Martin Foley MP

Minister for Health
Minister for Ambulance Services
Minister for Equality

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BAC-BR-8513

Virginia Bourke
Chairperson
Mercy Health
Level 6, 163 Studley Road
HEIDELBERG VIC 3084

Dear Ms Bourke

First, let me convey my thanks, and those of my department, to you and your service for the pivotal, agile and responsive roles you continue to play in the state's management of the Coronavirus (COVID-19) pandemic while ensuring that the health needs of your community have still been met.

As I stated in my letter in 2020–2021, the COVID-19 pandemic has caused a once in a generation disruption to the way Victorians live their lives. We are also all mindful of the potential for significant longer-term impacts on the health and wellbeing of Victorian communities, families and individuals.

The events of the past many months are unprecedented, complex and ever-changing. The ongoing pressures on your health service and on our wider health system are recognised. However, I am confident that we will all continue to work together to meet those challenges head on, playing our parts in helping Victoria recover to achieve the best possible outcomes for all Victorians.

Given the ongoing circumstances and imminent pressures on your service to continue to deliver essential care, in addition to elective surgery and specialist services, while supporting the COVID-19 response and vaccine rollout, I have asked my department to abbreviate the annual Statement of Priorities process again this year

Bearing in mind the current circumstances and the demands on your executive and staff I ask that you review the below ***2021–2022 Statement of Priorities*** and advise your agreement via return letter. Of course, I want to acknowledge that you and your service may wish to have further discussion with the department regarding the proposed priorities and performance outcomes set out in Attachment 1 before finalising your response.

Strategic priorities

A pleasing lesson from this past year is the ability and willingness of our health services to come together and collaborate. However, it has also shown that this level of collaboration is difficult to maintain under our current policy settings. In that regard, while the Victorian health system has adapted quickly and rapidly to respond effectively to the pandemic there is more

we need to do. It is my intention to work closely with the sector over the next 12 months to develop and implement several important system reforms, including modernising our health system through redesigned governance; driving system reforms that deliver better population health, high quality care and improved patient outcomes and experiences; and reforming clinical services to ensure we are delivering our community the best value care.

I ask your board and health service to focus on the following immediate and ongoing priorities to support this intention:

- Maintain your robust COVID-19 readiness and response, working with my department to ensure we rapidly respond to outbreaks, if and when they occur, which includes providing to testing for your community and staff, where necessary and if required. This includes preparing to participate in, and assist with, the implementation of our COVID-19 vaccine immunisation program rollout, ensuring your local community's confidence in the program.

- Drive improvements in access to emergency services by reducing emergency department four-hour wait times, improving ambulance to health service handover times, and implementing strategies to reduce bed-blockage to enable improved whole of hospital system flow.

- Actively collaborate on the development and delivery of priorities within your Health Service Partnership, contribute to inclusive and consensus-based decision-making, support optimum utilisation of services, facilities and resources within the Partnership, and be collectively accountable for delivering against Partnership accountabilities as set out in the *Health Service Partnership Policy and Guidelines*.

- Engage with your community to address the needs of patients, especially our vulnerable Victorians whose care has been delayed due to the pandemic and provide the necessary "catch-up" care to support them to get back on track. Work collaboratively with your Health Service Partnership to:

    - implement the *Better at Home* initiative to enhance in-home and virtual models of patient care when it is safe, appropriate and consistent with patient preference.

    - improve elective surgery performance and ensure that patients who have waited longer than clinically recommended for treatment have their needs addressed as a priority.

- Address critical mental health demand pressures and support the implementation of mental health system reforms to embed integrated mental health and suicide prevention pathways for people with, or at risk of, mental illness or suicide through a whole-of-system approach as an active participate in your Health Service Partnership and through your Partnership's engagement with Regional Mental Health and Wellbeing Boards

- Embed the Aboriginal and Torres Strait Islander Cultural Safety Framework into your organisation and build a continuous quality improvement approach to improving cultural safety, underpinned by Aboriginal self-determination, to ensure delivery of culturally safe care to Aboriginal patients and families, and to provide culturally safe workplaces for Aboriginal employees.

