

Small Rural Health Services Guide 2003-04 2004-05 Update

Introduction

This document is an information update to the *Small Rural Health Services Guide 2003-04*. It contains information about any changes that have occurred within the new approach and also reinforces the key components relevant to Small Rural Health Services (SRHSs).

The SRHS approach enables funding and service delivery flexibility with a local focus for SRHSs in towns with fewer than 5000 people. It encourages services to be active in the planning and management of health service delivery to meet local needs, to involve the community and to be active in collaborative planning and service delivery arrangements with neighbouring health service providers. This is supported by the ability to use acute health program and primary health program funds flexibly.

In 2004-05 (the second year of implementation) most aspects of the SRHS approach will remain the same as they were in 2003-04. A summary of the key components of the approach is provided in this document as well as some detail of the changes to be implemented in 2004-05 including: the outcome of the trend analysis; payment of funding through the Service Agreement Management System; the development of a new Small Rural Services Output Group; and changed expectations regarding F1 reporting.

For 2004-05, all information in the *Small Rural Health Services Guide 2003-04* is still relevant unless specifically updated below.

Key reference documents

- *Small Rural Health Services Guide 2003-04*
- *Small Rural Health Services Guide 2003-04 - 2004-05 Update*
- *Rural and Regional Health & Aged Care Services Division Policy and Funding Plan 2003-04 to 2005-06*
- *2004-05 Annual Update of RRHACS Division Policy and Funding Plan 2003-04 to 2005-06 (August 2004)*
- *Victoria – Public Hospitals and Mental Health Services Policy and Funding Guidelines 2004-05*
- Relevant Program Guidelines for service implementation standards, expectations and reporting requirements (and their 2004-05 updates)

All supporting documentation is available at: www.dhs.vic.gov.au/ruralhealth

Part 1: Approach to reform

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Maintenance of the SRHS approach in 2004-05

- **Scope of SRHS approach**
The scope of the approach will remain as stated in the *Small Rural Health Services Guide 2003-04* with the focus on health services in townships with fewer than 5000 people.
- **Requirement to change**
There is no obligation for SRHSs to change the services they provide *if there is no reason to*. This approach offers SRHSs the opportunity to be flexible with their acute health program and primary health program components of their funding to meet identified local needs.
- **Changing relationship between DHS and SRHSs**
Further implementation of the single regional agency contact person for each SRHS will occur in 2004-05. Regional offices are keen to develop this approach and foster a partnership arrangement with SRHSs.
- **SRHS Service Profile**
This component of the SRHS approach is an important element of the 'partnership' relationship between SRHSs and DHS. As one of the two performance measures required of SRHSs in their service agreement with DHS, the service profile discussion and subsequent record of this discussion in the service profile document is important. This document will inform monitoring of SRHS service delivery changes as reported through the usual program data reporting processes.

Part 3: New funding and Accountability Arrangements

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Summary of changes for 2004-05

Funding and service agreement management

In 2004-05, funding for SRHSs has moved to the new Small Rural Services Output Group. Further information on the Output Group can be found in the *2004-05 Annual Update of RRHACS Division Policy and Funding Plan 2003-04 to 2005-06 (August 2004)*. As well as signalling new policy directions, the establishment of an Output Group clearly indicates a commitment to simplified, flexible funding and accountability, and aligns responsibility with accountability.

The introduction of the Small Rural Services Output Group has resulted in a change in the management of the Acute Health Program funding to SRHSs. From the beginning of 2004-05, Acute Health Program funding will be paid through the department's Service Agreement Management System (SAMS) as part of the SRHSs' service agreements with regional departmental offices.

Acute Health Program budgets

Trend Analysis

During 2003-04, a trend analysis of each acute funded SRHS's performance and conversion history was undertaken to establish base budgets for 2003-04 and beyond. These performance and conversion histories relate mainly to Nursing Home Type admissions and the payments associated with them. The results of the analysis were circulated and base budgets were varied in the September 2004 variation period.

Prior Year Adjustments

Upon finalisation of SRHS budgets and as stated in the *Rural and Regional Health & Aged Care Services Division Policy and Funding Plan 2003-04 to 2005-06*, the *Public Hospitals and Mental Health Services Policy and Funding Guidelines 2003-04*, the *2004-05 Annual Update of RRHACS Division Policy and Funding Plan 2003-04 to 2005-06 (August 2004)* and the *Victoria – Public Hospitals and Mental Health Services Policy and Funding guidelines 2004-05*, funding will no longer be adjusted according to actual performance in delivery of WIES or Nursing Home Type days. This includes both recall and over-performance payments. (Refer to *Small Rural Health Services Guide 2003-04*, page 9).

DVA, TAC and Highly Specialised Drugs funding will continue to be notional with annual adjustments based on performance. In 2004-2005, Renal WIES will also be funded according to actual performance. In addition, a small number of variable funding items may also be subject to adjustment. Generally, this will only occur if program funding policy allocates funding based on performance, data submission or application. Where this occurs, DHS will provide information so agencies can identify adjustments.

Appendices

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Agencies in Scope remain the same with the following exceptions:

- San Remo & District Community Health Centre Inc, has changed its name to Bass Coast Community Health Service Inc
- Murrundindi Community Health Service Inc no longer exists as a separate entity.

Therefore, the total number of agencies in scope for 2004-05 is 66.

Funding in scope of the SRHS approach remains as listed in the *Small Rural Health Service Guide 2003-04* (page 4)

Funding in scope – updated figures

The information presented in the tables below has been updated to reflect the newly created Small Rural Services Output group, the most recent budget figures (sourced from Budget Paper 3) and the updates to the Policy and Funding Plans for Rural & Regional Health and Aged Care Services, and Metropolitan Health and Aged Care Services Divisions.

Table 1: Small Rural Services Output Group 2004-05 Budget by Output

Small Rural Services Output	Budget (million)	Percentage of Total Budget	Budget as Percentage of Corresponding Statewide Budget
Small Rural - Acute Health	\$173.0	61.2%	3.3%
Small Rural - Aged Care	\$78.8	27.9%	25.8%
Small Rural - HACC	\$19.1	6.8%	5.1%
Small Rural - Primary Health	\$12.0	4.2%	4.9%
TOTAL	\$282.9	100.0%	N/A

Notes

- Figures included in the Small Rural Health Services Guide 2003-04 included only direct agency payment; the figures in this table include all program costs.*
- In the new Small Rural Services Output Group, drugs services funding is incorporated in the Small Rural - Primary Health Output.*
- No SRHS received public health services funding as at 1 July 2004.*

Table 2: Number of SRHSs funded per Output 2004-2005

Small Rural Services Output	Number of SRHSs	Percentage of all SRHSs
Small Rural - Acute Health	44	67%
Small Rural - Aged Care	45	68%
Small Rural - HACC	63	95%
Small Rural - Primary Health	38	58%

Note

- In the table above, the total number of SRHSs exceeds 66 because most SRHSs are funded for more than one of the outputs listed.*