health-related National Partnership Agreements is available at: www.coag.gov.au/intergov_agreements/federal_financial_relations/
## Appendix 1: Summary of modelled budgets 2011–12

### Table 2: Summary of modelled budgets 2010–11 and 2011–12

<table>
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<tr>
<th>Provider Type</th>
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<th>2011–12 expenditure budget</th>
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<tr>
<td></td>
<td>Acute health services</td>
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<td>$'000s</td>
<td>$'000s</td>
<td>Total</td>
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<td>$'000s</td>
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</tr>
<tr>
<td></td>
<td>Ageing, aged &amp; home care</td>
<td>$'000s</td>
<td>$'000s</td>
<td>$'000s</td>
<td>$'000s</td>
<td></td>
<td>$'000s</td>
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<tr>
<td></td>
<td>Drug services</td>
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<tr>
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<td>Mental health</td>
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<tr>
<td></td>
<td>Primary, Community &amp; Dental health</td>
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**Total State** 7,652,126