Performance priorities

The performance priorities for Victorian health services in 2021-2022 are **enclosed**, which includes a key changes summary. The performance priorities set out in the enclosure contain the full suite of performance priorities applicable to all Victorian health services, however, the performance priorities applicable to your health service will coincide with your scope of services and those specific to your health service year on year.

State and Commonwealth funding

I recognise the pandemic has also resulted in significant financial implications and complexities and there have been a multitude of demands on funding.

On that basis, **I enclose** your 2021–2022 Statement of Priorities Part C, which sets out the State's funding commitment for your health service. However, the funding enclosed may not capture full consideration of the costs associated with addressing the COVID-19 response and further funding allocations that may be agreed with your health service for the delivery of additional services.

I am committed to covering reasonable COVID-19 associated costs. My department will continue to work with you to determine funding availability based on your quarterly financial submissions. As is the usual process for relevant funding elements, your 2021–2022 COVID-19 costs will be subject to final reconciliation and recall processes.

The Commonwealth funding contribution is outlined by the 2021–2022 Commonwealth Budget, which is based on activity estimates provided by States and Territories. Given that final funding amounts are based on actual activity, there may be adjustments to funding as a result of reconciliations, updated activity estimates and other factors. Therefore, the **enclosed** Commonwealth funding contribution is an interim funding position.

If you require further clarification on any of the above or would like to discuss the priorities or any other commentary set out in this letter, please contact your relevant performance team.

Yours sincerely

Martin Foley MP
Minister for Health
Minister for Ambulance Services
Minister for Equality

21 / 03 / 2022

Cc: Adjunct Professor Jason Payne, Chief Executive Health Services, Mercy Health

Part B: Performance priorities

The key performance methodology utilised by the department to support and manage our health services' performance is detailed in the *Performance Monitoring Framework*, available from: www2.health.vic.gov.au/hospitals-and-health-services/funding-performance-accountability

The complete list of metrics and associated targets, including their technical specifications and temporal elements, that all public health services are required to acquit against, is set out in the *Key Performance Measures and Underlying Risk Factors* publication, available from: www2.health.vic.gov.au/hospitals-and-health-services/funding-performance-accountability

Supporting the performance evaluation of services and *Performance Monitoring Framework* is the *Mental Health Performance and Accountability Framework*. This companion framework is directed towards mental health services and outlines the process for monitoring and evaluating mental health service delivery across Victorian health services.

To support the Government's commitment to high standards of governance, transparency and accountability, performance will be reported, where applicable, on the department's performance website, available from: http://performance.health.vic.gov.au/Home.aspx

Ministerial priorities

The Ministerial priority measures identified within this Part B are chosen because of their strategic importance and are also included within the *Performance Monitoring Framework*. Due to their strategic importance they attract additional oversight and governance, and are subsequently reported annually within health services' annual reports.

The Ministerial priorities measures are further supported by a suite of indicators made available, quarterly, on the Victorian health service performance page at: https://performance.vahi.vic.gov.au/.

Key health service performance priorities (by performance domain)

High quality and safe care

Key performance measure	Target
Infection prevention and control	
Compliance with the Hand Hygiene Australia program	85%
Percentage of healthcare workers immunised for influenza	92%
Patient experience	
Victorian Healthcare Experience Survey – percentage of positive patient experience responses	95%
Percentage of mental health consumers reporting a 'very good' or 'excellent' experience of care in the last 3 months or less	80%
Percentage of mental health consumers reporting they 'usually' or 'always' felt safe using this service	90%
Healthcare associated infections (HAI's)	
Rate of patients with surgical site infection	No outliers
Rate of patients with ICU central-line-associated bloodstream infection (CLABSI)	Nil
Rate of patients with SAB per 10,000 occupied bed days	≤ 1
Unplanned readmissions	
Unplanned readmissions to any hospital following a hip replacement	≤ 6%
Mental Health	
Percentage of closed community cases re-referred within six months: adults	< 25%
Rate of seclusion events relating to an adult acute mental health admission per 1,000 occupied bed days	≤ 10
Percentage of adult acute mental health inpatients who have a post-discharge follow-up within seven days	88%
Percentage of adult acute mental health inpatients who are readmitted within 28 days of discharge	<14%
Maternity and Newborn	
Rate of singleton term infants without birth anomalies with APGAR score <7 to 5 minutes	≤ 1.4%
Rate of severe fetal growth restriction (FGR) in singleton pregnancy undelivered by 40 weeks	≤ 28.6%
Proportion of urgent maternity patients referred for obstetric care to a level 4, 5 or 6 maternity service who were booked for a specialist clinic appointment within 30 days of accepted referral	100%
Continuing Care	
Functional independence gain from an episode of rehabilitation admission to discharge relative to length of stay	≥ 0.645

Strong governance, leadership and culture

Key performance measure	Target
Organisational culture	
People matter survey – Percentage of staff with an overall positive response to safety culture survey questions	62%

Timely access to care

Key performance measure	Target
Emergency care	
Percentage of patients transferred from ambulance to emergency department within 40 minutes	90%
Percentage of Triage Category 1 emergency patients seen immediately	100%
Percentage of Triage Category 1 to 5 emergency patients seen within clinically recommended time	80%
Percentage of emergency patients with a length of stay in the emergency department of less than four hours	81%
Number of patients with a length of stay in the emergency department greater than 24 hours	0
Mental Health	
Percentage of 'crisis' (category 'C') mental health triage episodes with a face-to-face contact received within 8 hours	80%
Percentage of mental health-related emergency department presentations with a length of stay of less than 4 hours	81%
Elective surgery	
Number of patients on the elective surgery waiting list as at 30 June 2022	TBC*
Number of patients admitted from the elective surgery waiting list	TBC*
Percentage of urgency category 1 elective surgery patients admitted within 30 days	100%
Percentage of urgency category 1, 2 and 3 elective surgery patients admitted within clinically recommended time	94%
Percentage of patients on the waiting list who have waited longer than clinically recommended time for their respective triage category	5% or 15% proportional improvement from prior year
Number of hospital-initiated postponements per 100 scheduled elective surgery admissions	≤ 7
Specialist clinics	
Percentage of urgent patients referred by a GP or external specialist who attended a first appointment within 30 days	100%
Percentage of routine patients referred by GP or external specialist who attended a first appointment within 365 days	90%

*Elective surgery admissions and waiting list targets will be agreed after the response to the pandemic stabilises. Updated targets will be published by the department in due course.

Effective financial management

Key performance measure	Target
Operating result ($m)	$0.00
Average number of days to pay trade creditors	60 days
Average number of days to receive patient fee debtors	60 days
Adjusted current asset ratio	0.7 or 3% improvement from health service base target
Actual number of days available cash, measured on the last day of each month.	14 days
Variance between forecast and actual Net result from transactions (NRFT) for the current financial year ending 30 June.	Variance ≤ $250,000

Part C: State funding

The performance and financial framework within which relevant state government-funded health organisations operate, including the specific business-critical conditions of base-level funding, pricing arrangements, funding amounts, and activity levels are outlined in detail within the *Policy and funding guidelines*, available from: https://www2.health.vic.gov.au/about/policy-and-funding-guidelines. Table 1 below sets out the 2021–2022 funding summary for your health service.

Table 1: Mercy Health's funding summary for 2021–22

Funding type	Activity	Budget ($'000)
Consolidated Activity Funding		
Acute admitted, subacute admitted, emergency services, non-admitted NWAU	72,014	342,901
Acute Admitted		
National Bowel Cancer Screening Program NWAU	87	412
Acute admitted DVA	62	346
Acute admitted TAC	5	24
Other Admitted		14,466
Acute Non-Admitted		
Emergency Services		25
Genetic services	110	1,166
Specialist Clinics	24,146	5,862
Other non-admitted		67
Subacute/Non-Acute, Admitted & Non-admitted		
Subacute Non-Admitted Other		16
Subacute WIES - DVA	26	145
Transition Care - Bed days	2,186	354
Transition Care - Home days	1,464	87
Health Independence Program - DVA		15
Subacute Admitted Other		258
Mental Health and Drug Services		
Mental Health Ambulatory	82,325	39,211
Mental Health Inpatient - Available bed days	27,758	29,569
Mental Health Service System Capacity	1	2,394
Mental Health Subacute	10,961	6,377
Mental Health Other		1,342
Drug Services		152
Primary Health		
Community Health / Primary Care Programs	607	69
Community Health Other		19
Other		
Health Workforce		4,097

Funding type	Activity	Budget ($'000)
Other specified funding		4,238
Total Funding		**453,612**

Please note:

- Base level funding, related services and activity levels, outlined within the Policy and funding guidelines are subject to change throughout the year. Further information about the department's approach to funding and price setting for specific clinical activities, and funding policy changes is also available from: https://www2.health.vic.gov.au/hospitals-and-health-services/funding-performance-accountability/pricing-funding-framework/funding-policy
- In situations where a change is required to Part C, changes to the agreement will be actioned through an exchange of letters between the department and the health service's Chief Executive Officer.

Part D: Commonwealth funding contribution

The Commonwealth funding contribution is provided by the 2021-22 Commonwealth Budget, which is based on various estimates. This is updated by the Administrator of the National Health Funding Pool based on the latest activity estimates from States and Territories.

Final funding amounts are based on actual activity, and there may be adjustments to funding throughout the year as a result of reconciliations and other factors outlined below. A funding summary is at Table 2.

Table 2: Commonwealth contribution for period: 1 July 2021 – 30 June 2022

Funding type	Number of services	Victorian average price per NWAU	Funding allocated
	(NWAU)		($)
ABF Allocation			
Emergency Department	5,099	5,984	28,888,381
Acute Admitted	55,738	4,899	289,785,648
Admitted Mental Health	11,838	4,899	27,207,064
Sub-Acute	1,965	4,147	8,043,357
Non-Admitted	9,300	4,733	41,840,994
Total ABF Allocation	**83,940**		**395,765,444**
Block Allocation			
Teaching, Training and Research			5,161,310
Non-Admitted Mental Health			43,594,643
Non-Admitted CAMHS			738,042
Total Block Allocation			**49,493,995**
Grand Total Funding Allocation			**445,259,439**

Please note:

- In situations where a change is required to Part D, changes to the agreement will be actioned through an exchange of letters between the department and the Health Service Chief Executive Officer. Letters will be made publicly available.

Other obligations and accountabilities

Health services must also comply with the following:

- Relevant legislative, statutory and other applicable duties;
- *National Health Reform Agreement*;
- All applicable requirements, policies, terms or conditions of funding specified or referred to in the *Policy and funding guidelines*;
- Policies, procedures and internal controls to ensure accurate and timely submission of data to the department;
- All applicable policies and guidelines issued by the department;
- Where applicable, all terms and conditions specified in an agreement between this health service and the department relating to the provision of health services, which are in force and covered by the period of this Statement of Priorities;
- Relevant standards for programs which have been adopted, such as International Organisation for Standardisation standards and AS/NZS 4801:2001, Occupational Health and Safety Management Systems or an equivalent standard.
- Where applicable, this includes the National Safety and Quality Health Service Standards as accredited through the Australian Health Service Safety and Quality Accreditation Scheme and Compliance with the Aged care standards and
- Any other relevant, applicable statutory, regulatory or accountability rules, policies, plans, procedures or publications.

Signing page

The Minister for Health and Ambulance Services and the health service board chairperson agree that funding will be provided to the health service to enable the health service to meet its service obligations and performance requirements as outlined in this Statement of Priorities.

Martin Foley, MP
Minister for Health
Minister for Ambulance Services
Minister for Equality

Date: 22 / 06 /2022

Virginia Bourke
Chairperson
Mercy Health

Date: 17 / 5 /2022